



慧居科技

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

(於中華人民共和國註冊成立的股份有限公司)
(A joint stock limited liability company incorporated in the People's Republic of China)

股份代號 Stock code : 2481



2025

ANNUAL REPORT
年度報告

Contents

Corporate Information	2
Financial Performance Highlights	4
Chairman's Statement	5
Management Discussion and Analysis	6
Directors, Supervisors and Senior Management	20
Report of the Directors	41
Report of the Supervisory Committee	63
Corporate Governance Report	65
Independent Auditors' Report	86
Consolidated Statement of Comprehensive Income	93
Consolidated Statement of Financial Position	94
Consolidated Statement of Changes in Equity	96
Consolidated Statement of Cash Flows	97
Notes to the Consolidated Financial Statements	98
Particulars of Property Held for Investment	172
Financial Summary	173
Definitions	174

Corporate Information

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

SUPERVISORY COMMITTEE

(abolished on 26 February 2026)

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Dr. Zhu Qing (*Chairman*)
Dr. Tse Hiu Tung, Sheldon
Ms. Xu Lijie

JOINT COMPANY SECRETARIES

Mr. Ma Ke
Ms. Charmayne Chan

AUTHORISED REPRESENTATIVES

Mr. Li Baoshan
Mr. Luo Wei

REGISTERED OFFICE AND HEADQUARTERS IN THE PRC

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The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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LEGAL ADVISERS

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The PRC

AUDITORS

HLB Hodgson Impey Cheng Limited
(appointed on 24 November 2025)
Certified Public Accountants and
Registered Public Interest Entity Auditor
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The Landmark
11 Pedder Street
Central, Hong Kong

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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Wan Chai
Hong Kong

PRINCIPAL BANKS

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

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

STOCK CODE

2481

COMPANY WEBSITE ADDRESS

<http://www.hjkj.cn>

Financial Performance Highlights

	Year ended 31 December		
	2025 (RMB'000) (Audited)	2024 (RMB'000) (Audited)	Change (Approx.)
Consolidated Statement of Comprehensive Income			
Revenue	1,506,290	1,648,287	-8.6%
Profit and total comprehensive income attributable to owners of the Company	170,214	164,154	+3.7%
Earnings per share for profit attributable to owners of the Company (express in RMB per share)			
– Basic and diluted	0.56	0.54	+3.7%

	As at 31 December		
	2025 (RMB'000) (Audited)	2024 (RMB'000) (Audited)	Change (Approx.)
Consolidated Statement of Financial Position			
Total assets	6,115,050	5,966,668	+2.5%
Equity attributable to owners of the Company	1,295,474	1,174,722	+10.3%
Total liabilities	4,494,805	4,537,820	-0.9%

Key Financial Ratios

	As at/for the year ended 31 December		
	2025	2024	Change (Approx.)
Current ratio ^(Note 1)	0.8	0.8	0.0
Quick ratio ^(Note 2)	0.8	0.8	0.0
Return on total assets ^(Note 3)	3.9%	4.0%	-0.1%
Return on equity ^(Note 4)	15.8%	17.4%	-9.2%
Gearing ratio ^(Note 5)	0.4	0.5	-0.1
Net debt to equity ratio ^(Note 6)	Net cash Position	0.06	N/A
Net profit margin ^(Note 7)	16.0%	14.4%	1.6%

Notes:

- (1) Current ratio is calculated by dividing total current assets by total current liabilities as at the end of the year.
- (2) Quick ratio is calculated by dividing total current assets less inventories by total current liabilities as at the end of the year.
- (3) Return on total assets is calculated by dividing net profit by the average balances of the total assets for the year.
- (4) Return on equity is calculated by dividing net profit by the average balances of equity for the year.
- (5) Gearing ratio is calculated by dividing total borrowings by total equity as at the end of the year.
- (6) Net debt to equity ratio is calculated by dividing net debt by total equity as at the end of the year. Net debt is calculated as total borrowings less cash and cash equivalents as at the end of the year.
- (7) Net profit margin is equal to net profit divided by total revenue for the year.

Dear Shareholders,

On behalf of the Board of the Company, I am pleased to present the annual report of the Company for the year ended 31 December 2025 to you.

2025 was an important year, witnessing the further advancement of China's energy transition and the accelerated evolution of the global energy technology revolution. The core development directions of China's heat service industry continued to centre on "safe and stable heat supply, clean and low-carbon transformation, and refined operation and management". Urbanisation and the renovation of existing residential communities also generated sustained demand for upgrading. Against a complex and volatile external environment, the domestic economy continued to recover and improve, and progressed toward high-quality development.

This was a crucial year for us. We aligned with national policy directions on clean heating, energy conservation and carbon reduction. Standing at a new development starting point following the Group's listing, we fully strove towards our strategic goals and embarked on a path of long-term and steady development.

In the past year, the Company generally continued with its established business strategy, adhering to the principle of "Sticking to the Three North Region and expanding our national footprint", and steadily advanced the Baotou Tuyou New Industrial Park Chemical Concentration Zone of Inner Mongolia Autonomous Region Heat Services of Steam Supply Project. This project was our first venture in providing heat services of steam supply for enterprises to meet their industrial steam needs and it laid a solid foundation for the industrial steam business of the Group. Its engineering construction and pipeline cleaning works have been fully completed, and trial operation commenced successfully at the end of February 2025. This important milestone marks the further enhancement of the Group's regional heat service and project delivery capabilities. While expanding into the national market, we also continued to strengthen cost control, payment collection management and risk control to ensure that business development would be commensurate with fund security. We endeavoured to consolidate the foundation for cross-provincial development and build up our brand image.

Over the past year, we continued to focus on enhancing our core competitiveness and empowered our traditional heating business through digital capabilities, striving towards the overall goal of "production integration, operation integration and management integration". We have not only successfully developed and upgraded an intelligent heat supply platform with real-time monitoring, remote control and data analysis functions, but also gradually improved our ability to visualise, analyse and optimise the operation of the heat supply system. Meanwhile, we steadily promoted the in-depth application of artificial intelligence and data governance in operational management and heat service scenarios. Through systematic data collection and energy efficiency analysis, we applied artificial intelligence to load forecasting, operation parameter optimisation and equipment condition management, effectively reducing the risk of unplanned outages. This further improved system operation efficiency, energy conservation and carbon reduction performance, as well as service responsiveness, providing stronger technical support for business development.

Looking ahead to 2026, against the backdrop of the continuous advancement of the "Dual Carbon" Goals and urban renewal, the Company will continue to adhere to the principles of safe supply, environmental protection and high-quality development. On the basis of ensuring the steady operation of existing projects, we will focus on refined operation of in-service projects, optimisation of heating network balance, as well as cost reduction and efficiency enhancement. We will strengthen the full life cycle management of projects around heat supply, steam supply and related integrated energy services, actively track the needs of the government, industrial parks and residential end customers, and promote the reservation and implementation of high-quality projects. Meanwhile, the Group will strive to enhance the standardisation and replicability of its management system. Under the premise of controlling investment and operational risks, we will focus on project opportunities with reasonable returns and sustainability, so as to further strengthen the Group's sustainable development capabilities and overall competitiveness.

Going forward, we will seek steady progress with quality enhancement. While consolidating the foundation of existing business, we will actively seize opportunities for industry development and steadily advance all key work. We will commit to building our brand and pursuing both scale expansion and quality improvement, so as to achieve the comprehensive and high-quality development of the Company and create long-term value for our customers, Shareholders, employees and business partners. On behalf of the Board, I would like to thank all employees, Shareholders, customers and business partners!

Li Baoshan
Chairman

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 14.0 billion sq.m. in 2025. 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

We are one of the leading non-State-owned cross-provincial heat service providers in the PRC in terms of actual heat services area in 2025. 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 RMB1,506.3 million, representing a decrease of approximately 8.6% as compared with approximately RMB1,648.3 million for the Corresponding Period. The profit attributable to owners of the Company during the Reporting Period was approximately RMB170.2 million, representing a growth of approximately 3.7% as compared with approximately RMB164.2 million for the Corresponding Period.

Management Discussion and Analysis

Business Model

During the Reporting Period, we were principally engaged in the provision of (a) heat services to residential and non-residential 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 2025, we had seven heat service projects under concession rights, three of the seven projects were in Shanxi Province, two were in Inner Mongolia Autonomous Region, one was in Gansu Province and one was in Henan Province. In respect of Baotou Project, the engineering construction and pipeline cleaning have been completed and trial operations have commenced in February 2026, representing a further milestone in strengthening the Group's regional heating service capabilities and project delivery capacity.

Our total actual heat service area was approximately 52.6 million sq.m. as at 31 December 2025, representing an increase of approximately 5.2% from approximately 50.0 million sq.m. as at 31 December 2024. For the Reporting Period, revenue generated from our heat services was approximately RMB1,352.7 million (Corresponding Period: RMB1,301.7 million), including (a) fees from customers for provision and distribution of heat of approximately RMB1,042.7 million (Corresponding Period: RMB1,011.1 million); (b) price subsidies from local government of approximately RMB192.3 million (Corresponding Period: RMB179.8 million); (c) pipeline connection fee of approximately RMB115.1 million (Corresponding Period: RMB106.4 million); and (d) heat transmission services fee of approximately RMB2.6 million (Corresponding Period: RMB4.4 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; (b) an increase in price subsidies from local government; and (c) an increase in heat rates of 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 2025, we had approximately 409,379 heat service customers, representing an increase of 2.1% from approximately 400,797 for the Corresponding Period.

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			
	2025		2024	
	RMB'000	%	RMB'000	%
Residential	616,953	59.2	610,101	60.3
Non-residential	425,789	40.8	401,017	39.7
Total	1,042,742	100.0	1,011,118	100.0

Management Discussion and Analysis

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 different and diversified heat sources can ensure the provision of stable and reliable heat service to our heat service customers.

C. Heat Distribution

Our heat distribution network comprises two component networks: (a) the primary distribution network, and (b) the secondary distribution network. As at 31 December 2025, we operated and owned most of our primary distribution pipelines with an aggregate length of approximately 748.2 kilometers (31 December 2024: 644.4 kilometers).

(2) Heat-related Engineering Construction Services

During the Reporting Period, revenue generated from our engineering construction services was approximately RMB137.7 million, representing a decrease of 57.3% from approximately RMB322.2 million for the Corresponding Period, which was mainly due to the decrease in revenue from heat-related engineering construction services as a result of the decrease in pipeline network construction work and heat exchange station construction projects during the Reporting Period. The table below sets out the revenue generated from our engineering construction services by service type for the periods indicated.

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Engineering construction services for our concession operations	132,634	96.3	289,377	89.8
Engineering construction services provided to customers	5,033	3.7	32,790	10.2
Total	137,667	100.0	322,167	100.0

Management Discussion and Analysis

(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 the 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) provision of designing services, which mainly consisted of indoor heat operation designing and consulting services to some government authorities and commercial operators; (b) the sale of heat service facilities (including heat service equipment, devices and relevant parts) to operators who required such facilities for their business operation; and (c) provision of custody and operation services to heat service providers. The revenue generated from other businesses amounted to RMB13.4 million, representing a decrease of 38.8% from RMB21.9 million for the Corresponding Period.

This was mainly due to a revision in the fee standards for the custody and operation business. During the Reporting Period, the Group entered into a new agreement with the government, which stipulates a lower unit revenue rate compared to that of the Corresponding Period.

(5) Honors and Awards

In February 2025, the Company was awarded 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); and Shanxi Xixian Shuangliang Low Carbon Environmental Clean Energy Company Limited* (山西省隰縣雙良低碳環保清潔能源有限公司) ("**Shanxi Xixian Shuangliang**") was honoured as "Outstanding Contributor to County Economic Development 2024 (2024年度縣域經濟發展傑出貢獻企業)".

In March 2025, the Company received "2025 China ESG Digital Empowerment Brand (2025中國ESG數位化賦能品牌)" award; and Wise Living Tech-Thermal Power (Zhengzhou) Company limited* (慧居科技熱力(鄭州)有限公司) was awarded the "Outstanding Enterprise in Public Utilities" (公共事業優秀企業).

In April 2025, Shuozhou City Renewable Energy Thermal Company Limited* (朔州市再生能源熱力有限公司) ("**Shuozhou City Renewable Energy Thermal**") was awarded the May 1st Labor Award in Shanxi Province* (山西省五一勞動獎狀) jointly presented by the General Labor Union of Shanxi Province* (山西省總工會) and the Department of Human Resources and Social Security of Shanxi Province (山西省人力資源和社會保障廳).

Management Discussion and Analysis

In May 2025, Shanxi Xixian Shuangliang was awarded the May 1st Labor Award* (五一勞動獎狀) jointly presented by the General Labor Union of Linfen City* (臨汾市總工會) and the Human Resources and Social Security Bureau of Linfen City* (臨汾市人力資源和社會保障局); Shuozhou City Renewable Energy Thermal was honoured as the National Civilization Unit (全國文明單位) by the Central Public Communication and Culture Work Leading Group (中央宣傳思想文化工作領導小組); and Hulunbair Shuangliang Energy System Company Limited* (呼倫貝爾雙良能源系統有限公司) (“**Hulunbair Shuangliang**”) was certified as an “Innovative SME (創新性中小企業)”.

In June 2025, Shuozhou City Renewable Energy Thermal received multiple awards in the 2025 Shanxi Province “Five Small” Innovation Competition, jointly presented by the General Labor Union of Shuozhou City* (朔州市總工會), the Communist Youth League Shuozhou Municipal Committee* (共青團朔州市委), and the Association for Science and Technology of Shuozhou City* (朔州市科學技術協會), and four projects were awarded the Third Prize; and Lanzhou New Area Shuangliang Thermal Power Company Limited* (蘭州新區雙良熱力有限公司) was recognised as a “Specialized, Refined, Differential and Innovative Small and Medium-Sized Enterprise” (專精特新中小企業) by the Gansu Provincial Department of Industry and Information Technology* (甘肅省工業和信息化廳).

In November 2025, Hulunbair Shuangliang was classified as High and New Technology Enterprise (高新技術企業) by the National Office of Leading Group for Administration of Hi-tech Enterprise Recognition (全國高新技術企業認定管理工作領導小組辦公室).

In December 2025, the green energy island project of Shanxi Xixian Shuangliang was successfully selected as a demonstration project under the “Lucid Waters and Lush Mountains Are Invaluable Assets” Practice and Innovation Base* (「綠水青山就是金山銀山」實踐創新基地示範項目), as recognized by the Ministry of Ecology and Environment of the PRC; and Wise Living Times (Jiangsu) Technology Company Limited* (慧居時代(江蘇)技術有限公司) was classified as High and New Technology Enterprise (高新技術企業) by the National Office of Leading Group for Administration of Hi-tech Enterprise Recognition (全國高新技術企業認定管理工作領導小組辦公室).

Management Discussion and Analysis

FINANCIAL REVIEW

The following table sets forth the comparative statement of comprehensive income for the year ended 31 December 2025 and the year ended 31 December 2024, respectively.

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Revenue	1,506,290	1,648,287
Cost of sales	(1,062,598)	(1,189,033)
Gross profit	443,692	459,254
Administrative expenses	(169,809)	(167,350)
Reversal of/(provision for) impairment losses on financial assets and contract assets	9,464	(24,934)
Other income	33,253	36,940
Other losses — net	(12,455)	(6,198)
Operating profit	304,145	297,712
Finance income	15,565	18,522
Finance costs	(39,782)	(43,743)
Finance costs — net	(24,217)	(25,221)
Share of profit of associates accounted for using the equity method	17,163	16,100
Profit before income tax	297,091	288,591
Income tax expense	(56,232)	(51,172)
Profit and total comprehensive income for the year	240,859	237,419
Profit and total comprehensive income attributable to:		
— Owners of the Company	170,214	164,154
— Non-controlling interests	70,645	73,265
	240,859	237,419
Earnings per share (expressed in RMB per share)		
— Basic and diluted	0.56	0.54

Management Discussion and Analysis

Revenue

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

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Heat Services		
– Fees from customers for provision and distribution of heat	1,042,742	1,011,118
– Price subsidies from local government	192,345	179,853
– Pipeline connection fee	115,061	106,360
– Heat transmission services	2,559	4,385
Sub-total	1,352,707	1,301,716
Engineering construction services	137,667	322,167
EMC services	2,480	2,480
Others	13,436	21,924
Total	1,506,290	1,648,287

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 decreased by 8.6% from approximately RMB1,648.3 million for the Corresponding Period to approximately RMB1,506.3 million for the Reporting Period, primarily due to a decrease in the volume of engineering construction services during the Reporting Period.

Cost of Sales

During the Reporting Period, our cost of sales mainly included (a) costs for purchases of heat; (b) construction costs; (c) amortisation of intangible assets; and (d) materials consumed. Our cost of sales decreased by 10.6% from approximately RMB1,189.0 million for the Corresponding Period to approximately RMB1,062.6 million for the Reporting Period, primarily attributable to a decrease in the volume of engineering construction services, which led to a decrease in the corresponding construction costs.

Management Discussion and Analysis

Gross profit and gross profit margin

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

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Heat services	422,322	31.2	414,968	31.9
Engineering construction services	19,370	14.1	40,612	12.6
EMC services	(26)	(1.0)	(417)	(16.8)
Others	2,026	15.1	4,091	18.7
Total	443,692	29.5	459,254	27.9

For the Reporting Period, our gross profit was approximately RMB443.7 million, representing a decrease of 3.4% as compared with approximately RMB459.3 million for the Corresponding Period.

For the Reporting Period, our gross profit margin was approximately 29.5% (Corresponding Period: 27.9%). The increase in gross profit margin was mainly attributable to a change in the revenue structure. Specifically, the revenue from low-margin engineering construction services decreased, while the pipeline connection area and heating area increased in the Track Record Period, leading to an increase in revenue in pipeline connection fees, heating fees and price subsidies.

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 increased by 1.4% from approximately RMB167.4 million for the Corresponding Period to approximately RMB169.8 million for the Reporting Period, primarily attributable to an increase in accumulated fixed assets, which led to an increase in depreciation expenses of property, plant and equipment.

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

During the Reporting Period, we recorded reversal of impairment losses in respect of our trade, lease and other receivables and contract assets. For the Reporting Period, we recorded a reversal of impairment losses of approximately RMB9.5 million, as compared with a provision for impairment losses of approximately RMB24.9 million for the Corresponding Period, primarily due to a decrease in impairment made to the energy management services customer who had repaid their outstanding amount in accordance with the repayment schedule in the current year.

Management Discussion and Analysis

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 RMB33.3 million, representing a decrease of approximately 9.8% from approximately RMB36.9 million for the Corresponding Period, primarily due to a decrease in rental income as certain tenants leased a smaller area of the properties during the Reporting Period as compared with the Corresponding Period.

Other Losses – net

During the Reporting Period, our other losses-net consisted of (a) fair value losses of investment properties; (b) net foreign exchange (losses)/gains; and (c) gains on extinguishment of account receivables. For the Reporting Period, our other losses-net was approximately RMB12.5 million, representing an increase of approximately 101.6% from approximately RMB6.2 million for the Corresponding Period, primarily due to (a) the continued fair value losses of investment properties, and (b) the net foreign exchange losses as a result of exchange rate fluctuations resulting from the appreciation of Renminbi against USD. during the Reporting Period, as compared to the net foreign exchange gains in the Corresponding Period.

Finance Income and Costs

For the Reporting Period, our finance income amounted to approximately RMB15.6 million, representing a decrease of approximately 15.7% from approximately RMB18.5 million for the Corresponding Period, primarily due to the lower bank interest rates and the reduced balance of remaining Net Proceeds during the Reporting Period, resulting in a decrease in interest income from bank deposits.

For the Reporting Period, our finance costs amounted to approximately RMB39.8 million, representing a decrease of approximately 8.9% from approximately RMB43.7 million for the Corresponding Period, primarily due to a decrease in interest expenses on instalment payable for acquisition of intangible assets.

Income Tax Expenses

For the Reporting Period, our income tax expenses amounted to approximately RMB56.2 million, representing an increase of approximately 9.8% from approximately RMB51.2 million for the Corresponding Period, primarily due to an increase in profit during the year.

Profit and Total Comprehensive Income for the Year

For the Reporting Period, profit for the period amounted to approximately RMB240.9 million, representing an increase of approximately 1.5% from approximately RMB237.4 million for the Corresponding Period, primarily due to an increase in gross profit margin and the optimisation of revenue restructure, which enhanced the overall profitability of the Group.

Profit Attributable to Owners of the Company

For the Reporting Period, profit attributable to owners of the Company amounted to approximately RMB170.2 million, representing an increase of approximately 3.7% from approximately RMB164.2 million for the Corresponding Period. Profit attributable to owners of the Company was basically in line with the increase in profit for the Reporting Period.

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, we financed our operations with cash inflow generated from the Group's operating activities and bank facilities. As at 31 December 2025, we had cash and cash equivalents of approximately RMB856.5 million (31 December 2024: RMB645.7 million) and restricted cash balances of approximately RMB52.2 million (31 December 2024: RMB74.2 million). The cash and cash equivalents of the Group are held in RMB, HKD and USD. The restricted cash of the Group were deposits placed with the banks for the issuance of bank acceptance notes and as guarantee deposits of the Group's certain borrowings.

As at 31 December 2025, we had current assets of approximately RMB1,690.0 million (31 December 2024: RMB1,470.0 million) which comprised inventories, trade receivables, prepayments and other receivables, financial asset at fair value through profit or loss, restricted cash and cash and cash equivalents. As at 31 December 2025, we had current liabilities amounted to approximately RMB2,110.8 million (31 December 2024: RMB1,913.2 million). Accordingly, the current ratio, being the ratio of current assets to current liabilities, was around 0.8 times as at 31 December 2025 (31 December 2024: 0.8 times).

Gearing ratio

As at 31 December 2025, the gearing ratio, calculated by dividing total borrowings by total equity, was 0.4 (31 December 2024: 0.5).

Borrowings

During the Reporting Period, our borrowings primarily consisted of bank borrowings. As at 31 December 2025, the bank borrowings were approximately RMB690.1 million (31 December 2024: RMB726.7 million), of which approximately RMB314.22 million will be repayable within 1 year (31 December 2024: RMB299.7 million). Our borrowings were all denominated in RMB.

As at 31 December 2025, bank borrowings of Hulunbuir Shuangliang amounting to approximately RMB104.9 million (2024: RMB149.2 million) were guaranteed by the Company and secured by certain property, plant and equipment and trade receivables. Bank borrowings of Lanzhou Shuangliang amounting to approximately RMB145.9 million (2024: RMB102.4 million) were guaranteed by the Company and Gansu Shuangliang Energy System Investment Company Limited* (甘肅雙良能源系統投資有限公司) and secured by certain intangible assets and amounting to approximately RMB20.0 million (2024: nil) were guaranteed by the Company and secured by certain restricted cash. In addition, bank borrowings of Shuozhou City Renewable Energy Thermal Company Limited* (朔州市再生能源熱力有限公司) amounting to approximately RMB150.0 million (2024: RMB175.0 million) were guaranteed by Taiyuan City Renewable Energy Heat Supply Company Limited (太原市再生能源供熱有限公司) and the Company, and secured by price subsidy receivables and certain intangible assets.

As at 31 December 2025, bank borrowings amounting to approximately RMB110.0 million (2024: RMB34.0 million) were guaranteed by the Company.

The weighted average effective interest rate of borrowings was 4.16% per annum as at 31 December 2025 (31 December 2024: 4.43% per annum). As at 31 December 2025, bank borrowings of the Group amounting to approximately RMB467.3 million (2024: RMB726.7 million) were at fixed interest rates ranging from 2.85% to 5.19% (2024: 3.20% to 5.35%) per annum.

Particulars of borrowings of the Group as at 31 December 2025 are set out in Note 29 to the Consolidated Financial Statements in this annual report.

Management Discussion and Analysis

CAPITAL COMMITMENTS

As at 31 December 2025, we had capital expenditures contracted for but not yet incurred of approximately RMB20.1 million as compared to approximately RMB29.2 million as at 31 December 2024. Our capital commitments were mainly related to the expenses incurred for the construction of pipelines in order to expand our existing heat service project and prepare for a new heat service project.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSAL

There were no significant investments, acquisitions and disposals of subsidiaries, associates or joint ventures during the Reporting Period.

CHARGES ON ASSETS

As at 31 December 2025, the Group had the following assets were pledged as collateral for the bank borrowings of the Group: (i) Property, plant and equipment with a carrying amount of approximately RMB10.7 million (2024: RMB11.2 million); (ii) Intangible assets with a carrying amount of approximately RMB960.3 million (2024: RMB733.3 million); (iii) Trade receivables with a carrying amount of approximately RMB264.4 million (2024: RMB127.5 million); and (iv) Restricted cash amounted to approximately RMB9.7 million (2024: nil).

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2025.

TREASURY AND INVESTMENT POLICY

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

EMPLOYMENT, REMUNERATION POLICY AND TRAINING

As at 31 December 2025, the Group had 816 employees (2024: 849). For the Reporting Period, the total employee benefit expenses of the Group were approximately RMB95 million (2024: RMB105.2 million). The remuneration package of our employees includes basic salary, performance salary and allowances. We determine employee remuneration based on factors such as qualifications, expertise and years of relevant experience. We have complied with and will continuously comply with, PRC laws and regulations relating to social welfare. In accordance with applicable PRC regulations, the Group currently participates in social insurance contribution plans organised by the relevant local governments under which the Group and the PRC based employees are required to make monthly contributions to the plan calculated as a percentage of the employees' salaries. No forfeited contribution was available for and utilised by the Group to reduce its future contributions to the social insurance contribution plan for the Reporting Period. The Group currently provides employees with a pension insurance programme, medical insurance programme, unemployment insurance programme, individual work injury programme, maternity insurance contributions and employee public housing reserve contributions and other welfare benefits.

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

Management Discussion and Analysis

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT FINANCIAL RISKS

The Group's activities expose us to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Please refer to Note 3.1 to the audited consolidated financial statement included in this annual report for further details.

PROSPECTS

In 2026, the Company will continue to adopt a dual-driven strategy of "scale × quality", focusing on expanding new heat services (including heat service of steam supply) and steadily advancing project implementation in major northern provinces in China. At the regional level, the Company will focus on the Bohai Economic Rim (which includes the Liaodong Peninsula, Shandong Peninsula, and the Beijing-Tianjin-Hebei region), while treating Inner Mongolia and Shanxi as key growth areas. The Company will also selectively launch pilot projects in other cities, depending on the business environment and project maturity.

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

Looking ahead to 2026, the Company will continue to uphold the principles of safety, environmental protection and high-quality development. While ensuring the steady operation and continuous improvement in performance of existing projects, the Company will actively advance market expansion, operational efficiency and digital capability development, with a view to continuously enhancing the overall competitiveness.

In addition to sustaining the steady growth of existing projects and pursuing market expansion, the Group will focus on the following two key areas in 2026:

(1) To continuously enhance operational quality and accelerate digital and artificial intelligence development

The Group will further strengthen the refined operation and cost control of existing heat projects, pursue continuous cost reduction and efficiency improvement, elevate the operational and management standards, and support the steady development of existing businesses. Meanwhile, the Group will continue to promote the development and upgrading of digital platforms, further improve the intelligence level of production management, fee collection management, customer service and operational scheduling, and steadily advance the application of artificial intelligence technologies in operational management and heat service scenarios. For internal management, the Group will explore the application of artificial intelligence in business analysis, process optimisation, risk identification, operational monitoring and decision support, so as to improve management efficiency and collaboration. For the heat business, the Group will apply artificial intelligence technologies to heating demand forecasting, operational parameter optimisation, energy consumption analysis, equipment monitoring and early warning, and energy conservation regulation, so as to gradually enhance the operational efficiency of the heat supply system and energy conservation management capabilities, providing stronger technical support for the Group's business development.

(2) To continuously advance market expansion and consolidate the foundation for future growth

The Group will continue to prioritise market expansion. Focusing on heat supply, steam supply and related integrated energy service projects, the Group will intensify market development efforts, actively track the demand of key regions and key customers, and facilitate the reserve, conversion and implementation of high-quality projects. Meanwhile, the Group will further strengthen market research, project screening and preliminary feasibility studies, strive to improve the quality and implementation efficiency of project expansion, and steadily expand the business scale while controlling investment risks and operational risks, so as to further strengthen the Group's sustainable development capacity and market competitiveness.

Management Discussion and Analysis

Looking forward, the Group will remain committed to the principles of safety, environmental protection and high-quality development. While consolidating the foundation of the existing businesses, the Group will actively seize industry development opportunities, steadily advance all key initiatives, and strive to create long-term value for its shareholders.

EVENTS AFTER THE REPORTING PERIOD

Change of Company name

Reference is made to the Company's announcements dated 21 January 2026, 26 February 2026 and the Company's circular dated 3 February 2026.

The Board proposed to change the Chinese name of the Company from “慧居科技股份有限公司” to “江蘇雙良睿能能源股份有限公司” and to change the English name of the Company from “Wise Living Technology Co., Ltd” to “SL Gemini Energy Co., Ltd” (the “**Change of Company Name**”) to align with the long-term business strategy. A special resolution has been passed by the Shareholders at the first extraordinary general meeting of the Company on 26 February 2026 (“**EGM**”) to approve the Change of Company Name.

The Company is going through the registration procedures with the Companies Registry in Hong Kong and will make further announcement on the effective date of the proposed Change of Company Name.

Abolition of the Supervisory Committee

Reference is made to the Company's announcements dated 21 January 2026 and 26 February 2026 and the Company's circular dated 3 February 2026.

The Board proposed to abolish the Supervisory Committee pursuant to the PRC Company Law and the Relevant Transitional Arrangements for the Implementation of Supporting Systems and Rules for the New Company Law (《關於新〈公司法〉配套制度規則實施相關過渡期安排》), and with reference to the Guidelines on the Articles of Association of Listed Companies (as amended in 2025) and other applicable laws, regulations and normative documents, and having regard to the actual circumstances of the Company (the “**Abolition of the Supervisory Committee**”). The functions and powers of the Supervisory Committee as stipulated under the PRC Company Law will be assumed by the Audit Committee. A special resolution has been passed by the shareholders at EGM for approval of the proposed Abolition of the Supervisory Committee on 26 February 2026. As a result, Mr. Ma Peilin, Mr. Chen Zhen and Mr. Wang Shuai ceased to serve as supervisors on the same day.

Amendment to the Articles of Association

Reference is made to the Company's announcements dated 21 January 2026 and 26 February 2026 and the Company's circular dated 3 February 2026.

The Board proposed to make certain amendments to the current Articles of Association, in order to, among other things, reflect the Change of the Company Name and the proposed Abolition of the Supervisory Committee (the “**Amendment to the Articles of Association**”), which became effective from 26 February 2026. A special resolution has been passed by the Shareholders at EGM for approval of the proposed Amendment to the Articles of Association on 26 February 2026.

Management Discussion and Analysis

Proposed Amendment to the Articles of Association, the Rules of Procedure for the Shareholders' Meeting and the Rules of Procedure for the Board of Directors

Reference is made to the Company's announcement dated 8 April 2026.

The Board proposed to make certain amendments to the current Articles of Association, in order to, among other things, comply with the new requirements in respect of the hybrid general meetings and E-voting.

The Board also proposed to make certain amendments to the current Rules of Procedure for the Shareholders' Meeting and Rules of Procedure for the Board of Directors, in order to, among other things, to comply with the new requirements in respect of the hybrid general meetings and E-voting, to reflect the Change of Company Name and the Abolition of the Supervisory Committee.

The proposed amendments to the Articles of Association, the Rules of Procedure for the Shareholders' Meeting and the Rules of Procedure for the Board of Directors are subject to the approval of the Shareholders by way of a special resolution at the upcoming AGM and will become effective upon approval of the Shareholders. A circular containing, among others, details of the proposed amendments, together with a notice of the AGM, will be despatched to the Shareholders in due course.

Save 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 annual report.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

Directors, Supervisors and Senior Management

BOARD OF DIRECTORS

The Board currently consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. The Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

The following table sets out certain information regarding the members of the Board.

Name	Age	Current position	Date of appointment of initial term of office	Date of joining the Group	Roles and responsibilities	Relationship with other Directors/Supervisors/senior management
Mr. Li Baoshan (李寶山先生)	59	Chairman and executive Director	18 December 2015	3 September 2010	Convening and hosting Board meetings, hosting general meetings of the Company, participating in the decision making process of the Group's daily operation and management	Nil
Mr. Liu Zhigang (劉志剛先生)	45	Executive Director and general manager	6 March 2025	1 August 2015	Overall management oversight of the Group's business	Nil
Mr. Luo Wei (羅偉先生)	52	Executive Director, deputy general manager	23 November 2016	20 September 2015	Participating in daily operation, management and the decision making of the Group	Nil
Mr. Miao Wenbin (繆文彬先生)	47	Non-executive Director	27 April 2020	27 April 2020	Participating in strategic planning and advising on the decision making of the Group	Cousin-in-law of Mr. Ma Fulin (馬福林先生), a non-executive Director, and cousin-in-law of Ms. Xu Lijie (許麗潔女士), a non-executive Director
Mr. Ma Fulin (馬福林先生)	62	Non-executive Director	27 April 2020	10 October 2010	Participating in strategic planning and advising on decision-making of the Group	Brother of Mr. Ma Peilin (馬培林先生), a supervisor, and cousin-in-law of Mr. Miao Wenbin (繆文彬先生), a non-executive Director
Ms. Xu Lijie (許麗潔女士)	48	Non-executive Director	13 April 2023	13 April 2023	Participating in strategic planning and advising on decision-making of the Group	Cousin-in-law of Mr. Miao Wenbin (繆文彬先生), a non-executive Director

Directors, Supervisors and Senior Management

Name	Age	Current position	Date of appointment of initial term of office	Date of joining the Group	Roles and responsibilities	Relationship with other Directors/Supervisors/senior management
Dr. Tse Hiu Tung, Sheldon (謝曉東博士)	61	Independent non-executive Director	29 May 2023	29 May 2023	Supervising and providing independent opinions and advice to the Board	Nil
Mr. Cheung Ho Kong (張浩剛先生)	46	Independent non-executive Director	29 May 2023	29 May 2023	Supervising and providing independent opinions and advice to the Board	Nil
Dr. Zhu Qing (朱青博士)	68	Independent non-executive Director	29 May 2023	29 May 2023	Supervising and providing independent opinions and advice to the Board	Nil

EXECUTIVE DIRECTORS

Mr. Li Baoshan 李寶山先生 (“Mr. Li”), aged 59, joined the Group in September 2010. He is currently the chairman of the Board and the executive Director and was formerly the general manager of the Company, and is primarily responsible for the overall management oversight of the Group’s business. On 9 December 2024, he was re-designated from the general manager to the chairman of the Board, and is primarily responsible for convening and hosting Board meetings, hosting general meetings of the Company, and participating in decision making process of the Group’s daily operation and management.

Mr. Li Baoshan has and had also held several positions in the companies within the Group, including acting as (i) a general manager of Taiyuan City Renewable Energy Heat Supply Company Limited between May 2009 and December 2020; (ii) the chairman of the board of directors of Datong City Renewable Energy Heating Company Limited Since September 2009; (iii) the chairman of the board of directors of Lvliang City Renewable Energy Heat Supply Company Limited between November 2009 and December 2019; (iv) a director and a general manager of Shanxi Shuangliang Renewable Energy since October 2010; (v) a director of Inner Mongolia Wise Living Tianlang Clean Energy Company Limited since June 2018; (vi) a director of Wise Living Tech-Thermal Power (Zhengzhou) Company Limited since December 2020, and was responsible for managing and supervising the operation of these companies; and (vii) the general manager of the Company between December 2015 and December 2024, and was responsible for managing and supervising the operation of these companies.

Mr. Li Baoshan joined Sinopec New Star, an associate of the Company, in September 2014 and is currently its director. Sinopec New Star is principally engaged in the business of development, construction and operation of heating and cooling and power generation projects, and exploration and utilisation of renewable energy, and provision of heat services. Mr. Li Baoshan’s main responsibilities at Sinopec New Star include attending the board meetings, participating in the decision making in relation to business plans and investment plans, as well as formulation of management policy.

Directors, Supervisors and Senior Management

Mr. Li Baoshan has and had served several public offices as set out in the following table:

Period of services	Names of public offices	Positions
Between July 2016 to July 2020	Research Institute of Shanxi Province Renewable Energy* (山西可再生能源研究院) in Shanxi Province, the PRC	Legal representative
Between August 2017 to August 2021	Shanxi Province Renewable Energy Industry Association* (山西省可再生能源協會) in Shanxi Province, the PRC	Legal representative
Not Applicable	12th Meeting of National Representatives All-China Federation of Industry & Commerce* (中國工商業聯合會第十二次全國代表大會) in the PRC held in November 2017	Representative
Between January 2018 and December 2022	12th Committee of The Chinese People's Political Consultative Conference, Shanxi Province, the PRC* (中國人民政治協商會議第十二屆山西省委員會)	Committee member

Mr. Li graduated from the master's program in economics and management (經濟管理) at Shanxi Provincial Committee Party School of C.P.C* (中共山西省委黨校) (currently known as Shanxi Provincial Committee Party School of C.P.C (Shanxi Administrative College)* (中共山西省委黨校(山西行政學院)) in Shanxi Province, the PRC in July 2005. He was accredited as an engineer by the Shanxi Province Forestry Department Intermediate Technical Job Evaluation Committee* (山西省林業廳中級技術職務評審委員會) on 20 July 1997.

Mr. Liu Zhigang (劉志剛先生) ("Mr. Liu"), aged 45, has been appointed as the general manager of the Company with effect from 9 December 2024. He was an employee representative supervisor of the Company from September 2019 to January 2024. He was appointed as a supervisor of the Company for the first time in September 2019, and was primarily responsible for monitoring and supervising the operational and financial activities. He was appointed as executive director of the Company by way of the ordinary resolution passed by the shareholders at the extraordinary general meeting held on 6 March 2025 and he is responsible for overall management oversight of the Group's business.

Mr. Liu joined the Group in August 2015 and has held several positions in the companies within the Group, including acting as (i) the deputy general manager of Hulunbuir Shuangliang between August 2015 and September 2018, and the general manager and a director of Hulunbuir Shuangliang since March 2022; and (ii) a director of Inner Mongolia Wise Living since June 2018 and the deputy general manager of Inner Mongolia Wise Living Tianlang Clean Energy Company Limited since September 2018, and has been mainly responsible for the overall management of these companies.

Mr. Liu was a sales representative at Shuangliang Eco-Energy Sales Branch (a branch which is principally engaged in the sales of environmental equipment and devices) between May 2010 and September 2014, where he was responsible for marketing and sales, Mr. Liu later worked as a sales manager between September 2014 and August 2015, where he was responsible for managing and supervising operation and formation of business development plans.

Mr. Liu graduated from Inner Mongolia Agricultural University (內蒙古農業大學) in Inner Mongolia, the PRC, with a major in environmental engineering in July 2004. Mr. Liu holds the Inner Mongolia Autonomous Region Professional Title (內蒙古自治區職稱) of senior engineer.

Directors, Supervisors and Senior Management

Mr. Luo Wei (羅偉) (“Mr. Luo”), aged 52, joined the Company in September 2015 and is currently an executive Director and a deputy general manager of the Company. Mr. Luo Wei is primarily responsible for participating in daily operation, management and decision making of the Group, and taking charge of the daily activities of the office of the Board.

Mr. Luo has also held several positions in the companies within the Group, including acting as (i) a supervisor of Wise Living Energy Technology Company Limited since November 2016; (ii) a supervisor of Gansu Shuangliang Smart Energy Management Company Limited since November 2016; (iii) a supervisor of Lanzhou Shuangliang since December 2016; (iv) a supervisor of Gansu Shuangliang Energy System Investment Company Limited since December 2016; (v) a supervisor of Hulunbuir Shuangliang since December 2016; (vi) a supervisor of Shanxi Shuangliang Renewable Energy since April 2017; (vii) a supervisor of Inner Mongolia Wise Living Tianlang Clean Energy Company Limited since June 2018; (viii) a supervisor of Lanzhou Wise Living Thermal Engineering Company Limited between August 2018 and March 2023; (ix) a director of Wise Living Energy (Baotou) since November 2020; and (x) a director of Wise Living Tech-Thermal Power (Zhengzhou) Company Limited since December 2020, and has been responsible for managing and supervising the operation of these companies.

Mr. Luo has approximately 25 years of working experience in auditing and financial matters and gained experience from various auditing and corporate positions. Mr. Luo Wei commenced his career as an auditor in Nanjing Yongsheng United Accountant’s Firm* (南京永盛聯合會計師事務所) (a firm providing audit services) between September 1994 and May 2001 and worked at the audit department of Shuangliang Group Co. (a connected person of the Company) between May 2001 and January 2004, where he was responsible for dealing with auditing and financial matters in both companies. Subsequently, he served as the chief financial officer at Jiangsu Shuangliang Spandex Co., Ltd. (a subsidiary of Shuangliang Technology which principally engages in the business of production of differentiated chemical fibres and spandex high-tech chemical fibres between January 2004 and December 2013, and was mainly responsible for overseeing overall financial matters. Between January 2014 and September 2015, he worked as a general manager at Wuxi Zhongchuang Technology Microfinance Company Limited* (無錫市中創科技小額貸款有限公司) (formerly known as Wuxi FinTech Small Loans Limited* (無錫市融創科技小額貸款有限公司) and Wuxi Changda Shuangliang Technology Microfinance Company Limited* (無錫市長達雙良科技小額貸款有限公司), a company held as to 40% by Shuangliang Technology and 20% by Jiangsu Lichuang, the controlling shareholders of the Company) which is in the money lending business, and he was mainly responsible for the overall management of business and operation.

Mr. Luo graduated from Nanjing Audit College (南京審計學院) (currently known as Nanjing Audit University (南京審計大學)) in Jiangsu Province, the PRC, with a college degree in finance in July 1994. Mr. Luo was accredited as a Certified Public Accountant by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) on 26 November 2009.

Directors, Supervisors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. Miao Wenbin (繆文彬) (“Mr. Miao”), aged 47, joined the Group in April 2020 and is currently a non-executive Director. Mr. Miao is primarily responsible for participating in strategic planning and advising on decision making of the Group.

Mr. Miao has and had served several companies (including listed companies) as set out in the following table:

Period of services	Names of companies outside the Group	Principal business activities	Last/current position	Main responsibilities
Between January 2004 and December 2006	Shuangliang Eco-Energy Sales Branch	Sale of environmental equipment and devices	Assistant of general manager	Participating in the management of sales business
Since January 2007	Shuangliang Group Co.	Manufacturing and sales of devices, equipment and accessories	Vice president	Managing affairs of investment and public relations
Since January 2009	Shanghai Shuangliang Equity Investment Company Limited* (上海雙良股權投資有限公司) (formerly known as Shanghai Shuangliang Borun Equity Investment Company Limited* (上海雙良博潤股權投資有限公司))	Equity investment and investment management	Chairman of the board and general manager	Convening and hosting the board meetings, hosting general meetings, managing operation and supervision
Since March 2014	Wuxi Zhongchuang Technology Microfinance Company Limited* (無錫市中創科技小額貸款有限公司) (formerly known as Wuxi FinTech Small Loans Limited* (無錫市融創科技小額貸款有限公司) and Wuxi Changda Shuangliang Technology Microfinance Company Limited* (無錫市長達雙良科技小額貸款有限公司))	Money lending business	Director	Attending the board meetings, participating in the decision making of business plans and investment plans as well as formulation of management policy
Between June 2014 and February 2020	Jiangsu Hagong Intelligent Robot Co., Ltd* (江蘇哈工智能機器人股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 000584)	Manufacturing high-end intelligent equipment manufacturing and artificial intelligence robots	Director	Attending the board meetings, participating in the decision making of business plans and investment plans as well as formulation of management policy
Since October 2014	Jiangsu Shuangliang International Trade Company Limited* (江蘇雙良國際貿易有限公司)	Trading of goods	Director	Attending the board meetings, participating in the decision making of business plans and investment plans as well as formulation of management policy

Directors, Supervisors and Senior Management

Period of services	Names of companies outside the Group	Principal business activities	Last/current position	Main responsibilities
Between August 2015 and October 2022	Wuxi Shuangliang Biological Technology Company Limited* (無錫雙良生物科技股份有限公司)	R&D, technology transfer and technical services of pharmaceuticals, biological reagents, chemical reagents, pharmaceutical intermediates, and APIs	Chairman of the board	Convening and hosting the board meetings, hosting general meetings, participating in the decision making process of the company's daily operation and management
Since March 2016	Wuxi Biotech Company Limited* (無錫佰翽得生物科學有限公司)	R&D, technology transfer and technical services of pharmaceuticals, biological reagents, chemical reagents, pharmaceutical intermediates, and APIs	Chairman of the board	Convening and hosting the board meetings, hosting general meetings, participating in the decision making process of the company's operation and management
Since June 2017	Shuangliang Technology	Investment holding	Chairman of the board	Convening and hosting the board meetings, hosting general meetings, and participating in the decision making of the company's operation and management
Since August 2017	Shuangliang Eco-Energy (stock code: 600481.SH), a company listed on Shanghai Stock Exchange	Manufacturing and sales of products of (i) energy-saving and water-saving system; and (ii) new energy system (新能源系統)	Chairman of the board	Convening and hosting the board meetings, hosting general meetings, participating in the decision making of the company's daily operation and management
Since January 2018	Zhejiang Shangda Public Environmental Protection Company Limited* (浙江商達公用環保有限公司) (formerly known as Zhejiang Shuangliang Shangda Environmental Protection Company Limited* (浙江雙良商達環保有限公司), Hangzhou Zhanwang Environmental Technology Company Limited* (杭州展望環保科技有限公司), Zhejiang Shangda Environmental Protection Company Limited* (浙江商達環保有限公司), Hangzhou Zhejiang-business Environmental Engineering Company Limited* (杭州浙商大環境工程有限公司))	Manufacturing and sales of environmental protection equipment	Director	Attending the board meetings, participating in the decision making of business plans and investment plans as well as formulation of management policy

Directors, Supervisors and Senior Management

Period of services	Names of companies outside the Group	Principal business activities	Last/current position	Main responsibilities
Since October 2018	Shanghai Shuangliang Jiaxin Investment Management Company Limited* (上海雙良嘉信投資管理有限公司) (formerly known as Shanghai Fantong Investment Management Company Limited* (上海帆通投資管理有限公司))	Investment management	Chairman of the board	Convening and hosting the board meetings, hosting general meetings, participating in the decision making process of the company's operation and management
Between November 2018 and November 2019 and since February 2021	Wuxi Hundun Energy Technology Co., Ltd.	Development, design and construction of intelligent systems and cloud computing	Director	Attending the board meetings, and participating in the decision making in relation to business plans and investment plans as well as formulation of management policy

Further, Mr. Miao holds several public offices:

Period of services	Names of public offices	Last/current position
Since January 2015	Jiangyin Young Entrepreneurs Association* (江陰市青年企業家協會)	Vice chairman
Since December 2017	Jiangyin Young Entrepreneurs Association* (江陰市青年企業家協會)	Executive President
Since May 2015	Jiangsu Young Entrepreneurs Association* (江蘇省青年企業家聯合會)	Vice chairman
Between September 2016 and August 2018	APEC China Business Council (亞太經合組織(APEC)中國工商理事會)	Council member
Since December 2017	Jiangsu Sushang Development Promotion Association* (江蘇省蘇商發展促進會)	Co-chairman
Since April 2019	Jiangsu Youth Association* (江蘇省青年聯合會)	Committee member
Not Applicable	Fifth Meeting of the 13th National People's Congress of Jiangsu Province* (江蘇省第十三屆人民代表大會第五次會議) held in January 2022	Representative
Since December 2022	China Federation of Industry and Commerce* (中華全國工商聯合會)	13th Executive Committee (Terms of 5 years)

Mr. Miao obtained a bachelor's degree in information management from Nanjing University (南京大學) in Jiangsu Province, the PRC, in July 2000. He further achieved a master's degree of business administration (financial management emphasis) from City University of Seattle in Seattle, Washington State, the U.S., in September 2003.

Directors, Supervisors and Senior Management

Mr. Ma Fulin (馬福林) (“Mr. Ma”), aged 62, joined the Group in October 2010 and is currently a non-executive Director. Mr. Ma is primarily responsible for participating in strategic planning and advising on decision-making of the Group.

Mr. Ma had also held several positions in the companies within the Group, including acting as (i) the chairman of the board of directors of Shanxi Shuangliang Renewable Energy between October 2010 and May 2014, (ii) the chairman of the board of directors of Hulunbuir Shuangliang between March 2013 and February 2014, and (iii) a director of Lanzhou Shuangliang between July 2013 and February 2014, and was responsible for managing and supervising the operation of these companies.

Prior to joining the Group, Mr. Ma has accumulated his rich managerial experience through several business and management positions as set out in the following table:

Period of services	Names of companies outside the Group	Principal business activities	Last/current position	Main responsibilities
Since October 1995	Shuangliang Group Co.	Manufacturing and sales of devices, equipment and accessories	Vice president	Managing the sales of various products
Since December 1997	Shuangliang Technology	Investment holding	Director	Attending the board meetings, participating in the decision making in relation to business plans and investment plans, as well as formulation of management policy
Since October 1998	Jiangsu Chengli Investment Consulting Company Limited	Advising on investments	Director	Attending the board meetings, and participating in the decision making of the company's operation and management
Since March 2000	Jiangsu Shuangliang Boiler Company Limited	Manufacturing and sales of boilers	Director	Attending the board meetings, participating in the decision making of business plans and investment plans, as well as formulation of management policy
Since December 2003	Jiangsu Shuangliang Composite Material Company Limited	Manufacturing of plastic alloys (GMT sheet) and its products	Director	Attending the board meetings, participating in the decision making of business plans and investment plans as well as formulation of management policy

Directors, Supervisors and Senior Management

Period of services	Names of companies outside the Group	Principal business activities	Last/current position	Main responsibilities
Between September 2004 and April 2020, and since May 2020	Jiangsu Lichuang	Investment Holding	Chairman of the board (between September 2004 and April 2020) Director (since May 2020)	Convening and hosting the board meetings, hosting general meetings, and participating in the decision making process of the company's daily operation and management Attending the board meetings, participating in the decision making of business plans and investment plans, as well as formulation of management policy
Since June 2005	Jiangyin Shuangliang Machinery Company Limited	Research, development and production of cleaning machines and their accessories	Director	Attending the board meetings, participating in the decision making of business plans and investment plans as well as formulation of management policy
Since August 2011	Beijing Supower Technology Co. Ltd	Project contracting	Director	Attending the board meetings, participating in the decision making of business plans and investment plans as well as formulation of management policy
Since August 2017	Jiangyin Shuangliang Graphene Photocatalysis Technology Company Limited	Air pollution prevention and control services	Director	Attending the board meetings, and participating in the decision making in relation to business plans and investment plans as well as formulation of management policy

Mr. Ma obtained a bachelor's degree in chemical-engineering from the Inner Mongolia College of Technology* (內蒙古工學院) (currently known as the Inner Mongolia University of Technology (內蒙古工業大學)) in Inner Mongolia, the PRC, in July 1986. He further achieved an executive master's degree of business administration (Executive MBA Programme) from China Europe International Business School (中歐國際工商學院) in Shanghai, the PRC, in March 2002.

Ms. Xu Lijie (許麗潔) ("Ms. Xu"), aged 48, joined the Group in April 2023 and is currently a non-executive Director. Ms. Xu is primarily responsible for participating in strategic planning and advising on decision-making of the Group.

Directors, Supervisors and Senior Management

Prior to joining the Group, Ms. Xu has and had served several companies as set out in the following table:

Period of services	Names of companies outside the Group	Principal business activities	Last/current position	Main responsibilities
Between October 1999 and September 2007	Shuangliang Eco-Energy Systems Co., Ltd. Sales Branch	Sale of environmental equipment and devices	Staff	Participating in project bidding, developing sales market, and coordinating sales resources of all branches
Between October 2007 and September 2019	Jiangsu Shuangliang Spandex Co., Ltd.	Production of differentiated chemical fibres and spandex high-tech chemical fibres	Head of management* (管理部長) and deputy general manager	Managing daily operation, participating in the discussion and decision making of development plans, operation strategies, work plans as well as major issues in daily operation, participating in external coordination on any communication or dealing with government authorities, and reviewing important reports, documents and materials submitted and printed externally
Between September 2019 and February 2020	Shuangliang Group Co.	Manufacturing and sales of devices, equipment and accessories	Deputy director of president office* (總裁辦副主任)	Standardising the daily implementation of various management systems, managing the administrative aspect of the company, handling and formulating main targets, plans, policies and systems, participating in the company's major decision making, arranging regular meetings of the company, and organising and handling events and matters relating to external affairs
Since February 2020	Jiangsu Shuangliang Cooling System Co., Ltd.	Air cooling systems	Executive director and general manager	Being responsible for the company's development, production and operation management, setup and adjustment of organisations, salary adjustments, establishment and improvement of important rules and regulations, and management of other major issues
Since November 2021	Jiangyin Shuangliang Bihong Steel Structure Engineering Technology Co., Ltd	Provision of design, construction, maintenance and consultancy services relating to steel structure works and other construction works	Director and general manager	Being responsible for the overall management of the company's daily operation and business

Directors, Supervisors and Senior Management

Ms. Xu graduated from Jiangsu Luoshe Normal School* (江蘇省洛社師範學校) in Jiangsu Province, the PRC, with a college degree in ordinary teachers* (普師專業) in July 1996.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Tse Hiu Tung, Sheldon, MH (also known as Xie Xiaodong) (謝曉東) (“Dr. Tse”), aged 61, was appointed as the independent non-executive Director of the Company on 29 May 2023. He is responsible for supervising and providing independent opinions and advice to the Board.

Since 1998, Dr. Tse has been a practicing solicitor in Hong Kong and is currently a partner at a law firm in Hong Kong, and has over 20 years of experience in corporate finance, mergers and acquisitions, private equity, joint ventures and compliance matters. Outside the Group, Dr. Tse has held positions in the following company the shares of which are listed on the Stock Exchange in the past three years:

Period of services	Names of listed company	Last/current position	Main responsibilities
Since September 2020	China Aircraft Leasing Group Holdings Limited, a company listed on the Stock Exchange (stock code: 1848)	Independent non-executive director	Overseeing the management of the group independently

Dr. Tse is qualified to practise law in Hong Kong (admitted in July 1998), England and Wales (admitted in November 1998) and the PRC (admitted in September 1995). Dr. Tse is currently a China-appointed Attesting Officer (中國委託公證人) and a fellow member of the Hong Kong Securities and Investment Institute. He has also been a member of the 12th and 13th China Political Consultative Committee of Guizhou Province since January 2018. Dr. Tse was granted a Medal of Honour by the Government of the Hong Kong Special Administrative Region in 2024 in recognition of his contributions in charitable work and community services.

Dr. Tse obtained a bachelor's degree in law from Zhongshan University in Guangzhou, the PRC in July 1986. Further, Dr. Tse obtained a degree of master of laws and a degree of doctor of philosophy from the University of London, the United Kingdom in November 1989 and January 1994, respectively.

Mr. Cheung Ho Kong (張浩剛) (“Mr. Cheung”), aged 46, was appointed as an independent non-executive Director on 29 May 2023. He is responsible for supervising and providing independent opinions and advice to the Board.

Directors, Supervisors and Senior Management

Mr. Cheung is currently a managing director of Huaan Securities (Hong Kong) Corporate Finance Limited since April 2026, which is primarily engaged in the business of financial service. Mr. Cheung has accumulated more than 20 years of experience in accounting and finance in the following companies, where he was mainly involved in audit and corporate finance matters.

Period of services	Names of companies	Principal business activities	Last position
Between September 2001 and December 2004	KPMG	Audit, tax and advisory services	Assistant manager
Between January 2005 and May 2007	Hong Kong Exchanges and Clearing Limited (stock code: 388), a company listed on the Stock Exchange	Stock exchange operation	Assistant manager
Between June 2007 and May 2010	GuocoCapital Limited (currently known as Mason Securities Limited)	Financial service	Senior manager
Between June 2010 and April 2013	Guotai Junan (Hong Kong) Limited	Financial service	Associate director
Between April 2013 and January 2014	Taiping Capital Limited	Financial service	Executive director
Between April 2014 and November 2021	Messis Capital Limited	Financial service	Managing director
Between November 2021 and April 2026	China Goldlink Capital Group Limited	Financial Service	Managing Director

Mr. Cheung has been a certified public accountant of The Hong Kong Institute of Certified Public Accountants since January 2005. Further, he has been a responsible officer licensed and registered with the SFC to conduct type 1 (dealing in securities) regulated activities since April 2016 and type 6 (advising on corporate finance) regulated activities since August 2012.

Mr. Cheung obtained a bachelor's degree in accounting and finance from the University of Hong Kong in Hong Kong in November 2001 and a master's degree in business administration through a distant learning program from Royal Holloway and Bedford New College of University of London in the U.K. in December 2018.

Dr. Zhu Qing (朱青) (“Dr. Zhu”), aged 68, was appointed as an independent non-executive Director on 29 May 2023. He is responsible for supervising and providing independent opinions and advice to the Board.

Dr. Zhu has been working in the School of Finance (財政金融學院) of Renmin University of China (中國人民大學) in Beijing, the PRC since June 1987 with current position as a professor, and has been responsible for teaching and research work in the fields of public finance and tax. Dr. Zhu has also served as an independent director of Zhongtai Trust Company Limited (中泰信託有限責任公司) (formerly known as Agricultural Bank of China Xiamen Trust and Investment Company* (中國農業銀行廈門信託投資公司)) since July 2014, responsible for overseeing the management of the group independently. Dr. Zhu served as an independent director of China Great Wall Asset Management Co. Ltd* (中國長城資產管理股份有限公司) since 12 August 2022, responsible for overseeing the management of the group independently.

Directors, Supervisors and Senior Management

Further, he has and had held the positions in several listed companies as set out in the following table:

Period of services	Names of listed companies	Last/current positions	Main responsibilities
Between June 2014 and February 2017	Jiangsu Hagong Intelligent Robot Co., Ltd* (江蘇哈工智能機器人股份有限公司) (formerly known as Jiangsu Youli Investment Holding Company Limited* (江蘇友利投資控股股份有限公司)) (stock code: 000584), a company listed on Shenzhen Stock Exchange	Independent director	Overseeing the management of the group independently
Between April 2013 and April 2018, and since March 2022	Jangho Group Company Limited* (江河創建集團股份有限公司) (stock code: 601886), a company listed on Shanghai Stock Exchange	Independent director	Overseeing the management of the group independently
Between August 2014 and June 2021	Industrial Bank Company Limited (興業銀行股份有限公司) (stock code: 601166), a company listed on Shanghai Stock Exchange	Independent director	Overseeing the management of the group independently
Since June 2021	Industrial Bank Company Limited (興業銀行股份有限公司) (stock code: 601166), a company listed on Shanghai Stock Exchange	Supervisor	Monitoring and supervising the operational and financial activities of the company
Between January 2017 and October 2020	Zhejiang Jinlihua Electric Company Limited* (浙江金利華電氣股份有限公司) (stock code: 300069), a company listed on Shenzhen Stock Exchange	Independent director	Overseeing the management of the group independently
Between June 2017 and 28 June 2023	Jiangsu Jiangyin Rural Commercial Bank Company Limited* (江蘇江陰農村商業銀行股份有限公司) (stock code: 002807), a company listed on Shenzhen Stock Exchange	Independent director	Overseeing the management of the group independently
Since 27 June 2023	Dongxing Securities Corporation Limited 東興證券股份有限公司 (stock code: 601198), a company listed on Shanghai Stock Exchange	Independent director	Overseeing the management of the group independently

Directors, Supervisors and Senior Management

Dr. Zhu obtained a bachelor's degree in economics majoring in public finance from the Beijing Economics Institute (北京經濟學院) (currently known as Capital University of Economics and Business (首都經濟貿易大學)) in Beijing, the PRC in July 1984. Further, Dr. Zhu obtained a master's degree in economics from Renmin University of China (中國人民大學) in Beijing, the PRC in July 1987 and a doctorate degree in economics from Renmin University of China (中國人民大學) in June 2001.

Dr. Zhu was accredited as an independent director by Shanghai Stock Exchange (上海證券交易所) in April 2013.

SUPERVISORY COMMITTEE

From 1 January 2025 up to 26 February 2026, the Supervisory Committee consisted of three members, one of whom was an employee representative supervisor. The supervisors were appointed for a term of three years and eligible for re-election upon expiry of their term of office.

The Company has abolished its Supervisory Committee after the conclusion of the extraordinary general meeting held on 26 February 2026. Therefore, Mr. Ma Peilin, Mr. Chen Zhen and Mr. Wang Shuai ceased to be the supervisors of the Company on 26 February 2026. For further details, please refer to the Company's announcements dated 21 January 2026 and 26 February 2026 and the Company's circular dated 3 February 2026.

The following table sets out certain information regarding the members of the Supervisory Committee as at 31 December 2025: -

Name	Age	Current position	Date of appointment of initial term of office	Date of joining the Group	Roles and responsibilities	Relationship with other Directors/supervisors/senior management
Mr. Ma Peilin	59	Chairman of the Supervisory Committee	November 2015	January 2013	Directing the activities of the Supervisory Committee, monitoring and supervising the operational and financial activities	Brother of Mr. Ma Fulin, a non-executive Director of the Company
Mr. Chen Zhen	44	Supervisor	April 2020	April 2020	Monitoring and supervising the operational and financial activities	Nil
Mr. Wang Shuai (appointed on 22 January 2024)	33	Employee representative supervisor	January 2024	April 2018	Monitoring and supervising the operational and financial activities	Nil

Directors, Supervisors and Senior Management

Mr. Ma Peilin (馬培林先生) (“Mr. Ma”), aged 59, was the chairman of the Supervisory Committee. He was appointed as the supervisor of the Company on 17 November 2015, and was primarily responsible for directing the activities of the Supervisory Committee, and monitoring and supervising the operational and financial activities.

Mr. Ma joined the Group as a supervisor at Gansu Shuangliang Energy System Investment Company Limited between January 2013 and April 2014 and was responsible for monitoring and supervising operational and financial activities. Since December 2015, he has been the chairman of the Supervisory Committee, and has been responsible for directing the activities of the Supervisory Committee, monitoring and supervising the operational and financial activities.

Outside of the Group, Mr. Ma had gained his work experience in several companies as set out in the following table:

Period of services	Names of public offices outside the Group	Principal business activities	Last/current position	Main responsibilities
Between January 1993 and October 1995, between March 2000 and December 2006, and since January 2017	Shuangliang Group Co.	Manufacturing and sales of devices, equipment and accessories	President	Managing and supervising daily operation and business
Between October 1995 and March 2000, and since August 2015	Shuangliang Eco-Energy, a company listed on Shanghai Stock Exchange (stock code: 600481.SH)	Manufacturing and sales of products of (i) energy-saving and water-saving system; and (ii) new energy system (新能源系統)	Supervisor	Monitoring and supervising operational and financial activities
Between September 2004 and April 2020, and since May 2020	Jiangsu Lichuang	Investment Holding	<ul style="list-style-type: none"> – Director (between September 2004 and April 2020) – Chairman of the board (since May 2020) 	<ul style="list-style-type: none"> – Attending the board meetings, participating in the decision making of business plans and investment plans, as well as formulation of management policy – Convening and hosting the board meetings, hosting general meetings, and participating in the decision making process of the company’s daily operation and management
Between November 2005 and June 2017	Shuangliang Technology	Investment holding	Chairman of the board	Convening and hosting the board meetings, hosting general meetings, participating in the decision making process of the company’s daily operation and management

Directors, Supervisors and Senior Management

Period of services	Names of public offices outside the Group	Principal business activities	Last/current position	Main responsibilities
Since October 2012	Beijing Zhongchuang Financial Leasing Company Limited	Financial leasing	Chairman of the board	Convening and hosting the board meetings, hosting general meetings, participating in the decision making process of the company's daily operation and management
Since November 2013	Jiangsu Lishide Chemical Company Limited* (江蘇利士德化工有限公司) (formerly known as Jiangsu Lishide Storage Company Limited* (江蘇利士德倉儲有限公司))	Manufacturing chemicals	Director	Attending the board meetings, participating in the decision making of business plans and investment plans as well as formulation of management policy
Since March 2014	Wuxi Zhongchuang Technology Microfinance Company Limited* (無錫市中創科技小額貸款有限公司) (formerly known as Wuxi FinTech Small Loans Limited* (無錫市融創科技小額貸款有限公司) and Wuxi Changda Shuangliang Technology Microfinance Company Limited* (無錫市長達雙良科技小額貸款有限公司))	Money lending business	Chairman of the board	Convening and hosting the board meetings, hosting general meetings, participating in the decision making process of the company's daily operation and management
Between January 2015 and February 2017	Jiangsu Hagong Intelligent Robot Co., Ltd* (江蘇哈工智能機器人股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 000584)	Manufacturing high-end intelligent equipment manufacturing and artificial intelligence robots	Chairman of the board	Convening and hosting the board meetings, hosting general meetings, participating in the decision making process of daily operation and management

Mr. Ma obtained a bachelor's degree in economics from Inner Mongolia University of Finance and Economics (內蒙古財經學院) in Inner Mongolia, the PRC, in July 1990 and an executive master's degree of business administration (Executive MBA Programme) from China Europe International Business School (中歐國際工商學院) in Shanghai, the PRC, in July 2006. Mr. Ma was awarded as the Accountant of the Year 2010* (2010年中國總會計師年度人物) by China Association of Chief Financial Officers (中國總會計師協會) on 19 December 2010.

Directors, Supervisors and Senior Management

Mr. Chen Zhen (陳振先生) (“Mr. Chen”), aged 44, was appointed as a supervisor of the Company for the first time on 27 April 2020, and he was primarily responsible for monitoring and supervising the operational and financial activities.

Between October 2009 and May 2012, Mr. Chen gained his corporate and audit experience by working at Talent Certified Public Accountants (天衡會計師事務所), a firm providing audit services in Jiangsu Province, the PRC and as a treasurer at Shuangliang Eco-Energy (a company 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)) between June 2012 and December 2012. Between January 2013 and September 2019, Mr. Chen was promoted as the chief financial officer of Shuangliang New Energy Equipment Company Limited, and was responsible for overall management of auditing and financial matters. Since September 2019, Mr. Chen has been the general manager of the auditing department of Shuangliang Group Co. (a company which is principally engaged in the manufacturing of equipment, devices and accessories) and has been mainly responsible for internal control and overall management of audit affairs. Since September 2022, Mr. Chen Zhen has been a supervisor of Shuangliang Eco-Energy.

Mr. Chen obtained a bachelor’s degree of art majoring in journalism from Nanchang University (南昌大學) in Jiangxi Province, the PRC in July 2004. Mr. Chen obtained a master’s degree of business administration from Southeast University (東南大學) in Jiangsu Province, the PRC, in March 2012.

Mr. Wang Shuai (王帥先生) (“Mr. Wang”), aged 33, had been serving as the chief financial officer of Lanzhou Shuangliang since January 2021. Mr. Wang joined the Group in April 2018 and served as an accountant of the financial department of the Company from April 2018 to September 2018 and the financial manager of Lanzhou Shuangliang from September 2018 to December 2020. Prior to joining the Group, Mr. Wang worked as an auditor at RSM China CPA LLP (容誠會計師事務所 (特殊普通合夥)) from April 2017 to April 2018.

Mr. Wang graduated from Changzhou University (常州大學) with a bachelor’s degree in Petroleum Engineering in June 2013. In June 2016, Mr. Wang obtained the master’s degree of Oil and Gas Field Development Engineering from Southwest Petroleum University (西南石油大學). Mr. Wang obtained the qualification of intermediate accountant in 2017 and the qualification of certified public accountant in 2019.

Directors, Supervisors and Senior Management

SENIOR MANAGEMENT

The following table sets out certain information regarding the members of the senior management.

Name	Age	Current position	Date of appointment of initial term of office	Date of joining the Group	Roles and responsibilities	Relationship with other Directors/supervisors/members of the senior management
Mr. Liu Zhigang (劉志剛先生)	45	Executive Director (appointed on 6 March 2025) and general manager	December 2024	August 2015	Overall management oversight of the Group business	Nil
Mr. Hu Xirong (胡錫榮先生)	54	Deputy general manager	January 2018	October 2010	Participating in the daily operation of our Group with a focus on its marketing, public relation and business development	Nil
Mr. Luo Wei (羅偉先生)	52	Executive Director and deputy general manager	September 2015	September 2015	Participating in the daily operation, management and decision making of our Group	Nil
Mr. Chen Xibao (陳喜報先生)	51	Deputy general manager	December 2015	October 2010	Heating technology, CCHP (a balanced energy mix) and quality control with a focus on project expansion and development in Zhengzhou, Henan Province, the PRC	Nil
Mr. Yang Xiaojin (楊小進先生)	38	Chief financial officer	October 2019	May 2017	Overall financial management of our Group	Nil

Please refer to the paragraphs headed “Executive Directors” in this section for the biographical details of Mr. Luo Wei and Mr. Liu Zhigang.

Directors, Supervisors and Senior Management

Mr. Hu Xirong (胡錫榮先生) (“Mr. Hu”), aged 54, is one of the deputy general managers of the Company. Mr. Hu is primarily responsible for participating in the daily operation of the Group with a focus on its marketing, public relation and business development.

Mr. Hu has and had also held several positions in the companies within the Group, including acting as (i) a director of Shanxi Shuangliang Renewable Energy since October 2010; (ii) a supervisor of Shuozhou Renewable Energy Thermal Company Limited since May 2011, and (iii) a director of Wise Living Tech-Thermal (Zhengzhou) Company Limited since December 2020.

Mr. Hu served as an executive Director between October 2021 and March 2023. He resigned as an executive Director effective from 28 March 2023 due to re-allocation of directorate posts. Mr. Hu has confirmed that he does not have any disagreement with the Board, and there is no other matter relating to his resignation that needs to be brought to the attention of the Shareholders or the Stock Exchange.

Prior to joining the Group, Mr. Hu was a branch manager and a sales representative at Shanxi Office (山西辦事處) of Shuangliang Eco-Energy Sales Branch between April 1998 and October 2010, and was responsible for the product sales and marketing in the Shanxi market.

Mr. Hu graduated with a bachelor's degree in accounting from Shanxi College of Finance and Economics* (山西財經學院) (currently known as Shanxi University of Finance and Economics (山西財經大學)) in Shanxi Province, the PRC, in July 1993. Further, Mr. Hu obtained a master's degree of business administration from Shanxi University of Finance and Economics (山西財經大學) in December 2008. Mr. Hu was accredited as a Certified Public Accountant by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) on 20 December 2002.

Mr. Chen Xibao (陳喜報先生) (“Mr. Chen”), aged 51, joined the Group in December 2009 and is currently one of the deputy general managers of the Company. He is primarily responsible for heating technology, CCHP (a balanced energy mix) and quality control with a focus on project expansion and development in Zhengzhou, Henan Province, the PRC.

In addition to his role as a deputy general manager of the Company, Mr. Chen has and had held several other positions within the Group including acting as (i) a vice president of Shanxi Shuangliang Renewable Energy between December 2009 and October 2015; (ii) a supervisor of Southern Taiyuan Heat Supply Co., Ltd between April 2013 and March 2020; (iii) an executive director and a general manager of Zhengzhou Wise Living Thermal Power Company Limited since November 2018; and (iv) a supervisor of Wise Living Tech-Thermal (Zhengzhou) Company Limited since December 2020, and has been responsible for managing and supervising the operation of these companies.

Directors, Supervisors and Senior Management

Mr. Chen gained his managerial experience through various positions before joining the Group, the details of which are set out in the following table:

Period of services	Names of public offices	Principal business activities	Positions	Main responsibilities
Between March 2001 and November 2006 and between December 2007 and November 2009	Architecture Eco-energy Research Institute of Zhengzhou University Multi-Functional Design and Research Academy* (鄭州大學綜合設計研究院建築節能研究所)	Research and development	Chief engineer and deputy dean	Supervising projects of research and development
Between December 2006 and December 2007	Linzhou Second Construction Group Construction Company Limited* (林州二建集團建設有限公司)	Construction	New and renewable energy development and utilisation engineer	Planning, design, construction, commissioning and maintenance of new and renewable energy projects

Further, Mr. Chen has been a vice chairman (副理事長) of Shanxi Renewable Energy Association* (山西可再生能源協會) and a vice dean of Shanxi Renewable Energy Academy* (山西可再生能源研究院) since December 2010.

Mr. Chen graduated with a college degree majoring in fine chemical engineering from Zhengzhou College of Technology* (鄭州工學院) (currently known as Zhengzhou University (鄭州大學)) in Henan Province, the PRC in June 1995. Mr. Chen further obtained a bachelor's degree of engineering majoring in computer science and technology through correspondence education from the PLA Information Engineering University (中國解放軍信息工程大學) (currently known as the PLA Strategic Support Force Information Engineering University (中國解放軍戰略支援部隊信息工程大學)) in Henan Province, the PRC, in June 2010. He was accredited as an urban construction engineer* (城建工程師) by Anyang People's Government (安陽市人民政府) in Henan Province, the PRC, in September 2007.

Mr. Yang Xiaojin (楊小進先生) ("Mr. Yang"), aged 38, joined the Group in May 2017 and is currently the chief financial officer of the Company. He is primarily responsible for the overall financial management of the Group. Within the Group, Mr. Yang has also been serving as the chief financial officer of Shanxi Shuangliang Renewable Energy since May 2017, and has been responsible for managing and supervising financial and auditing affairs.

Prior to joining the Group, Mr. Yang worked as an audit specialist dealing with internal audit matters in Shuangliang Group Co. (a company which is principally engaged in the manufacturing of equipment, devices and accessories) between April 2014 and May 2015. He then worked at Shuangliang Eco-Energy (a company 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)) as a finance manager between June 2016 and April 2017 and was responsible for managing and processing financials of its group and subsidiaries.

Mr. Yang obtained a bachelor's degree majoring in business administration from Tiangong University (天津工業大學) in Tianjin Municipality, the PRC, in June 2011. Mr. Yang Xiaojin further obtained a master's degree of management majoring in accounting from the same university in March 2014.

Directors, Supervisors and Senior Management

JOINT COMPANY SECRETARIES

Mr. Ma Ke (馬克先生) (“Mr. Ma”), aged 34, is the joint company secretary of the Company effective from the 29 May 2023. Within the Group, Mr. Ma has been a supervisor of Wise Living Energy (Baotou) since November 2020, a supervisor of Wise Living Tech-Thermal (Zhengzhou) Company Limited since December 2020 and a supervisor of Wise Living Times (Jiangsu) Technology Company Limited* (慧居時代(江蘇)技術有限公司) (formerly known as Wise Living Times (Beijing) Technology Company Limited* (慧居時代(北京)技術有限公司)) since August 2022, and has been responsible for monitoring and supervising operational and financial activities. He was appointed as a Board Secretary of the Company on 13 February 2025. Mr. Ma is primarily responsible for taking charge of the daily activities of the office of the Board.

Prior to joining the Group, Mr. Ma commenced his career in July 2017 as an assistant auditor at Talent Certified Public Accountants (天衡會計師事務所) Beijing office, a firm providing audit service until May 2018. From August 2018 to December 2019, he worked at Bank of China Insurance Company Limited (中銀保險有限公司) in Beijing, the PRC.

Mr. Ma obtained a bachelor’s degree majoring in accounting from University of San Francisco in California, the U.S. in May 2016, and further obtained a master’s degree of finance from Tulane University in New Orleans, Louisiana, the U.S. in May 2017.

Mr. Tso Ping Cheong, Brian (曹炳昌先生) (“Mr. Tso”) has tendered his resignation as a joint company secretary of the Company with effect from 17 January 2025 due to an internal structure change of the Company’s service provider. Mr. Tso confirmed that he has no disagreement with the Board and there is no matter relating to his resignation which needs to be brought to the attention of the Stock Exchange and the Shareholders of the Company.

Ms. Chan Charmayne (陳焯嫻女士) (“Ms. Chan”) was appointed by the Board as the Joint Company Secretary and Process Agent in replacement of Mr. Tso with effect from 17 January 2025, on the same day the Board resolved to accept Mr. Tso resignation.

Ms. Chan has worked for Acclime Corporate Services Limited, a corporate services provider, since September 2018 and was appointed as its director in July 2019. She has over 17 years of experience in company secretarial field. She had served in a law firm and listed companies and had extensive experience in performing a full range of company secretarial duties of listed companies (Main and GEM boards of the Stock Exchange) and private companies of major jurisdictions. She is currently the Company Secretary of PuraPharm Corporation Limited (Stock Code: 1498), Finland Living Services Group Limited (Stock Code: 9978), Bright Future Technology Holdings Limited (Stock Code: 1351), China MeiDong Auto Holdings Limited (Stock Code: 1268), Ascentage Pharma Group International (Stock Code: 6855) and Xinyuan Property Management Service (Cayman) Ltd. (Stock Code: 1895) and a joint company secretary of Redsun Services Group Limited (Stock Code: 1971), Redsun Properties Group Limited (Stock Code: 1996) and Wise Living Technology Co., Ltd (Stock Code: 2481).

Ms. Chan has been a Chartered Governance Professional awarded by The Chartered Governance Institute (the “CGI”) and HKCGI since March 2019 and an associate member of the HKCGI since January 2014 and an elected associate of the CGI since January 2014. She obtained a master’s degree in corporate governance from the Hong Kong Polytechnic University in Hong Kong in October 2013 and a bachelor’s degree in business administration and management from the University of Huddersfield in the United Kingdom through distance education in November 2007. Ms. Chan meets the qualification requirements for company secretary under Rule 3.28 of the Listing Rules.

* denotes the English translation of the Chinese name for identification purpose only

The Board is pleased to present their report together with the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The Company and its subsidiaries are 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, which is considered as a public utility business, the Group also provides heat-related (i) engineering construction services; and (ii) EMC services and has had over a decade of operational experience since it started the operation in 2010. Details of the principal activities of the Company's subsidiaries are set out in note 42 to the consolidated financial statements of this annual report.

BUSINESS REVIEW

A fair review of the business of the Group, the outlook of future development of the business of the Group as well as a discussion and analysis of the Group's performance during the Reporting Period and the material factors underlying its financial performance and financial position as required by section 388(2) and Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) can be found in the section headed "Management Discussion and Analysis" of this annual report. The financial risk management of the Group is set out in Note 3 to the consolidated financial statements of this annual report.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of comprehensive income and the consolidated statement of financial position on pages 93 to 95 of this annual report.

FINAL DIVIDEND AND WITHHOLDING OF INCOME TAX

The Board has resolved to recommend the payment of a final dividend of RMB0.17 per share (tax inclusive) for the year ended 31 December 2025 (2024: RMB0.164 per share (tax inclusive)) to all Shareholders whose names appear on the register of members of the Company on Thursday, 28 May 2026 (subject to the consideration and approval of the same via ordinary resolution by Shareholders at the forthcoming AGM to be held on Friday, 15 May 2026), with a total amount being approximately RMB51.27 million. Subject to approval by the AGM, the final dividend is expected to be paid on or before Friday, 26 June 2026.

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 the China Foreign Exchange Trading Centre for one calendar week immediately preceding the date of declaration of such dividend at the AGM.

Report of the Directors

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, are 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.

CLOSURE OF 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, 12 May 2026 to Friday, 15 May 2026, 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, 11 May 2026. The record date for determining Shareholders' eligibility is Friday, 15 May 2026.

For determining the entitlement to the proposed final dividend (subject to approval by the Shareholders of the Company at the AGM), the register of members of the Company will be closed from Friday, 22 May 2026 to Thursday, 28 May 2026, 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, 21 May 2026. The record date for determining entitlement to the final dividend is Thursday, 28 May 2026.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group strictly complies with the national and local environmental laws and regulations and operates in a manner of protecting the environment, so as to reduce the negative impact on the environment caused by the Group's business activities and to achieve green heating. To the best knowledge of the Directors, the Group has complied with all applicable laws and regulations regarding environmental protection for the Reporting Period. Detailed information on the environmental, social and governance performance of the Company is set out in the "Environmental, Social and Governance Report" published separately by the Company on or around 21 April 2026.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties facing by the Group, some of which are inherent in the market and some are due to the external environment. Major risks and uncertainties related to the business and industry of the Group are summarised as follows:

- (1) The Group's business operation is concentrated in the "Three North Region", and the Group is susceptible to any adverse development in economic conditions, government policies or business environment in this region.
- (2) The Group's concession rights for its heat service business will expire or may be terminated before expiration.
- (3) The Group may not be entitled to any form of government grants or subsidies in the future under the applicable PRC laws and regulations that are evolving from time to time.
- (4) The Group may encounter difficulties in expanding its heat service business if the Group fails to obtain new concession rights or grow its actual heat service area under the current concession rights.
- (5) The actual heat service area of the Group may be adjusted due to unanticipated events.
- (6) The Group may not be able to successfully manage all of the risks associated with its cross-provincial operation which spans a number of different geographical locations in the PRC.
- (7) There are title defects associated with the heat exchange stations currently used by the Group and certain properties the Group leases. Any dispute, order or requirement which may affect the Group's right to use these properties may materially and adversely affect the Group's business operation.

Report of the Directors

- (8) Any shortage of, disruption or suspension to the Group's heat sources could materially and adversely affect the Group's heat service business.
- (9) The Group's heat rates may not be adjusted proportionally and/or the Group may not receive sufficient subsidy for the Group's heat service operations to sufficiently cover the potential reduction in pipeline connection fee due to any change in its mechanism.
- (10) The amount of intangible assets on the consolidated statements of financial position of the Group increased correspondingly as the Group recorded revenue from engineering construction services under IFRIC 12 and such amount represented a significant portion of the assets on the consolidated statements of financial position of the Group and if the Group's intangible assets are impaired, the Group's results of operations and financial position may be adversely affected.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group believes that employees, customers and suppliers are key to its sustainable development. The Group strives to achieve sustainable business growth through attaching great importance to its human resources management, providing quality heat services to its customers and enhancing cooperation with its suppliers.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

Save as disclosed above, as far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operations of the Group. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the total revenue attributable to the Group's five largest customers was approximately 18.19%, and the revenue attributable to the Group's largest customer from the sales was approximately 16.10%.

For the year ended 31 December 2025, the total purchases attributable to the Group's five largest suppliers was approximately 36.80%, and the purchase attributable to the Group's largest supplier was approximately 9.21%.

For the year ended 31 December 2025, none of the Directors, their close associates (as defined in the Listing Rules), or any Shareholders (to the best knowledge of the Directors, own more than 5% of the issued shares of the Company) held any interest in the Group's top five customers or suppliers.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Companies Law which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

TAX RELIEF AND EXEMPTION TO HOLDERS OF LISTED SECURITIES

The Directors are not aware of any tax relief or exemption available to the Shareholders of the Company due to their holding of the Company's securities.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year ended 31 December 2025 are set out in note 15 to the consolidated financial statements.

As stated in Note 43.6 to the consolidated financial statements in this annual report, property, plant and equipment are stated at historical cost less accumulated depreciation, net of accumulated impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

FOREIGN EXCHANGE RISK MANAGEMENT

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

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 42 to the consolidated financial statements in this annual report.

RESERVES

Movements during the year in the reserves of the Group and the Company are set out in the consolidated statement of change in equity and note 26 to the consolidated financial statements in this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law, amounted to approximately RMB579,907,000 (2024: RMB481,623,000).

FINANCIAL RESULTS

A summary of the results, assets, liabilities of the Group for the past financial years is set out on page 173 of this annual report.

SHARE CAPITAL

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

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

Report of the Directors

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

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

Completion of the Full Circulation of Shares

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

Details of movements in the share capital of the Company during the year ended 31 December 2025 are set out in note 25 to the consolidated financial statements in this annual report.

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 2025. As at 31 December 2025, the Company did not hold any treasury shares.

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2025 are set out in note 29 to the consolidated financial statements in this annual report.

DEBENTURE ISSUED

The Group did not issue any debenture during the year ended 31 December 2025.

EQUITY-LINKED AGREEMENTS

During the year ended 31 December 2025, there has been no equity-linked agreements entered into by the Group, or existed.

DIRECTORS

The Directors during the year ended 31 December 2025 and up to the date of this annual report were:

Executive Directors:

Mr. Li Baoshan (*Chairman*)

Mr. Luo Wei

Mr. Liu Zhigang (*appointed on 6 March 2025*)

Non-executive Directors:

Mr. Miao Wenbin

Mr. Ma Fulin

Ms. Xu Lijie

Independent Non-executive Directors:

Dr. Tse Hiu Tung, Sheldon

Mr. Cheung Ho Kong

Dr. Zhu Qing

Report of the Directors

In accordance with the provisions of the Articles of Association, every Directors is elected at the general meeting for a term of three years and shall be eligible for re-election upon expiry of their terms of office. Any Director appointed by the Board either to fill a casual vacancy or as an additional director shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election.

In accordance with article 79 of the Articles of Association, no Director is subject to retirement by rotation at the forthcoming annual general meeting.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Company confirms that it has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and still considers that all independent non-executive Directors have satisfied their independence to the Group.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the executive Directors and non-executive Directors has entered into a service agreement with the Company for an initial term of three years, which may be terminated by either party giving not less than three months' prior written notice (or such shorter period as may be agreed by the parties in writing) and is subject to termination provisions therein and retirement and re-election at the annual general meetings of the Company in accordance with the Articles of Association.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company, which may be terminated by either party giving not less than one month prior written notice or paying an equal amount of payment in lieu of notice to the other party, and is subject to termination provisions therein and retirement by rotation in accordance with the Articles of Association or any other applicable laws from time to time.

Each of the supervisors has entered into a service agreement with the Company for an initial term of three years, which may be terminated by either party giving not less than three months' prior written notice (or such shorter period as maybe agreed by the parties in writing) and is subject to termination provisions therein and retirement by rotation in accordance with the Articles of Association or any other applicable laws from time to time.

Save as disclosed above, none of the Directors nor supervisors has or is proposed to have entered into any service contract with the Company which is not determinable by the Company within one year without the payment of compensation (other than statutory compensation).

DIRECTORS' AND SUPERVISORS' MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in this annual report, there was no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director or supervisor or an entity connected with any Director or supervisor had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

Save as disclosed in this annual report, there was no contract of significance entered into between the Company, or any of its subsidiaries, and a controlling shareholder of the Company, or any of its subsidiaries, during the year ended 31 December 2025.

Report of the Directors

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The remuneration of the Directors, supervisors and senior management of the Group is decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and the prevailing market conditions.

Details of the remuneration of the Directors and supervisors are set out in note 9(c) to the consolidated financial statements in this annual report.

No remuneration was paid by the Group to any Director, supervisors or senior management as an inducement to join or upon joining the Group or as compensation for loss of office for the year and none of the Directors nor supervisors had waived any emoluments for the year.

PERMITTED INDEMNITY PROVISION

Subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force for the year ended 31 December 2025. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group during the year, which remains in force.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of the Directors, supervisors and senior management are set out in the section headed "Directors, Supervisors and Senior Management" on pages 20 to 40 of this annual report.

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

As at 31 December 2025, the interests and short positions of the Directors, supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Report of the Directors

Name of Director/ supervisor/chief executive	Position	Class of Shares ⁽²⁾	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the Company ⁽³⁾
Mr. Li Baoshan	Executive Director	H Shares	Beneficial Owner	6,000,000	1.99%
Mr. Miao Wenbin ⁽⁴⁾	Non-executive Director	H Shares	Other interests ⁽⁴⁾	201,000,000	66.66%
Mr. Ma Fulin ⁽⁴⁾	Non-executive Director	H Shares	Other interests ⁽⁴⁾	201,000,000	66.66%
Mr. Ma Peilin ⁽⁴⁾	Supervisor	H Shares	Other interests ⁽⁴⁾	201,000,000	66.66%
Mr. Chen Zhen ⁽⁵⁾	Supervisor	H Shares	Interest of spouse ⁽⁵⁾	201,000,000	66.66%

Notes:

- All interests stated are long position.
- On 2 September 2024, the Company has completed the full conversion of 226,000,000 unlisted Domestic Shares into 226,000,000 H Shares ("**Conversion**"). After the Conversion, the H Shares increased by 226,000,000 Shares to 301,600,000 Shares, while the Domestic Shares decreased by 226,000,000 Shares to 0 Share. The total number of issued shares of the Company remains unchanged, comprising 301,600,000 H Shares.
- This is based on the total issued Shares (H Shares) as at 31 December 2025, being 301,600,000.
- Hong Da Group Limited holds 201,000,000 H Shares, which is in turn wholly-owned by Shuangliang Technology. The non-executive Directors, namely Mr. Miao Wenbin and Mr. Ma Fulin, and the supervisor of the Company, namely Mr. Ma Peilin, together with other five individuals, namely, Mr. Miao Shuangda, Mr. Miao Zhiqiang, Ms. Miao Shuya, Mr. Miao Heida and Mr. Jiang Rongfang (the "**Individual Shareholders**"), are the respective legal and beneficial owners of the entire issued share capital of Shuangliang Technology. Hong Da Group Limited, Shuangliang Technology and the Individual Shareholders are considered as a group of the Controlling Shareholders of the Company as the Individual Shareholders have decided to restrict their abilities to exercise direct control over the Company by holding their equity interests through Hong Da Group Limited and Shuangliang Technology. The Individual Shareholders in turn indirectly and jointly hold 201,000,000 H Shares through Hong Da Group Limited and Shuangliang Technology. Hong Da Group Limited, Shuangliang Technology and the Individual Shareholders collectively are deemed to be interested in 66.66% of the equity interest in the Company.
- Mr. Chen Zhen is the spouse of Ms. Miao Shuya, and Mr. Chen Zhen is thus deemed to be interested in the Shares held by Ms. Miao Shuya.

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

Report of the Directors

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 31 December 2025, according to the register kept by the Company under Section 336 of SFO and so far as were known to the Directors, the following persons (otherwise than in the capacity of a Director, supervisor or chief executive of the Company) who had interests or short positions in the Shares or the underlying Shares of the Company which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO were as follows:

Name of Shareholder	Class of Shares ⁽²⁾	Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding interest in the Company ⁽³⁾
Hong Da Group Limited ⁽⁴⁾	H Shares	Beneficial owner	201,000,000	66.66%
Shuangliang Technology ⁽⁴⁾	H Shares	Interest in a controlled corporation	201,000,000	66.66%
Xingyi Investment Management (Hong Kong) Limited ⁽⁵⁾	H Shares	Beneficial owner	15,660,000	5.19%
Ms. Zhou Xiaoping ⁽⁵⁾	H Shares	Interest in a controlled corporation	15,660,000	5.19%
Jiang Gang International Investment Company Limited ⁽⁶⁾	H Shares	Beneficial owner	14,823,000	4.91%
Jiangyin State-owned Capital Holding Group Financial Investment Company Limited* (江陰國有資本控股集團金融投資有限公司) ⁽⁶⁾	H Shares	Interest in a controlled corporation	14,823,000	4.91%
Jiangyin State-owned Capital Holding (Group) Company Limited* (江陰國有資本控股(集團)有限公司) ⁽⁶⁾	H Shares	Interest in a controlled corporation	14,823,000	4.91%
Ms. Chen Yang ⁽⁷⁾	H Shares	Interest of spouse	201,000,000	66.66%
Ms. Miao Minhua ⁽⁸⁾	H Shares	Interest of spouse	201,000,000	66.66%

Report of the Directors

Name of Shareholder	Class of Shares ⁽²⁾	Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding interest in the Company ⁽³⁾
Ms. Li Dongju ⁽⁹⁾	H Shares	Interest of spouse	201,000,000	66.66%
Mr. Miao Shuangda ⁽¹⁰⁾	H Shares	Other interest	201,000,000	66.66%
Ms. Zhu Duomei ⁽¹¹⁾	H Shares	Interest of spouse	201,000,000	66.66%
Mr. Miao Zhiqiang ⁽¹⁰⁾	H Shares	Other interest	201,000,000	66.66%
Ms. Lu Hongxia ⁽¹²⁾	H Shares	Interest of spouse	201,000,000	66.66%
Ms. Miao Shuya ⁽¹⁰⁾	H Shares	Other interest	201,000,000	66.66%
Mr. Miao Heida ⁽¹⁰⁾	H Shares	Other interest	201,000,000	66.66%
Ms. Zhu Meifeng ⁽¹³⁾	H Shares	Interest of spouse	201,000,000	66.66%
Mr. Jiang Rongfang ⁽¹⁰⁾	H Shares	Other interest	201,000,000	66.66%
Ms. Chen Rongxiu ⁽¹⁴⁾	H Shares	Interest of spouse	201,000,000	66.66%

Notes:

- All interests stated are long position.
- On 2 September 2024, the Company has completed the full conversion of 226,000,000 unlisted Domestic Shares into 226,000,000 H shares ("**Conversion**"). After the Conversion, the H Shares increased by 226,000,000 Shares to 301,600,000 Shares, while the Domestic Shares decreased by 226,000,000 Shares to 0 Share. The total number of issued shares of the Company remains unchanged, comprising 301,600,000 H shares.
- This is based on the total issued Shares (H Shares) in issue as at 31 December 2025, being 301,600,000.
- Hong Da Group Limited is wholly-owned by Shuangliang Technology, and Shuangliang Technology is thus deemed to be interested in the H Shares held by Hong Da Group Limited.
- Xingyi Investment Management (Hong Kong) Limited is wholly-owned by Ms. Zhou Xiaoping, and Ms. Zhou Xiaoping is thus deemed to be interested in the H Shares held by Xingyi Investment Management (Hong Kong) Limited.
- Jiang Gang International Investment Company Limited is wholly-owned by Jiangyin State-owned Capital Holding Group Financial Investment Company Limited* (江陰國有資本控股集團金融投資有限公司) which in turn is wholly-owned by Jiangyin State-owned Capital Holding (Group) Company Limited* (江陰國有資本控股(集團)有限公司). Jiangyin State-owned Capital Holding Group Financial Investment Company Limited* (江陰國有資本控股集團金融投資有限公司) and Jiangyin State-owned Capital Holding (Group) Company Limited* (江陰國有資本控股(集團)有限公司) are thus deemed to be interested in the H Shares held by Jiang Gang International Investment Company Limited.

Report of the Directors

7. Ms. Chen Yang is the spouse of Mr. Miao Wenbin, and Ms. Chen Yang is thus deemed to be interested in the H Shares held by Mr. Miao Wenbin.
8. Ms. Miao Minhua is the spouse of Mr. Ma Fulin, and Ms. Miao Minhua is thus deemed to be interested in the H Shares held by Mr. Ma Fulin.
9. Ms. Li Dongju is the spouse of Mr. Ma Peilin, and Ms. Li Dongju is thus deemed to be interested in the H Shares held by Mr. Ma Peilin.
10. Hong Da Group Limited holds 201,000,000 H Shares, which is in turn wholly-owned by Shuangliang Technology. The Individual Shareholders are the respective legal and beneficial owners of the entire issued share capital of Shuangliang Technology. Hong Da Group Limited, Shuangliang Technology and the Individual Shareholders are considered as a group of the Controlling Shareholders of the Company as the Individual Shareholders have decided to restrict their abilities to exercise direct control over the Company by holding their equity interests through Hong Da Group Limited and Shuangliang Technology. The Individual Shareholders in turn indirectly and jointly hold 201,000,000 H Shares through Hong Da Group Limited and Shuangliang Technology.
11. Ms. Zhu Duomei is the spouse of Mr. Miao Shuangda, and Ms. Zhu Duomei is thus deemed to be interested in the H Shares held by Mr. Miao Shuangda.
12. Ms. Lu Hongxia is the spouse of Mr. Miao Zhiqiang, and Ms. Lu Hongxia is thus deemed to be interested in the H Shares held by Mr. Miao Zhiqiang.
13. Ms. Zhu Meifeng is the spouse of Mr. Miao Heida, and Ms. Zhu Meifeng is thus deemed to be interested in the H Shares held by Mr. Miao Heida.
14. Ms. Chen Rongxiu is the spouse of Mr. Jiang Rongfang, and Ms. Chen Rongxiu is thus deemed to be interested in the H Shares held by Mr. Jiang Rongfang.

Save as disclosed above, as at 31 December 2025, according to the register kept by the Company under Section 336 of the SFO and so far as were known to the Directors, there was no other person (otherwise than in the capacity of the Director, supervisor or chief executive of the Company) who had interests or short positions in the Shares or the underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2025 and up to the date of this annual report, none of the Directors is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

The Group has entered into a number of agreements with parties who, upon the Listing, become connected persons of the Company, and the transactions disclosed in this section constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules upon Listing.

Accommodation, catering, reception and conference organising services provided by Jiangyin Hotel

The Company entered into the following transaction with Jiangyin Hotel in the ordinary and usual course of business, which upon Listing, constituted continuing connected transactions of the Company that are fully exempt from annual reporting, announcement and independent Shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules:

Jiangyin Hotel

Jiangyin Hotel is a limited liability company established in the PRC which is principally engaged in accommodation business. Its registered capital is held as to 75% by Shuangliang Group Co. (the registered capital of Shuangliang Group Co. is held as to 68% in aggregate by Mr. Miao Shuangda (one of the controlling shareholders of the Company) and his associates, Shuangliang Group Co. is an associate of Mr. Miao Shuangda, therefore Shuangliang Group Co. is a connected person of the Company), and thus Jiangyin Hotel is a subsidiary of Shuangliang Group Co. and hence a connected person of the Company under Chapter 14A of the Listing Rules. During the Reporting Period, Jiangyin Hotel had provided us with services of accommodation, catering, reception and conference organising, and had leased premises to us.

Principal terms

The Group has been procuring consumer services, including but not limited to accommodation, catering, reception and conference organising services (the **"Comprehensive Services"**), from Jiangyin Hotel since 2010, which are in the ordinary and usual course of business and on normal commercial terms or better than those available from independent third parties. The respective service fees to be charged shall be determined after arm's length negotiations between the Group on one hand, and Jiangyin Hotel on the other hand, with reference to (i) the prevailing market price for the provision of similar Comprehensive Services; and (ii) all costs incurred for the provision of such services.

The initial term of the agreement to provide Comprehensive Services expired on 31 December 2025. The Company and Jiangyin Hotel have renewed the agreement to provide Comprehensive Services for a further term of three years from 1 January 2026 to 31 December 2028 on 10 December 2025.

Reasons for entering into the Comprehensive Services transactions

Taking into account that (i) the Company has over 10 years of business relationship with Jiangyin Hotel; (ii) the quality of Comprehensive Services provided by Jiangyin Hotel has been satisfactory to us; and (iii) the proximity of the relevant facilities of Jiangyin Hotel with the Company, it is expected that the Company will continue to engage Jiangyin Hotel for such Comprehensive Services from time to time on an as-needed basis, which will constitute continuing connected transactions for us under Chapter 14A of the Listing Rules.

Annual caps and basis

The annual cap for the Comprehensive Services for the year ending 31 December 2026, 2027, and 2028 are expected to be less than RMB2 million. The actual transaction amount for the Comprehensive Services paid by the Company to Jiangyin Hotel amounted to approximately RMB1.9 million for the Reporting Period.

Report of the Directors

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Master Agreements for (a) purchase of heat services-related equipment, devices and materials; and (b) procurement of add-on services in relation to heat services-related equipment, devices and materials

The Company (on its own and on behalf of its subsidiaries) entered into the following transactions with Shuangliang Eco-Energy (on its own and on behalf of its subsidiaries) and Shuangliang Boiler in the ordinary and usual course of business, which upon Listing, constituted continuing connected transactions of the Company subject to the reporting and announcement requirements, but are exempted from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules:

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 Reporting Period, Shuangliang Eco-Energy Group had mainly supplied us with equipment for heat service.

Shuangliang Boiler

Shuangliang Boiler is a limited liability company established in the PRC which is principally engaged in manufacturing and sales of boilers. Its registered capital is held as to 66.7% by Shuangliang Technology, which is in turn owned as to approximately 65% by Mr. Miao Shuangda (one of the controlling shareholders of the Company) and his associates, both directly and indirectly and individually and collectively. Therefore, Shuangliang Boiler is a connected person of the Company under Chapter 14A of the Listing Rules. During the three years ended 31 December 2025, Shuangliang Boiler had supplied us with equipment for heat service.

Principal terms

On 28 October 2025, the Company entered into (i) master agreement (the “**Master Agreement 1**”) with Shuangliang Eco-Energy (on its own and on behalf of its subsidiaries); and, on 8 April 2026, entered into (ii) master supply agreement for the three years ending 31 December 2028 with Shuangliang Boiler (the “**Master Agreement 2**”, together with the Master Agreement 1 hereinafter referred to collectively as the “**Master Agreements**”).

Pursuant to the Master Agreement 1, 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). Due to the expiry of the agreement entered into between the Company and Shuangliang Eco-Energy on 21 May 2025, the Company and Shuangliang Eco-Energy entered into the Master Agreement 2 to renew the transaction for a term of three years from 1 January 2026 to 31 December 2028.

Pursuant to the Master Agreement 2, the Company shall purchase heat services-related equipment, devices and materials (with related supporting services). Due to the expiry of the master supply agreement with Shuangliang Boiler for the three years ended 31 December 2025, the Board proposed to renew the Master Agreement 2 for a further term of three years from 8 April 2026 to 31 December 2028, which was approved by the Board on 8 April 2026.

The following sets out the principal terms of the Master Agreements:

We will make purchase order or service request with Shuangliang Eco-Energy Group or Shuangliang Boiler from time to time on an as-needed basis when we need to purchase any 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. 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 or Shuangliang Boiler and us 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.

Since the Master Agreements are framework agreements, the Master Agreements did not specify any repayment terms. According to our dealings with Shuangliang Eco-Energy Group and Shuangliang Boiler during the Reporting Period, we are usually required to settle the relevant fees by instalments in accordance with the terms of each agreement. The actual payment terms should be determined on a case by case basis.

Reasons for entering into the Master Agreements

For Master Agreement 1

For conducting our business, we procured heat service-related equipment, such as boilers and heat exchangers. 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 our requirements on a timely basis with a price that we considered relatively competitive, the Directors consider that entering into the Master Agreement 1 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 our business.

Further, the Directors are of the opinion that the terms of the Master Agreement 1 are fair and reasonable, on normal commercial terms or better and in the interest of the Group and the Shareholders as a whole.

For Master Agreement 2

For conducting our business, we procured boilers as one of the heat service-related equipment. Shuangliang Boiler has been supplying heat services-related equipment, devices and materials (with related supporting services) to the Group during the Reporting Period.

Taking into account that (i) Shuangliang Boiler is capable of supplying certain equipment, devices, materials and providing related supporting services required by the Group on a timely basis with a competitive price, satisfactory product quality and after-sales service offerings; and (ii) Shuangliang Boiler has a track record in going through our supplier selection processes and supplying heat services-related equipment including boilers, the Directors consider that entering into the Master Agreement 2 with Shuangliang Boiler would allow the Group to maintain a stable supply of heat services-related equipment, devices and materials.

Further, the Directors are of the opinion that the terms of the Master Agreement 2 are fair and reasonable, on normal commercial terms or better and in the interest of the Group and the Shareholders as a whole.

Report of the Directors

Annual caps and basis

The aggregated annual caps for the year ending 31 December 2026 under the Master Agreements 1 and Master Agreement 2 are RMB23.0 million and RMB5.5 million respectively. The actual transaction amounts for the Master Agreement 1 and Master Agreement 2 paid by the Company to Shuangliang Eco-Energy and Shuangliang Boiler amounted to approximately RMB4.0 million and RMB0.8 million for the Reporting Period in aggregate.

Continuing connected transactions reviewed by independent non-executive Directors

According to Rule 14A.55 of the Listing Rules, all independent non-executive Directors have reviewed the continuing connected transactions and confirmed that they are:

- (1) entered into in the ordinary and usual business of the Group;
- (2) conducted on normal commercial terms or better; and
- (3) conducted in accordance with the respective terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Confirmation from the auditors

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditors, HLB Hodgson Impey Cheng Limited, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants that the above continuing connected transactions:

- (1) nothing has come to the auditors' attention that causes the auditors of the Company to believe that the disclosed continuing connected transactions have not been approved by the Board;
- (2) for transactions involving the provision of goods or services by the Group, nothing has come to the auditors' attention that causes the auditors of the Company to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (3) nothing has come to the auditors' attention that causes the auditors of the Company to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (4) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to the auditors' attention that causes the auditors of the Company to believe that each of the continuing connected transactions has exceeded the annual cap set by the Company disclosed in relevant announcement.

An auditors' letter has been provided to the Company.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group for the year ended 31 December 2025 are set out in Note 38 to the consolidated financial statements in this annual report. Save as disclosed above, the related party transactions disclosed in Note 38 were not regarded as connected transactions or continuing connected transactions and were exempt from reporting, announcement and Shareholders' approval requirements under the Listing Rules.

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

1. Mr. Liu Zhigang, an executive Director, has been appointed as the executive Director with effect from 6 March 2025;
2. Mr. Li Baoshan, chairman of the Board and an executive Director, ceased to be the chairman and a member of the Nomination Committee with effect from 22 August 2025;
3. Dr. Zhu Qing, an independent non-executive Director and a member of the Nomination Committee, has been appointed as the chairman of the Nomination Committee with effect from 22 August 2025;
4. Ms. Xu Lijie, a non-executive Director, has been appointed as a member of the Nomination Committee with effect from 22 August 2025;
5. Mr. Ma Peilin, a supervisor, has been removed as a supervisor following the abolishment of the Supervisory Committee with effect from 26 February 2026;
6. Mr. Chen Zhen, a supervisor, has been removed as a supervisor following the abolishment of the Supervisory Committee with effect from 26 February 2026; and
7. Mr. Wang Shuai, a supervisor, has been removed as a supervisor following the abolishment of the Supervisory Committee with effect from 26 February 2026.

Save as disclosed above, there is no other information required to be disclosed herein pursuant to Rule 13.51B(1) of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year ended 31 December 2025.

FUND RAISING

During the year ended 31 December 2025, there was no fund raising activity carried out by the Company.

SUFFICIENCY OF PUBLIC FLOAT

Throughout the year ended 31 December 2025, the Company was in compliance with the minimum public float requirement under Main Board Listing Rules by maintaining its public float at the level of at least 25% of its total issued shares. As at 31 December 2025, the Company's public float was 31.37% of its total issued shares.

Report of the Directors

SHAREHOLDING OWNERSHIP AS AT 31 DECEMBER 2025⁽¹⁾

Name/category of Shareholders	Number of shares held	% of shares in issue ⁽²⁾
(a) Shareholders who are not members of “the public” under the Main Board Listing Rules		
Mr. Li Baoshan ⁽³⁾	6,000,000	1.99%
Hong Da Group Limited ⁽⁴⁾	201,000,000	66.64%
(b) Shareholders who are members of “the public” under the Main Board Listing Rules		
Xingyi Investment Management (Hong Kong) Limited (香港星一投資管理有限公司)	15,660,000	5.19%
Jiang Gang International Investment Company Limited (江港國際投資有限公司)	14,823,000	4.91%
Others	64,117,000	21.26%
Total	301,600,000	100.00%

Notes:

1. This table is compiled based on the information disclosed in the Disclosure of Interests notices (DI notices) filed under Part XV of the SFO and other relevant information received by the Company up to the date of this Annual Report and on the assumption that all such information disclosed in the DI notice or received by the Company is accurate and complete.
2. Percentage may not add up to the total due to rounding.
3. Mr. Li Baoshan is a Director of the Company.
4. Hong Da Group Limited holds 201,000,000 H Shares, which is in turn wholly-owned by Shuangliang Technology. The non-executive Directors, namely Mr. Miao Wenbin and Mr. Ma Fulin, and the supervisor of the Company, namely Mr. Ma Peilin, together with other five individuals, namely, Mr. Miao Shuangda, Mr. Miao Zhiqiang, Ms. Miao Shuya, Mr. Miao Heida and Mr. Jiang Rongfang (the “**Individual Shareholders**”), are the respective legal and beneficial owners of the entire issued share capital of Shuangliang Technology. Hong Da Group Limited, Shuangliang Technology and the Individual Shareholders are considered as a group of the Controlling Shareholders of the Company as the Individual Shareholders have decided to restrict their abilities to exercise direct control over the Company by holding their equity interests through Hong Da Group Limited and Shuangliang Technology. The Individual Shareholders in turn indirectly and jointly hold 201,000,000 H Shares through Hong Da Group Limited and Shuangliang Technology. Hong Da Group Limited, Shuangliang Technology and the Individual Shareholders collectively are deemed to be interested in 66.66% of the equity interest in the Company.

CHARITABLE DONATIONS

During the year ended 31 December 2025, the Group made charitable and other donations of approximately RMB22,000 (2024: RMB8,000).

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 65 to 85 of this annual report.

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 2025. 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 2025.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Shares have been listed on the Main Board of the Stock Exchange since 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.

The table below illustrates, among others, the original utilised and unutilised amount of the Net Proceeds from the Global Offering as at 22 August 2025.

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)	Proceeds brought forward as at 1 January 2025 (RMB million)	Unutilised amount (from 1 January 2025 to 22 August 2025) (RMB million)	Unutilised amount up to 22 August 2025) (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	85.3	34.3	51.0	41.0	On or before 31 December 2025 ⁽³⁾
Xinmi Project Preparation and Expansion	40.0%	75.0	68.2	18.7	49.5	49.5	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	7.1	—	—	On or before 31 December 2025 ⁽³⁾
Total	100.0%	187.5	170.6	63.0	107.6	90.5	90.5	

Report of the Directors

CHANGE OF USE OF PROCEEDS

As disclosed in the interim results announcement for the six months ended 30 June 2025 and changes in use of net proceeds from the listing and the interim report of the Company for the six months ended 30 June 2025 (the “**Interim Report**”), after careful consideration and detailed evaluation by the overall business strategy of the Group, the Board has resolved to change the use of the unutilised portion of the Net Proceeds originally designated for “Xinmi Project Preparation and Expansion” to “Baotou Project Construction”.

As of 31 December 2025, details of the use of the proceeds subsequent to the change in use on 22 August 2025 and the extended expected timeline set out in the paragraph headed “Changes to the Expected Timeline for Use of Net Proceeds” below are as follows:

Major uses	Percentage of Net Proceeds subsequent to re-allocation	Planned allocation of Net Proceeds subsequent to re-allocation ⁽²⁾	Utilised amount (as at 31 December 2024)	Proceeds brought forward (as at 1 January 2025)	Utilised amount (as at 31 December 2025)	Unutilised amount (as at 31 December 2025)	Expected timeline for utilising the unutilised Net Proceeds from the Global Offering (as disclosed in the Interim Report) ⁽¹⁾	Extended expected timeline for utilising the unutilised Net Proceeds from the Global Offering ⁽¹⁾
		(HKD million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)		
Lanzhou Peak-shaving Boiler Construction	50.0%	85.3	34.3	51.0	49.8	35.5	On or before 31 December 2025 ⁽³⁾	On or before 31 December 2026 ⁽³⁾
Xinmi Project Preparation and Expansion	11.0%	18.7	18.7	–	18.7	–	Not applicable (Net Proceeds already fully utilised)	Not applicable (Net Proceeds already fully utilised)
Baotou Project Construction	29.0%	49.5	–	49.5	49.5	–	On or before 30 June 2026 ⁽³⁾	Not applicable (Net Proceeds already fully utilised)
The Group's working capital and other general corporate purposes	10.0%	17.1	10.0	7.1	17.1	–	Not applicable (Net Proceeds already fully utilised)	Not applicable (Net Proceeds already fully utilised)
Total	100.0%	170.6	63.0	107.6	135.1	35.5		

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).

CHANGES TO THE EXPECTED TIMELINE FOR USE OF NET PROCEEDS

The original expected timeline for using the Net Proceeds for “Baotou Project Construction” is on or before 30 June 2026. However, as the “Baotou Project Construction” was completed earlier than expected, we fully utilised the relevant Net Proceeds by the end of the Reporting Period, ahead of the originally planned schedule of 30 June 2026.

The original expected timeline for using the Net Proceeds for “Lanzhou Peak-shaving Boiler Construction” is on or before 31 December 2025, which has matured. For the reasons set out in the paragraph headed “Reasons for Extension of Expected Timeline for Use of Net Proceeds” below, the Board considered and approved the extension of the expected timeline to use the unutilised Net Proceeds for “Lanzhou Peak-shaving Boiler Construction” to on or before 31 December 2026.

REASONS FOR EXTENSION OF EXPECTED TIMELINE FOR USE OF NET PROCEEDS

The progress of the “Lanzhou Peak-shaving Boiler Construction” is progressing steadily as planned. Recently, the Company has negotiated more favorable payment terms with the suppliers, allowing relevant costs to be paid in accordance with the actual project progress. As a result, the Net Proceeds for the “Lanzhou Peak-shaving Boiler Construction” have not been fully utilised according to the originally expected timetable.

The Company considers that all such work remain beneficial to the growth and development of the Group’s business and will continue to be carried out, therefore it decided to extend the expected timeline for utilising the remaining Net Proceeds to on or before 31 December 2026.

The Board is of the view that the extension of timeline will not have any material adverse impact on the operations of the Company and is in the best interests of the Company and its Shareholders as a whole.

Save for the foregoing, there is no change in the intended use of Net Proceeds as previously disclosed. The Company will provide update regarding the progress of the use of the Net Proceeds to its Shareholders through disclosures in its annual report and interim report going forward.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the section headed “Management Discussion and Analysis”, no important events affecting the Company occurred since the year ended 31 December 2025 and up to the date of publication of this annual report.

MATERIAL LITIGATION

As at 31 December 2025, the Company was not involved in any litigation, arbitration, administrative proceedings of material importance which could have a material adverse effect on its financial condition or results of operations, and, so far as the Company is aware, no litigation, arbitration, administrative proceedings of material importance is pending or threatened against the Company.

Report of the Directors

AUDITORS

PricewaterhouseCoopers (“**PwC**”) has resigned as the auditor of the Company with effect from 28 October 2025 as the Company and PwC could not reach a consensus on the fee for the audit of the consolidated financial statements of the Group for the year ending 31 December 2025. PwC has confirmed that there are no matters related to its resignation that need to be brought to the attention of the Shareholders. The Board and the Audit Committee of the Company also confirmed that save for PwC and the Company not being able to reach a consensus on the audit fee, there are no disagreements or unresolved matters between the Company and PwC, and there are no other matters in respect of the change of auditor that need to be brought to the attention of the Shareholders. HLB Hodgson Impey Cheng Limited (“**HLB**”) has been appointed as the auditors of the Company with effect from 24 November 2025 to fill the casual vacancy following the resignation of PwC. For further details regarding the change of auditor of the Company, please refer to the announcements of the Company dated 28 October 2025 and 24 November 2025, respectively and the circular of the Company dated 4 November 2025.

The consolidated financial statements of the Group have been audited by HLB, Certified Public Accountants, who will retire and, being eligible, offer themselves for re-appointment at the AGM.

On behalf of the Board

Li Baoshan

Chairman and Executive Director

Hong Kong, 20 March 2026

Report of the Supervisory Committee

WORK REPORT OF THE SUPERVISORY COMMITTEE

The Supervisory Committee is pleased to present the Report of the Supervisory Committee for the year ended 31 December 2025.

During the Reporting Period, the Supervisory Committee has actively performed its functions and powers as prescribed by the Articles of Association, the Rules of Procedure for the Supervisory Committee and the PRC Company Law. By being present at the Shareholders' meetings, the meetings of the Board, participating in the relevant discussions and reviewing the financial statements, the Supervisory Committee effectively monitored the lawful operation and financial situation of the Company as well as performed the supervisory functions on the Directors and senior management in their performance of their duties.

1. COMPOSITION OF THE SUPERVISORY COMMITTEE

In accordance with the Articles of Association, the Supervisory Committee comprised 3 supervisors. During the Reporting Period and up to the date of this annual report, the members of the Supervisory Committee included:

Mr. Ma Peilin (*Chairman*)

Mr. Chen Zhen

Mr. Wang Shuai (*Employee Representative Supervisor*)

2. CONVENING OF MEETINGS OF SUPERVISORY COMMITTEE

The Supervisory Committee convened 5 meetings during the Reporting Period to consider and approve, among others, the amendments to the Articles of Association and the Company's business scope, the appointment of Mr. Liu Zhigang as Director, the re-election of the Supervisory Committee, the interim consolidated financial statements, interim results announcement and interim report for 2025, the change in the use of proceeds, and the appointment of HLB Hodgson Impey Cheng Limited as the auditors. All supervisors attended all meetings of the supervisory committee and the meetings were chaired by Mr. Ma Peilin, the chairman of the Supervisory Committee, which were in compliance of the PRC Company Law and the Articles of Association.

3. PRESENT AT/ATTEND MAJOR MEETINGS

All supervisors attended 7 Board meetings and 3 Shareholders' general meetings to understand the significant decision-making progress of the Company, actively participated in the discussions on the topics of the meetings and performed their supervisory functions on the procedures and content of the meetings.

4. ROUTINE EXAMINATION AND EVALUATION

During the Reporting Period, the Supervisory Committee examined closely on the operations of the Company to make sure that no irregularities have been identified in the daily operation of the Company and the Company is always operated in compliance with the applicable laws, regulations, rules and the Articles of Association. In addition, the Supervisory Committee also conducted thoroughly review on the internal control system and financial management system of the Company.

During the Reporting Period, the Supervisory Committee supervised the Directors and senior management of the Company to make sure that the Directors and senior management of the Company have performed their duties diligently and in compliance with the applicable laws, regulations, rules and the Articles of Association.

Report of the Supervisory Committee

5. INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE

In the opinion of the Supervisory Committee:

- (1) The Company operated its business in accordance with the laws, regulations, the Articles of Association and the Listing Rules. The existing internal control system of the Company was reasonable, effective, had no major flaws and complied with the applicable laws, regulations and rules and had achieved all the requirements of effective risk control in all material aspects. The Company was able to make decisions according to the applicable laws, regulations and rules and was in strict compliance with the requirements of the PRC Company Law and the Articles of Association. The decision-making process for the operation of the Company was legitimate and valid. The Company disclosed important information on the Company in a timely manner pursuant to the Listing Rules and other securities regulatory and management about requirements. The Directors and senior management were diligent and dutiful in strict compliance with the applicable laws, regulations, rules and the Articles of Association. There were no violations of laws and regulations and no circumstances that were detrimental to the interests of the Company and the Shareholders.
- (2) The Company had sound financial systems and regulated management. The financial report of the Company for the year ended 31 December 2025 reflected the Company's operating results and financial condition in a comprehensive, objective and truthful manner. The preparation and review procedures of the financial report has complied with the applicable laws, regulations, rules, the Articles of Association and the internal management system of the Company. The Supervisory Committee was not aware of any violation of the relevant accounting standards and legal requirements by the personnel who were involved in the preparation and review of the financial report.
- (3) During the Reporting Period, the management and use of the proceeds from the Global Offering strictly observed the relevant laws, regulations, rules and the section headed "Future Plan and Use of Proceeds" in the Prospectus. There were no circumstances that would change the use of proceeds and harm the interests of Shareholders.
- (4) During the Reporting Period, the connected transactions of the Company were conducted in compliance with market rules at fair transaction prices. The implementation of connected transactions was in strict compliance with the resolutions of the Board and the Shareholders' general meetings and relevant systems. There were no violations of laws and regulations and no abuse of authority which could impair the interests of the Company and the Shareholders.

6. ABOLISHMENT OF SUPERVISORY COMMITTEE

Due to adjustments in the corporate governance structure, the Company has abolished the Supervisory Committee on 26 February 2026, with the statutory duties of the Supervisory Committee to be exercised by the Audit Committee of the Company.

Each of the supervisors has confirmed that he or she has no disagreement with the Board and the Supervisory Committee in any respect and there are no other matters that need to be brought to the attention of the Shareholders and the Stock Exchange. The Board would like to express its heartfelt gratitude to all the supervisors for their valuable contributions and services to the Company during their tenures as supervisors.

On behalf of the Supervisory Committee

Ma Peilin

Chairman of the Supervisory Committee

Hong Kong, 20 March 2026

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximizing Shareholders' interests.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions stated in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance. Continuous efforts are made to review and enhance its internal controls and procedures in light of changes in regulations and developments in best practices.

During the year ended 31 December 2025 (the "**Reporting Period**") and up to the date of this annual report, in the opinion of the Directors, the Company has complied with all the principles and code provisions as set out in the CG Code.

THE BOARD OF DIRECTORS

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board shall regularly review the contribution required from a Director to perform his/her responsibilities to the Company and whether the Director is spending sufficient time in performing his/her role and the Board's responsibilities. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. The senior management of the Group should report back and obtain prior approval from the Board before making decisions or entering into any commitments on the Company's behalf. To oversee particular aspects of the Company's affairs, the Board has established three Board Committees including the Nomination Committee, the Remuneration Committee and the Audit Committee. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. There is no chief executive officer in the Company but there is a general manager in the Company. The general manager is responsible for the overall management and oversight of the Group's business. The chairman of the Board provides leadership and is responsible for the effective functioning and leadership of the Board. The positions of chairman of the Board and general manager were held by Mr. Li Baoshan and Mr. Liu Zhigang respectively.

Board Composition

As at the date of this annual report, the Board comprises nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors as set out below:

Executive Directors:

Mr. Li Baoshan (*Chairman*)

Mr. Luo Wei

Mr. Liu Zhigang (*appointed on 6 March 2025*)

Corporate Governance Report

Non-executive Directors:

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

Independent non-executive Directors:

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

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographies of the Directors are set out under the section headed “Directors, Supervisors and Senior Management” of this annual report.

During the Reporting Period, the Board at all times met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive director representing at least one-third of the Board, such that there is always a strong element of independence on the Board which can effectively exercise independent judgement.

Each of the independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them has satisfied his independence to the Group.

Save as disclosed in the biographies of the Directors as set out in the section headed “Directors, Supervisors and Senior Management” of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Director or any chief executive.

As regards the CG Code provision requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

ANALYSIS OF THE DIVERSITY OF THE BOARD

The Board has a balanced mix of directors from different industries and with varied professional backgrounds, having diverse experience, knowledge and expertise, who collectively as a group provides such balanced views and opinions which are beneficial to the Group and its Shareholders as a whole.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company’s operations and businesses as well as his/her responsibilities under relevant laws, rules and regulations.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company’s expenses.

Corporate Governance Report

The Company also arranges regular seminars to provide Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Pursuant to code provision C.1.4 of the CG Code, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Below is the record of participation in continuous professional development programme by the Directors during the Reporting Period relating to the directors' duties and responsibilities, regulatory updates and business, financial and operational matters of the Group.

Directors	Types of training (Note)
Executive Directors	
Mr. Li Baoshan (<i>Chairman</i>)	C
Mr. Luo Wei	C
Mr. Liu Zhigang	C
Non-executive Directors	
Mr. Miao Wenbin	C
Mr. Ma Fulin	C
Ms. Xu Lijie	C
Independent non-executive Directors	
Dr. Tse Hiu Tung, Sheldon	A, C
Mr. Cheung Ho Kong	A
Dr. Zhu Qing	C

Note: Types of training

- A: Attending seminars/conferences/forums
- B: Giving talks at seminars/conferences/forums
- C: Reading materials

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors and the non-executive Directors entered into a service agreement with the Company on 29 May 2023 (except for Mr. Liu Zhigang who entered into an appointment letter with the Company on 6 March 2025) for an initial term of three years which may be terminated by either party giving not less than three months' prior written notice (or such shorter period as may be agreed by the parties in writing) and is subject to termination provisions therein and retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association or any other applicable laws from time to time whereby he/she shall vacate his/her office.

Each of the independent non-executive Directors has entered into an appointment letter with the Company on 29 May 2023 which may be terminated by either party giving not less than one month prior written notice or paying an equal amount of payment in lieu of notice to the other party and is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association or any other applicable laws from time to time whereby he/she shall vacate his/her office.

Corporate Governance Report

None of the Directors has or is proposed to have a service agreement which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

In accordance with the provisions of the Articles of Association, every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years; any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office until the first general meeting of the Company after his/her appointment and be eligible for re-election at such meeting.

The procedures and process of appointment, re-appointment and continuation (or not) in service of any Director are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the composition of the Board, monitoring the appointment or re-appointment of Directors and succession planning for Directors.

BOARD MEETINGS

The Company has adopted the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than 14 days will be given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. Arrangements should be in place to ensure that all Directors are given an opportunity to include matters in the agenda for regular Board meeting.

For other Board and Board Committee meetings, reasonable notice will generally be given. The agenda and accompanying Board papers are dispatched to the Directors or committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and will be adequately prepared for the meetings. The chairman of the Board should ensure that all Directors are properly briefed on issues arising at Board meetings. When Directors or committee members are unable to attend a meeting, they will be advised on the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. The chairman held meetings with the independent non-executive Directors without the presence of other Directors during the Reporting Period.

Minutes of the Board meetings and committee meetings will be recorded in sufficient detail the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are/will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held.

ATTENDANCE RECORDS OF BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND GENERAL MEETINGS

The attendance records of each Director and each member of the Board Committees of the Company at the relevant meetings during the year ended 31 December 2025 are as follows:

	Actual Attendance/Number of Meetings a Director is entitled to attend				
	Board	Nomination Committee	Remuneration Committee	Audit Committee	General Meeting
No. of meetings	7	3	1	5	3
Executive Directors					
Mr. Li Baoshan (<i>Chairman</i>)	7/7	3/3	N/A	N/A	3/3
Mr. Luo Wei	6/7	N/A	N/A	N/A	3/3
Mr. Liu Zhigang (<i>appointed on 6 March 2025</i>)	5/5	N/A	N/A	N/A	3/3
Non-executive Directors					
Mr. Miao Wenbin	7/7	N/A	N/A	5/5	3/3
Mr. Ma Fulin	7/7	N/A	1/1	N/A	3/3
Ms. Xu Lijie	7/7	0/0*	N/A	N/A	3/3
Independent Non-executive Directors					
Dr. Tse Hiu Tung, Sheldon	7/7	3/3	1/1	N/A	3/3
Mr. Cheung Ho Kong	7/7	N/A	N/A	5/5	3/3
Dr. Zhu Qing	7/7	3/3	1/1	5/5	3/3

Note: Ms. Xu Lijie was appointed as a member of Nomination Committee on 22 August 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 2025 and up to the date of this annual report. 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 2025 and up to the date of this annual report.

Corporate Governance Report

DELEGATION BY THE BOARD

The Board reserves for its decision all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have resources to seek independent professional advice in performing their duties at the Company's expense and are encouraged to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management of the Group. The Company has formalised the functions reserved to the Board and those delegated to the senior management of the Group. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions to be entered into by the senior management.

CORPORATE GOVERNANCE FUNCTION

The Board delegated the Company's corporate governance functions to the Audit Committee to perform the following corporate governance duties:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Board approved the terms of reference of the Nomination Committee, the Audit Committee and the Remuneration Committee.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of Directors, supervisors and senior management of the Group. The remuneration of the Directors, supervisors and senior management of the Group is decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and the prevailing market conditions. Details of the remuneration of each of the Directors and supervisors for the Reporting Period are set out in Note 9(c) to the consolidated financial statements in this annual report.

The biographies of the senior management are disclosed in the section headed "Directors, Supervisors and Senior Management" pursuant to code provision E1.5 of the CG Code, the remuneration paid to the top senior management (excluding the Directors and supervisors) for the Reporting Period fell within the following bands are as follows:

Remuneration Band (HK\$)	No. of employees
Nil to 1,000,000	5
1,000,001–2,000,000	0
2,000,001–3,000,000	0

Details of the remuneration of each Director for the year ended 31 December 2025 are set out in note 9 to the consolidated financial statements in this annual report.

DIRECTORS' LIABILITY INSURANCE

The Company has arranged appropriate directors' and officers' liability insurance in respect of legal action against its Directors.

BOARD COMMITTEES

Nomination Committee

The Nomination Committee was established on 29 May 2023 with its written terms of reference and adopted by the Board which was published on the websites of the Company and the Stock Exchange.

In response to the amendments to the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules came into effect on 1 July 2025, the following changes in the composition of the Nomination Committee: (i) Mr. Li Baoshan, chairman of the Board and an executive Director, ceased to be the chairman and a member of the Nomination Committee; (ii) Dr. Zhu Qing, an independent non-executive Director and a member of the Nomination Committee, has been appointed as the chairman of the Nomination Committee; and (iii) Ms. Xu Lijie, a non-executive Director, has been appointed as a member of the Nomination Committee., all with effect from 22 August 2025.

The Nomination Committee currently comprises three members, namely Dr. Zhu Qing, Ms. Xu Lijie and Dr. Tse Hiu Tung, Sheldon. Dr. Zhu Qing currently serves as the chairman of the Nomination Committee. During the Reporting Period, with effect from 22 August 2025, Mr. Li Baoshan ceased to be a member and the chairman of the Nomination Committee, Dr. Zhu Qing was appointed as a member and chairman of the Nomination Committee and Ms. Xu Lijie was appointed as a member of the Nomination Committee respectively.

Corporate Governance Report

The primary duties of the Nomination Committee include:

- to review and make recommendations to the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually, assist the Board in maintaining a Board skill matrix and make recommendations on any proposed changes to the Board to complement the Company's corporate strategies, business operation and shareholding structure;
- to determine the policy for the nomination of directors and senior management, identify individuals suitably qualified to become directors and select or make recommendations to the Board on the relevant individuals nominated for directorship. In identifying suitable individuals, the Committee shall consider individuals on merit and against the objective criteria, with due regard for the benefits of diversity on the Board;
- to assess the independence of the independent non-executive directors;
- to determine the diversity policy on the Board, and to review the Board diversity policy, as appropriate, and review the measurable objectives that the Board has set for implementing the Board diversity policy and the progress on achieving the objectives to ensure the continued effectiveness of the Board diversity policy; and make disclosure of a summary of the Board diversity policy together with its review results and the rationale for the factors used for determining the degree of diversity of the Board in the Corporate Governance Report annually;
- to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman of the Board and the chief executive officer (if applicable);
- to support the Company's regular evaluation of the Board's performance; and
- to perform other duties incidental to the duties of the Committee delegated as appropriate by the Board or as stipulated in the CG Code and other relevant laws and regulations from time to time.

Nomination Policy

The Company follows a formal, considered and transparent procedure for the appointment of new Directors for the Board to achieve a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's strategic focus and specific business needs. Recognising the vitality of diversity for the Board, the Company has adopted a Board Diversity Policy.

The Nomination Committee reviews the structure, size and composition of the Board regularly and makes recommendations to the Board to complement the corporate strategy of the Company. The appointment of a new Director is a collective decision of the Board, taking into consideration the procedures for Shareholders to propose a person for election as a Director of the Company and the Board Diversity Policy.

Selection Criteria

When evaluating and selecting candidates for directorships, the members of the Nomination Committee or the Board shall consider the following criteria:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategies;
- Willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;
- in case of independent non-executive Directors, whether the candidates would be considered independent in accordance with Rule 3.13 of the Listing Rules;
- The Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and
- Such other perspectives appropriate to the Company's business.

Nomination Procedures

Appointment of New Director

- The Nomination Committee shall, upon receipt of the proposal on appointment of new Director and the personal information (or relevant details) of the proposed candidate(s), evaluate such candidate(s) based on the criteria as set out above to determine whether such candidate(s) is qualified for directorship;
- If there is more than one desirable candidate, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable);
- The Nomination Committee shall then recommend to the Board to appoint the appropriate candidate for directorship; and
- For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee shall evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Re-election of Director at General Meeting

- The Nomination Committee shall review the overall contribution and service to the Company of the retiring Director including his/her attendance of Board meetings and, where applicable, general meetings, and his/her level of participation and performance on the Board and the Company's business;
- The Nomination Committee shall also review and determine whether the retiring Director continues to meet the selection criteria as set out above; and
- The Board, with the recommendation from Nomination Committee, shall then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

The Board believes that changes to the Board composition shall be managed without undue disruption, and shall continue to provide a balanced composition of the executive Directors, the non-executive Directors (including independent non-executive Directors) so that there is a strong independent element in the Board, which can effectively exercise independent judgement.

Corporate Governance Report

Board Diversity Policy

With a view to enhancing the effectiveness of the Board and maintaining a high standard of corporate governance, the Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. Appointments of members of the Board will be based on merits and contribution that the selected candidates will bring to the Board.

The Nomination Committee is delegated by the Board to be responsible for compliance with relevant codes governing board diversity under the CG Code. As at the date of this annual report, the Board comprises nine Directors, one of whom is female. The Board considers the current Board composition has provided the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business, and allowed opinion from different gender and background be heard and discussed, and Board diversity (including gender diversity) has been achieved, which complies with the relevant requirements under Rule 13.92 of Listing Rules. The Board targets to maintain the current level of at least one female representation on the Board. The Board will continue to review its structure to ensure it suits the requirement of its business and support the development of the Group. If situation evolves and the Board determines that an additional or replacement Director is required to achieve gender diversity or to suit the business requirements and support the development of the Group, the Company will deploy multiple channels for identifying suitable Director candidates, including without limitation, referral from management, Shareholders and advisors of the Company, or internal promotion, with regard to the range of diversity perspectives set forth in the board diversity policy.

Independent Opinions

The Company has put in place a mechanism for each Director to seek independent professional advice in performing their duties at the Company's expense to ensure that independent views and inputs are available to the Board. The Directors are provided with sufficient resources to perform their duties. For example, the Board and the Board Committees are offered with adequate information and have separate and independent access to the Company's senior management to enable them to make informed decisions. All Directors are entitled to have access to Board papers and related materials which are in a form and quality sufficient to enable the Board to make informed decisions on matters placed before it. In particular, the management has provided all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties. In addition, the Audit Committee is able to coordinate and discuss with the external auditors of the Company on an annual basis to discharge its duties. The Board has reviewed such mechanism on an annual basis to ensure its continued effectiveness.

During the year ended 31 December 2025, the Nomination Committee held 3 meetings. The Nomination Committee has reviewed (i) the structure, size, composition and diversity of the board; (ii) the recommendation of the re-election of the directors at the annual general meeting based on the Nomination Policy and the Board Diversity Policy; (iii) board diversity policy; and (iv) the independence of the independent non-executive directors. In addition, the Nomination Committee reviewed and recommended to the Board on the cessation of Mr. Li Baoshan as the chairman of Nomination Committee, appointment of Dr. Zhu Qing as the chairman of the Nomination Committee and the appointment of Ms. Xu Lijie as a member of the Nomination Committee.

Remuneration Committee

The Remuneration Committee was established on 29 May 2023 with its written terms of reference and adopted by the Board which was published on the websites of the Company and the Stock Exchange.

The Remuneration Committee is comprised of three members, namely Dr. Zhu Qing, Mr. Ma Fulin and Dr. Tse Hiu Tung, Sheldon. Dr. Zhu Qing currently serves as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include:

- to make recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and senior management, on employee benefit arrangement and on the formulation of a formal and transparent procedure for developing remuneration policies;
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. This should include benefits in kind, pension rights and compensation payments, including compensation for loss or termination of their office or appointment;
- to make recommendations to the Board on the remuneration of non-executive directors;
- to consider salaries paid by comparable companies, time commitment and responsibility and employment conditions elsewhere in the Company and its subsidiaries;
- to review and approve the compensation payable to executive directors and senior management for loss or termination of their office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and reasonable and not excessive for the Company;
- to review and approve the compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- to ensure that no director or any of his associates is involved in determining his own remuneration;
- to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules; and
- to discuss the policies of and plans on the salary, benefits and rewards of the Company, making recommendations to the Board about and monitoring the implementation of the same.

The Remuneration Committee should consult the chairman of the Board about their remuneration proposals for other executive Directors.

During the year ended 31 December 2025, the Remuneration Committee held 1 meeting and the Remuneration Committee has reviewed and made recommendations to the Board on (i) the remuneration packages of individual executive directors and senior management and (ii) the remuneration of non-executive directors and independent non-executive directors.

Corporate Governance Report

Audit Committee

The Audit Committee was established on 29 May 2023 with its written terms of reference and adopted by the Board which was published on the websites of the Company and the Stock Exchange.

The Audit Committee is comprised of one non-executive Director and two independent non-executive Directors, namely Mr. Cheung Ho Kong, Mr. Miao Wenbin and Dr. Zhu Qing with Mr. Cheung Ho Kong possessing the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. Mr. Cheung Ho Kong is the chairman of the Audit Committee. None of the members of the Audit Committee is a former partner of the Company's external auditors.

The primary duties of the Audit Committee include:

Relationship with the Company's auditors

- to be primarily responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditors, approving the remuneration and terms of engagement of the external auditors, and dealing with any questions of its resignation or dismissal;
- to review and monitor the external auditors' work, independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- to discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences;
- to develop and implement policy on engaging external auditors to supply non-audit services. For this purpose, "external auditors" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

Review of the Company's financial information

- to monitor the integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant comments therein in respect of financial reporting;
- in reviewing these statements and reports mentioned in paragraph (e) before submission to the Board, focusing particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from the audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards;
 - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

- regarding the above:
 - (i) members of the Committee should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Company's auditors; and
 - (ii) the Committee should consider any significant or unusual matters that are, or may need to be, reflected in the reports and accounts, and it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

Oversight of the Company's financial reporting system, risk management and internal control systems

- to review the Company's financial controls reporting, and unless expressly addressed by a separate Board risk committee, or by the Board itself, to review the Company's risk management and internal control systems;
- to discuss the risk management and internal control systems with the management to ensure that the management has performed its duty to have effective systems in place. This discussion should include the adequacy of resources, staff qualifications and experience and training programmes in respect of the Company's accounting and financial reporting function, as well as the sufficiency of the budget of the Company's accounting, internal auditing and financial reporting function;
- to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the management's response to these findings;
- where an internal audit function of the Company exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- to review the Group's financial and accounting policies and practices;
- to review the external auditors' management letter, any material queries raised by the auditors to management about accounting records, financial accounts or systems of control and the management's response;
- to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;
- to review arrangements in which employees of the Company can raise, in confidence, their concerns about possible improprieties in financial reporting, internal control or other matters. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up actions;
- to act as the key representative body for overseeing the Company's relations with the external auditors;
- to report to the Board on the matters set out above;
- to consider other matters, as defined or assigned by the Board or required under the relevant laws and regulations from time to time;

Corporate Governance Report

Corporate governance functions

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 December 2025, the Audit Committee held 5 meetings and the Auditor Committee has performed the following major works:

- reviewed the Company's financial and accounting policies and practices;
- reviewed the Company's policies and practices regarding compliance with legal and regulatory requirements;
- reviewed the effectiveness of the risk management and internal control systems and internal audit function, covering financial, operational and compliance controls and risk management functions;
- reviewed the Company's compliance with the CG Code and its policies and practices related to corporate governance;
- considered and recommended to the Board on the approval of the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2025;
- reviewed and monitored the external auditors' work, independence and objectivity and the effectiveness of the audit process and the amount of audit fee; and
- considered and recommended to the Board on the re-appointment of the external auditors.

In February 2026, pursuant to the provisions of the Company Law of PRC and other applicable laws, rules and regulations, the Company abolished the Supervisory Committee by passing a special resolution at the extraordinary general meeting of the Company. Accordingly, the Audit Committee assumed the responsibilities previously held by the Supervisory Committee.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities in relation to the preparation of the financial statements for the Reporting Period and in ensuring that the preparation of the accounts is in accordance with statutory requirements and applicable accounting standards.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditors of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditors' Report on pages 86 to 92 of this annual report.

The basis on which the Company generates or preserves value over the longer term and the strategy for delivering its objectives are explained in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board fully understands its responsibilities for risk management and internal control systems, and for reviewing their effectiveness. The Board assumes its duty to oversee and manage the overall risks associated with its operations, and has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. Such responsibility is primarily fulfilled by the Audit Committee which is responsible for reviewing and supervising the financial reporting process and internal control system of the Group. The Audit Committee also works with senior management to monitor the implementation of the risk management policies across the Group on an ongoing basis to ensure that the internal control system is effective in identifying, managing and mitigating risks involved in the operations. The Company has an audit department which is responsible for internal audit. The Group has also engaged an independent internal control consultant to perform a review over the internal controls of the Group during the Reporting Period.

The Group is dedicated to the establishment and maintenance of a robust internal control system. It aims to dynamically and effectively capture and evaluate significant emerging risks and risk changes, both quantitatively and qualitatively, and to timely manage risks by appropriate risk responses and mitigation strategies. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives. The main goal of the Group's risk management and internal control systems is to provide reasonable but not absolute assurance against material misstatement or loss of the Group.

The Group has adopted and implemented risk management policies and corporate governance measures in various aspects of the business operations, such as contract management, risk management and capital management.

The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

Risk Identification

Identifies risks through discussion with the management and management of each business unit of the Group. Risk evaluation questionnaire are used to document the risks identified by the management and management of each business unit of the Group. Comparative industry data analysis are used to make the risk assessment results more objective.

Corporate Governance Report

Risk Response

- Categorises the risks into low, medium or high risks;
- Analyses the reasons for the risks; and
- Determines the strategies to handle the risks.

Risk Monitoring and Reporting

- On-going communication of monitoring results with the Board which enables it to assess internal control of the Group and the effectiveness of risk management during the year;
- Risk evaluation questionnaires completed by the management and management of each business unit of the Group; and
- Fact finding report with recommendations on the review and testing of internal control on certain operating cycles and areas.

The Group also strives to keep abreast of and actively monitors the ongoing compliance with the relevant laws and regulations that govern business operations and oversee the implementation of any necessary measures. In addition, the Group provides Directors, supervisors, senior management and relevant employees with continuing training programs and/or updates regarding the relevant laws and regulations on a regular basis with a view to proactively identify any concerns and issues relating to any potential non-compliance. The Group offers training courses to new employees and continuing training to existing employees to enhance their knowledge and awareness of the relevant rules and regulations. The Group also keeps abreast of the latest regulatory updates and communicate with the relevant regulatory authorities from time to time to discuss the latest regulatory requirements in light of the evolving nature of the business of the Group.

During the Reporting Period, the Audit Committee reviewed the overall effectiveness of the Group's risk management and internal control systems, covering financial, operational and compliance controls and risk management functions, which included the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, internal auditing and their training programs and budget.

The Board reviews the Company's risk management and internal control systems annually. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources as well as those relating to the Group's performance and reporting on environmental, social and governance related matters. The Board has received a confirmation from management on the effectiveness of the Company's risk management and internal control systems. The Board, as supported by the Audit Committee as well as the management report, reviewed the risk management and internal control systems, including the financial reporting, operational and compliance control and risk management functions, for the Reporting Period, and considered that an effective and adequate risk management and internal control system is in place to safeguard the assets of the Group and that there were no material internal control deficiencies that may affect the Shareholders.

Whistleblowing Policy and Anti-corruption

The Group fully acknowledges the importance of anti-corruption and whistle-blowing policies to good corporate governance.

Since its inception, the Group has formulated a strict anti-corruption policy which are in compliance with the prevailing anticorruption laws and regulations where its business operations and units are located, which covers aspects such as conflicts of interest, gifts and entertainment, discrimination and sexual harassment, company property, etc. The policy is also developed to strengthen the anti-corruption management and to conduct related trainings for the Board and all employees.

Accordingly, a special e-mail account was set up by the Group for receiving whistleblowing reports, with employees being encouraged to report violations in a secure and confidential manner. In addition, the Company has formed a closed-loop management procedure for reporting and handling from case filing, investigation, report to feedback, and initiated acceptance procedures at corresponding materiality for employees at different levels to ensure that the headquarters and subsidiaries form a unified and concerted effort to effectively combat violations of laws and regulations. The Group treats the information of the whistleblower as strictly confidential and strictly prohibits all acts of discrimination or retaliation, and prevents departments or individuals from obstructing, hampering or interfering with investigations.

AUDITORS' REMUNERATION

HLB Hodgson Impey Cheng Limited ("**HLB**") was appointed as the auditors of the Company on 24 November 2025 to fill the casual vacancy following the resignation of PricewaterhouseCoopers ("**PwC**") on 28 October 2025.

For the years ended 31 December 2024 and 2025, the total remuneration paid or payable to PwC and HLB, in respect of audit and non-audit services is set out below:

Service Category	Fee paid/payable for year ended 31 December (RMB'000)			
	HLB		PwC	
	2025	2024	2025	2024
Audit fees	1,900	—	—	3,072
Corporate advisory	—	—	—	418
Total	1,900	—	—	3,490

The Board and the Audit Committee have agreed on the re-appointment of HLB as the external auditors of the Group for the year ending 31 December 2026 and the proposal will be submitted for approval at the AGM to be held on around 15 May 2026.

Corporate Governance Report

COMPANY SECRETARY

All Directors have access to the advice and services of the joint company secretaries on corporate governance and Board practices and matters. The Board approves the selection, appointment or dismissal of the joint company secretaries. The joint company secretaries report to the chairman of the Board on board governance matters.

Mr. Ma Ke (“**Mr. Ma**”) is a joint company secretary of the Company and is responsible for advising the Board on corporate governance and ensuring compliance with policies and procedures of the Board, applicable laws, rules and regulations. In order to maintain satisfactory corporate governance and ensure compliance with the Listing Rules and applicable laws of Hong Kong, the Company also engages an external service provider to provide company secretarial services and Ms. Chan Charmayne (“**Ms. Chan**”) has been appointed as one of the joint company secretaries since 17 January 2025. Ms. Chan has assisted on the company secretarial matters of the Company and assisted Mr. Ma in fulfilling his role as the joint company secretaries of the Company. Since Ms. Chan is an external service provider, Mr. Luo Wei, the executive Director, would be the person at the Company whom Ms. Chan can contact according to code provision C.6.1 of the CG Code.

For the Reporting Period, Ms. Chan and Mr. Ma had complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Directors are aware of the importance of maintaining good relations and communications with the Shareholders and in appropriate circumstances, the investment community at large. The Company believes the effective communication with the Shareholders is essential for enhancing investor relations and investors’ understanding of the Group’s business performance and strategies.

The Company maintains a website at <http://www.hjkj.cn> as a communication platform with Shareholders and investors, where information on the Company’s announcements, financial information and other information are available for public access.

The Company also uses a range of communication tools, such as annual general meetings, annual reports, various notices, announcements and circulars, to ensure the Shareholders are kept well informed of the Group’s key business imperatives.

Furthermore, Shareholders’ meetings provide an opportunity for communication between the Board and the Shareholders. The chairman of the Board should attend the Shareholders’ meeting, in particular, either the chairmen of Board Committees or their delegates, appropriate management executives and external auditors (as the case may be) will be available at the meeting to answer any questions raised by the Shareholders.

The Company has also established a Shareholders communication policy to ensure the Shareholders are provided with timely information about the Company. The policy is regularly reviewed to ensure its effectiveness.

Meanwhile, the Group’s website and official account are also constantly updated to provide investors and the public with the latest information on all aspects of the Group.

The Company shall review the Shareholders’ communication policy annually to ensure its implementation and effectiveness. Having considered the multiple channels of communication and engagement in place, the Board is satisfied that the Shareholders’ communication policy was properly in place during the year ended 31 December 2025 and remains effective.

SHAREHOLDERS' RIGHTS

Procedures for the convening of an Extraordinary General Meeting ("EGM") by Shareholders and putting forward proposals and procedures

Under the Articles of Association, an EGM may be convened by the Board upon requisition of Shareholders who individually or jointly hold more than 10% of the Company's voting Shares. The Shareholder(s) shall sign one or more written requests of the same format and content requesting the Board to convene an EGM and stating the subject of the meeting. The Board shall, within 10 days after receipt of the aforesaid written request, give a written reply on whether or not it agrees to convene the EGM. The aforesaid number of shares held shall be calculated as at the date of the written request by the Shareholders.

If the Board agrees to convene the EGM, it shall issue a notice of such meeting within 5 days after the resolution is approved by the Board. Any change to the original request made in the notice shall be subject to the approval by the relevant Shareholders. If the Board does not agree to convene the EGM or does not reply within 10 days upon receipt the request, the Shareholders individually or jointly holding more than 10% of the Company's Shares shall have the right to propose to the Supervisory Committee in writing to convene the meeting.

If the Supervisory Committee agrees to convene the EGM, it shall issue a notice of such meeting within 5 days upon receipt of the request. Any change to the original proposal in the notice shall be subject to the approval of the relevant Shareholders. But if the Supervisory Committee fails to issue the notice of the meeting within the specified period, it shall be deemed that the Supervisory Committee does not convene and preside over the general meeting. Shareholders individually or jointly holding more than 10% of the Company's Shares for more than 90 consecutive days may convene a meeting by themselves within 4 months after the Board receives the request. The procedures for convening a meeting shall be the same as those for convening a general meeting by the Board as far as possible.

All reasonable expenses incurred by the Shareholders for convening and holding the meeting by themselves as a result of the failure of the Board to convene the meeting as aforesaid shall be borne by the Company.

Putting Forward Proposals at General Meeting

When the Company convenes a general meeting, Shareholders individually or jointly holding more than 1% of the Company's Shares shall be entitled to put forward proposals to the Company. The contents of the proposals shall fall within the scope of authority of the general meeting, have clear topics and specific resolutions, and comply with laws, regulations and the Articles of Association. Shareholders individually or jointly holding more than 1% of the Company's Shares may submit provisional proposals in writing to the convener 10 days prior to the convening of the general meeting. The convener shall issue a supplementary notice of the general meeting within two days upon receipt of the proposals to notify other Shareholders and submit the provisional proposals to the general meeting for consideration.

Making enquiries to the Board

The Shareholders shall direct their questions about their shareholdings to 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.

DISCLOSURE OF INSIDE INFORMATION

The Company has developed its disclosure policy to provide a general guide to the Group's Directors, supervisors, officers, senior management and relevant employees on handling confidential information, monitoring of information disclosure and responding to queries, to ensure that information of the Company is disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations. The Group has executed supervision programs to confirm the strict prohibition from unauthorised access to and use of inside information.

Corporate Governance Report

DIVIDEND POLICY

The Company currently aims to pay a total dividend in respect of each financial year of not less than 30% of its annual distributable profit. The declaration and payment of future dividends will be subject to various factors, including the future earnings and cash inflows, future plan for use of funds, long-term development of the business, statutory reserves, discretionary common reserve funds, legal and regulatory restrictions, and other factors which the Directors consider relevant. The Company may declare and pay dividends by way of cash or by other means that it considers appropriate in the future. Distribution of dividends will be decided by the Board at their discretion and will be subject to Shareholders' approval.

In addition, the dividend policy of the Company will also be subject to the Articles of Association, the PRC Company Law, any other applicable PRC laws and regulations. In any event, the Company will pay dividends out of the profit after tax only after it has made the following allocations:

- (1) recovery of accumulated losses, if any;
- (2) allocation to the statutory common reserve fund an amount of no less than 10% of the profit after tax, as determined under PRC GAAP; and
- (3) allocation, if any, to a discretionary common reserve fund an amount approved by the Shareholders in a Shareholders' meeting.

The Company is a joint stock limited company established in the PRC on 3 September 2010 and the payment and amount of any future dividend will also depend on the availability of dividends received from its subsidiaries of the Group. Payment of dividends is subject to restrictions under PRC laws. Under PRC laws, dividends may be paid only out of distributable profits. Distributable profits are the net profit of the Company as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that it is required to make. Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, the operating subsidiaries of the Company may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa.

STAFF DIVERSITY

The Group had a workforce of 816 employees as of 31 December 2025. Among them, approximately 26.5% of the workforce (including senior management) were female, and the male-to-female ratio for all the employees was approximately 2.78:1. Although the Group recognises the importance and benefits of gender diversity in the work environment, the Group requires a higher ratio of male employees due to the nature of the Group's business. The Group will continue to promote diversity through training programs, employee networks, equitable hiring and recruitment practices.

CONSTITUTIONAL DOCUMENTS

The extraordinary general meeting of the Company was held on 26 February 2026 to approve the proposed amendments to the current Articles of Association by the Shareholders. Details of the Proposed Amendments to the Articles of Association were set out in the circular of the Company dated 3 February 2026.

The Board also proposed to make certain amendments to the current Articles of Association, in order to, among other things, to comply with the new requirements in respect of the hybrid general meetings and E-voting, and is subject to the approval of the Shareholders by way of a special resolution at the upcoming AGM.

Save as disclosed above in “Important Events After The Reporting Period” in this annual report, there were no changes in the Articles of Association for the year ended 31 December 2025, and up to the date of this annual report.

An up-to-date consolidated version of the Company’s Articles of Association is available on the respective websites of Stock Exchange and the Company.

PUBLICATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Disclosures relating to the material Environmental, Social and Governance issues identified for the Reporting Period will be included in the Environmental, Social and Governance Report pursuant to the requirements of Appendix C2 to the Listing Rules to be published separately. The Environmental, Social and Governance Report will be available on the Company’s website at <http://www.hjkj.cn> under the “Investor Relations” section; and the Stock Exchange’s website at www.hkexnews.hk at the same time as the publication of this annual report.

Independent Auditors' Report



31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF WISE LIVING TECHNOLOGY CO., LTD

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

OPINION

We have audited the consolidated financial statements of Wise Living Technology Co., Ltd (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 93 to 171, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the “**IASB**”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the “**Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment for non-financial assets related to Shuozhou City Renewable Energy Thermal Company Limited (“**Shuozhou Renewable Energy**”)
- Revenue recognition of price subsidies from a local government

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter

Impairment assessment for non-financial assets related to Shuozhou Renewable Energy

Refer to Notes 4(c), 18(b) and 18(e)(iii) to the consolidated financial statements.

As at 31 December 2025, the carrying value of non-financial assets of Shuozhou Renewable Energy, a subsidiary of the Company, primarily comprised of an intangible asset in relation to the operating concession right, amounted to approximately RMB588.3 million, representing approximately 9.6% of the Group's total assets.

Management assessed that an impairment indicator existed for the non-financial assets of Shuozhou Renewable Energy as it was operating at a loss during the year. Accordingly, management performed an impairment test of the related assets with the assistance of an independent qualified professional valuer.

How our audit addressed the Key Audit Matter

Our procedures in relation to management's impairment assessment included, but not limited to:

- understood the Group's internal control and process over impairment assessment of its non-financial assets, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias;
- assessed the appropriateness of the methodology and discounted cash flow model used by management in determining the recoverable amount of the non-financial assets of Shuozhou Renewable Energy with the assistance of our internal valuation expert;
- compared current year actual financial results of Shuozhou Renewable Energy with prior year forecast to assess the quality of management's historical forecast;
- evaluated the competence, capabilities and objectivity of the external valuer engaged by the Group by considering their professional qualification, experience and relationship with the Group;

Independent Auditors' Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter *(Continued)*

Impairment assessment for non-financial assets related to Shuozhou Renewable Energy *(Continued)*

For the purposes of the impairment test, the recoverable amount of the non-financial assets under the cash-generating unit (“**CGU**”) of Shuozhou Renewable Energy was determined based on a value-in-use calculation which requires significant management’s judgements and estimates. The calculation involves the use of discounted cash flow model, data input as derived from the financial forecasts prepared by management covering the remaining service concession period under the relevant concession agreement and also a number of key assumptions, including revenue growth rate, net profit margin and pre-tax discount rate.

The result of the impairment test indicates that the recoverable amount exceeded the carrying amount of the CGU.

We focused on this area in view of the magnitude of non-financial assets of Shuozhou Renewable Energy and the impairment assessment involved the use of significant management’s judgements and estimates as described above.

How our audit addressed the Key Audit Matter *(Continued)*

Our procedures in relation to management’s impairment assessment included, but not limited to *(Continued)*:

- involved our internal valuation expert to critically assess the discount rate used in the assessment by reviewing relevant parameters and calculations and performing an independent cross-checking with comparable companies;
- challenged the reasonableness and integrity of the data input and key assumptions including revenue growth rate and net profit margin in the calculation based on our understanding of the business and its development plan and other supporting evidence such as approved budget and results of our independent market research as relevant;
- checked mathematical accuracy of the value-in-use calculation; and
- evaluated the sensitivity analysis performed by management around the key assumptions regarding the extent and likelihood of such changes.

Based on the procedures performed, we found management’s judgements and estimates applied in the impairment assessment were supportable by the evidence we obtained.

KEY AUDIT MATTERS (Continued)

Key Audit Matter (Continued)

Revenue recognition of price subsidies from a local government

Refer to Notes 4(b), 5(a) and 5(c) to the consolidated financial statements.

For the year ended 31 December 2025, the revenue from the provision and distribution of heat included price subsidies from a local government amounted to approximately RMB192.3 million.

The price subsidies, as determined by the relevant concession agreements, are calculated based on a specific formula pursuant to a notice issued to the Group by the local government and recognised as revenue on a straight-line basis over the annual heat service period as scheduled by the local government.

Significant judgements are required in management's estimation of the amount of price subsidies receivable from local government at each reporting date during the relevant annual heat service period generally from October in a financial year to April in the next financial year. These include, but not limited to the estimation of total relevant heat service costs and total heat service area, which are the main variables used in determining the amount of price subsidies, based on the latest information available to management and the results of historical assessments conducted by the relevant government authorities to determine the final price subsidies. The final amount of price subsidies to be confirmed by the local governmental subsequent to the end of the annual heat service period may differ from management's estimation which may result in adjustments to revenue in the corresponding period when the necessary revision becomes known to management.

How our audit addressed the Key Audit Matter (Continued)

Our procedures in relation to the revenue recognition of price subsidies included, but not limited to:

- understood the Group's internal control and process over the estimation of price subsidies, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias;
- performed retrospective review of the historical estimation against the final assessments confirmed by the relevant governmental authorities regarding (i) the final amount of price subsidies for the prior heat service period received by the Group in the current year, and (ii) the nature of heat service costs and heat service area eligible for the calculation when evaluating the reasonableness of management's estimation of price subsidies for the current year;
- performed testing on management's current year estimation of the total relevant heat service costs and total heat service area, and also subsequent monitoring and revision of the estimations by performing the following:
 - (i) compared the actual relevant heat service costs incurred to-date against the initial estimation and checked to supporting documents, such as purchase agreements, supplier invoices and payment records, on a sample basis;
 - (ii) reviewed the estimated relevant heat service costs for the remaining annual heat service period after year end by comparing the budget items against historical experience and/or other supporting documents, such as purchase agreements and supplier quotations, on a sample basis;
 - (iii) checked the heat service area by inspecting the supporting documents on a sample basis, such as measurement reports issued by third party surveyors; and

Independent Auditors' Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter *(Continued)*

Revenue recognition of price subsidies from a local government *(Continued)*

Given the involvement of a high degree of management's judgements and estimates in determining the amount of revenue from price subsidies which is significant to the consolidated financial statements, we considered this is a key audit matter.

How our audit addressed the Key Audit Matter *(Continued)*

Our procedures in relation to the revenue recognition of price subsidies included, but not limited to *(Continued)*:

- checked mathematical accuracy of management's price subsidies calculation for revenue recognition based on the local government's prescribed formula and variables including the abovementioned heat service costs and heat service area as estimated.

Based on the procedures performed, we found management's judgements and estimates applied in determining the revenue from price subsidies were supportable by the evidence we obtained.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on 21 March 2025.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon (the "Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Other Information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion, solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditors' Report

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Mr. Yu Chi Fat (practising certificate number: P05467).

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Hong Kong, 20 March 2026

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	5	1,506,290	1,648,287
Cost of sales	8	(1,062,598)	(1,189,033)
Gross profit		443,692	459,254
Administrative expenses	8	(169,809)	(167,350)
Reversal of/(provision for) impairment losses on financial assets and contract assets	3.1(b)	9,464	(24,934)
Other income	6	33,253	36,940
Other losses — net	7	(12,455)	(6,198)
Operating profit		304,145	297,712
Finance income	10	15,565	18,522
Finance costs	10	(39,782)	(43,743)
Finance costs — net	10	(24,217)	(25,221)
Share of profit of associates accounted for using the equity method	14	17,163	16,100
Profit before income tax		297,091	288,591
Income tax expense	11	(56,232)	(51,172)
Profit and total comprehensive income for the year		240,859	237,419
Profit and total comprehensive income attributable to:			
— Owners of the Company		170,214	164,154
— Non-controlling interests		70,645	73,265
		240,859	237,419
Earnings per share (expressed in RMB per share)			
— Basic and diluted	13	0.56	0.54

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 2025

	Notes	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	181,998	189,561
Investment properties	16	363,032	373,179
Right-of-use assets	17	10,198	23,596
Intangible assets	18	3,518,151	3,600,255
Investments accounted for using the equity method	14	146,333	126,232
Trade receivables	20	82,212	71,576
Prepayments and other receivables	21	22,980	27,013
Deferred income tax assets	33(a)	100,115	85,268
		4,425,019	4,496,680
Current assets			
Inventories	22	35,502	33,038
Trade receivables	20	614,964	575,834
Prepayments and other receivables	21	130,915	129,259
Financial asset at fair value through profit or loss	23	—	12,002
Restricted cash	24	52,167	74,175
Cash and cash equivalents	24	856,483	645,680
		1,690,031	1,469,988
Total assets		6,115,050	5,966,668
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	25	301,600	301,600
Other reserves	26	413,967	391,499
Retained earnings	27	579,907	481,623
		1,295,474	1,174,722
Non-controlling interests	36	324,771	254,126
Total equity		1,620,245	1,428,848

Consolidated Statement of Financial Position

As at 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	29	375,869	427,033
Other payables	28	8,043	29,442
Contract liabilities	30	1,789,355	1,980,399
Lease liabilities	32	2,440	14,739
Deferred income	31	131,437	111,316
Deferred income tax liabilities	33(b)	27,699	23,616
Provision	34	49,144	38,113
		2,383,987	2,624,658
Current liabilities			
Borrowings	29	314,217	299,705
Trade and other payables	28	1,168,656	975,960
Contract liabilities	30	545,699	571,598
Lease liabilities	32	537	2,808
Current income tax liabilities		81,709	63,091
		2,110,818	1,913,162
Total liabilities		4,494,805	4,537,820
Total equity and liabilities		6,115,050	5,966,668

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

The consolidated financial statements on pages 93 to 171 were approved by the Board of Directors on 20 March 2026 and were signed on its behalf by:

Li Baoshan
Director

Luo Wei
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Notes	Attributable to owners of the Company			Non-controlling interests	Total equity	
		Share capital	Other reserves	Retained earnings			
		RMB'000 (Note 25)	RMB'000 (Note 26)	RMB'000 (Note 27)	RMB'000	RMB'000	
Balance at 1 January 2024		301,600	354,800	399,408	1,055,808	243,197	1,299,005
Comprehensive income							
Profit for the year		—	—	164,154	164,154	73,265	237,419
Total comprehensive income for the year		—	—	164,154	164,154	73,265	237,419
Transactions with owners							
Capital injection		—	—	—	—	10,000	10,000
Deregistration of a subsidiary		—	—	—	—	(836)	(836)
Appropriation to statutory reserves	25, 26	—	36,699	(36,699)	—	—	—
Dividends	12, 36	—	—	(45,240)	(45,240)	(71,500)	(116,740)
Total transactions with owners		—	36,699	(81,939)	(45,240)	(62,336)	(107,576)
Balance at 31 December 2024 and at 1 January 2025		301,600	391,499	481,623	1,174,722	254,126	1,428,848
Comprehensive income							
Profit for the year		—	—	170,214	170,214	70,645	240,859
Total comprehensive income for the year		—	—	170,214	170,214	70,645	240,859
Transactions with owners							
Appropriation to statutory reserves	25, 26	—	22,468	(22,468)	—	—	—
Dividends	12, 36	—	—	(49,462)	(49,462)	—	(49,462)
Total transactions with owners		—	22,468	(71,930)	(49,462)	—	(49,462)
Balance at 31 December 2025		301,600	413,967	579,907	1,295,474	324,771	1,620,245

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash generated from operations	35(a)	435,737	427,440
Income tax paid		(48,378)	(58,639)
Net cash generated from operating activities		387,359	368,801
Cash flows from investing activities			
Purchases of property, plant and equipment		(15,166)	(9,522)
Proceeds from disposal of property, plant and equipment		459	236
Proceeds from finance lease of plant and equipment to a related party		—	4,197
Purchases of intangible assets		(49,086)	(356,744)
Repayment from financing arrangements with a third party (including repayments of principal and interest)		—	31,213
Disposal/(purchase) of financial assets at fair value through profit or loss	3.3(a)	12,002	(12,000)
Government grants received in relation to purchase of intangible assets	31	36,704	36,117
Interest received on bank deposits		6,361	7,502
Investment in an associate	14	(8,000)	—
Dividend received from an associate		5,062	—
Net cash used in investing activities		(11,664)	(299,001)
Cash flows from financing activities			
Capital injection from non-controlling shareholders of subsidiaries		—	10,000
Proceeds from borrowings		384,947	317,694
Repayment of borrowings		(421,599)	(310,766)
Payments for lease liabilities	32	(653)	(468)
Installment payment for acquisition of intangible assets		(32,675)	(30,553)
Dividends paid to the owners of the Company		(49,462)	(45,240)
Dividends paid to non-controlling shareholders of subsidiaries		—	(35,220)
Restricted cash from guaranteed deposits for bank borrowings		(9,743)	—
Advances from related parties		400	—
Deregistration of a subsidiary		—	(925)
Interest paid on lease liabilities	32	(183)	(1,134)
Interest paid on installment payable for acquisition of intangible assets		(3,187)	(5,135)
Interest paid on borrowings		(32,737)	(35,548)
Net cash used in financing activities		(164,892)	(137,295)
Net increase/(decrease) in cash and cash equivalents		210,803	(67,495)
Cash and cash equivalents at beginning of the year		645,680	713,175
Cash and cash equivalents at end of the year	24	856,483	645,680

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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 Sub-district, 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 on 10 July 2023.

Its parent is Hong Da Group Limited and its ultimate parent is Jiangsu Shuangliang Technology Company Limited (江蘇雙良科技有限公司) ("Shuangliang Technology") which are held by Mr. Miao Wenbin and Mr. Ma Fulin, the non-executive directors of the Company and Mr. Ma Peilin, the supervisor of the Company, together with other five individuals, namely, Mr. Miao Shuangda, Mr. Miao Zhiqiang, Ms. Miao Shuya, Mr. Miao Heida and Mr. Jiang Rongfang (the "Individual Shareholders").

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 the disclosure 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 Historical cost convention

The consolidated financial statements has been prepared under the historical cost convention, as modified by the investment properties and financial assets at fair value through profit or loss, which are carried at fair value.

2.3 Going concern

As at 31 December 2025, the Group had net current liabilities of approximately RMB420,787,000. The net current liabilities included contract liabilities amounted to approximately RMB545,699,000 which represented the advance receipts from customers in relation to heat supply and pipeline connection fees. Such contract liabilities will normally be recognised as revenue in subsequent years and will not involve cash outflow in the future. Meanwhile, the Group's total borrowings as at 31 December 2025 amounted to approximately RMB690,086,000 of which approximately RMB314,217,000 are classified as current liabilities, while its cash and cash equivalents amounted to approximately RMB856,483,000 as at the same date.

Management closely monitors the Group's financial performance and liquidity position. As at 31 December 2025, the Group had unused banking facilities amounting to approximately RMB421,534,000. The Group also planned its capital expenditure activities in a conservative manner to avoid an excessively high liquidity risk exposure. In addition, management proactively managed the financing structure of the Group and was able to renew the short-term borrowings and raise new borrowings during the year ended 31 December 2025 as necessary.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. BASIC OF PREPARATION *(Continued)*

2.3 Going concern *(Continued)*

Based on the above, the Board is of the opinion that the Group will have sufficient financial resources to support its operations and to meet its financial obligations as and when they fall due in at least the coming twelve months from 31 December 2025. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2.4 New accounting standard and accounting change

The Group has applied the following new and amended standard for its annual reporting period commencing 1 January 2025. The adoption of this new standard and amendment 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 21 (Amendments)	Lack of Exchangeability	1 January 2025

2.5 New and amended standards not yet adopted

Certain new accounting standards have been published that are not mandatory for the financial reporting periods commencing on or after 1 January 2025 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)	Translation to a Hyperinflationary Presentation Currency	1 January 2027
IFRS 9 (Amendments) and IFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 9 and IFRS 7 (Amendments)	Contracts Referencing Nature-dependent Electricity	1 January 2026
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor its Associates or Joint Venture	to be determined
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability Disclosures	1 January 2027

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

The principal activities of the Group are operated in the PRC. The Group operates mainly in the PRC with most of the transactions settled in RMB, management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group that are denominated in the currencies other than the respective functional currencies of the Group's entities, other than the assets denominated in Hong Kong dollars ("HKD" or "HK\$") and United States dollars ("USD") as described below. The Group did not enter into any forward contract to hedge its exposure to foreign currency risk for the year ended 31 December 2025 (2024: nil).

The following table shows the Group's monetary assets and liabilities (in RMB equivalent) that are denominated in foreign currencies other than the functional currencies of respective group entities:

Currency denomination	Assets		Liabilities	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
HKD	1,285	67,292	—	—
USD	32,176	—	—	—

If RMB had weakened/strengthened by 5% against the HKD with all other variables held constant, profit before income tax for the year ended 31 December 2025 would have been approximately RMB64,000 higher/lower (2024: RMB3,365,000 higher/lower); and if RMB had weakened/strengthened by 5% against the USD with all other variables held constant, profit before income tax for the year ended 31 December 2025 would have been approximately RMB1,609,000 higher/lower (2024: no impact).

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk primarily arises from interest-bearing cash and cash equivalents, restricted cash, borrowings and lease liabilities. Cash and cash equivalents and borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings and lease liabilities issued at fixed rates expose the Group to fair value interest-rate risk.

The Group closely monitors the trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements for managing the interest rate risk.

As at 31 December 2025, borrowings of the Group which were bearing at floating rates amounted to approximately RMB222,823,000 (2024: RMB431,278,000). As at 31 December 2025, should the interest rate be increased/decreased by 50 basis points with all other factors remain unchanged, the finance costs of the Group would increase/decrease by approximately RMB1,114,000 (2024: RMB2,156,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, trade receivables (including lease receivables) and other receivables.

(i) Risk management

For cash and cash equivalents and restricted cash, management manages the credit risk by placing deposits or investments in state-owned financial institutions in the PRC, or reputable banks and financial institutions in the PRC having high credit qualities.

The customers of the Group include individual customers, government customers and corporate customers. For individual customers, the Group has no significant concentrations of credit risk. For government customers, the Group assessed that the related credit risk is low. For corporate customers, the Group assessed the credit quality of the counterparties by taking into account their financial position, repayment history and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables to ensure that appropriate impairment losses are recognised for those irrecoverable amounts.

The carrying amounts of trade receivables, other receivables and deposits, restricted cash and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

(ii) Impairment of financial assets

While cash and cash equivalents, restricted cash and notes receivable are also subject to the impairment requirements of IFRS 9 "*Financial Instruments*", the identified expected credit loss was immaterial as management considers that the counterparties are reputable banks and financial institutions with high credit ratings. The Group has not incurred significant loss from non-performance by these parties in the past and management does not expect so in the future. Therefore, expected credit loss rate is assessed to be close to zero and no provision was made.

The Group also has the following two types of financial assets that are subject to the expected credit loss model:

- Trade receivables (excluding notes receivable); and
- Other receivables

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (excluding notes receivable)

The Group applies the IFRS 9 simplified approach to measure the expected credit losses (“ECL”), which uses a lifetime expected loss provision for all trade receivables. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and aging. The Group also made individual assessment on the recoverability of its receivables for certain customers based on historical settlement record.

Set out below is the information about credit risk exposure on the Group’s trade receivables (excluding notes receivable) using provision matrix:

Customers (excluding those analysed further in this section) — assessed on a collective basis

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade receivables					
At 31 December 2024					
Expected loss rate	5.6%	14.9%	38.0%	92.5%	
Gross carrying amount (RMB'000)	182,544	120,156	35,543	24,040	362,283
Loss allowance provision (RMB'000)	10,240	17,944	13,522	22,224	63,930
At 31 December 2025					
Expected loss rate	7.8%	15.2%	38.0%	90.3%	
Gross carrying amount (RMB'000)	239,669	64,956	35,085	23,325	363,035
Loss allowance provision (RMB'000)	18,889	9,865	13,324	21,060	63,138

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Non-government customers (excluding energy management services) — assessed individually

Trade receivables

At 31 December 2024

Expected loss rate	2.7%
Gross carrying amount (RMB'000)	16,027
Loss allowance provision (RMB'000)	427

At 31 December 2025

Expected loss rate	41.9%
Gross carrying amount (RMB'000)	26,577
Loss allowance provision (RMB'000)	11,148

The Group individually assessed the recoverability of the balances with certain non-government customers as at 31 December 2025 as significant increase in credit risk were identified in previous years (2024: same).

Government customer in relation to price subsidy and entrusted heat supply operation service — assessed individually

Trade receivables

At 31 December 2024

Expected loss rate	2.1%
Gross carrying amount (RMB'000)	248,329
Loss allowance provision (RMB'000)	5,282

At 31 December 2025

Expected loss rate	2.7%
Gross carrying amount (RMB'000)	287,300
Loss allowance provision (RMB'000)	7,762

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Energy management services customers — assessed individually

Trade receivables

At 31 December 2024

Expected loss rate	19.6%
Gross carrying amount — lease receivables (RMB'000)	112,480
Loss allowance provision (RMB'000)	22,070

At 31 December 2025

Expected loss rate	0.3%
Gross carrying amount — lease receivables (RMB'000)	101,368
Loss allowance provision (RMB'000)	310

The movement in loss allowance provision for trade receivables for the year is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
At the beginning of the year	91,709	76,067
(Reversal of)/provision for loss allowance recognised in profit or loss	(9,351)	24,867
Write-off of uncollectible receivables	—	(9,225)
At the end of the year	82,358	91,709

During the year ended 31 December 2025, the reversal of (2024: provision for) loss allowances were recognised in profit or loss in "Reversal of/Provision for impairment losses on financial assets" which was net of any recovery of trade receivables provided previously.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery, amongst others, include the failure of a debtor to engage in a repayment plan with the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other receivables

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor; and
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of the debtors.

The Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

The nature of other receivables and deposits (excluding prepayments) are set out in Note 21. Management considered these receivables and deposits to be of low credit risk and thus the loss allowance provision recognised was limited to 12 months expected losses.

The movement in loss allowance provision for other receivables and deposits (excluding prepayments) for the year is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
At the beginning of the year	7,684	7,617
(Reversal of)/provision for loss allowance recognised in profit or loss	(113)	67
At the end of the year	7,571	7,684

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

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

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

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

	Less than 1 year or on demand RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2024					
Lease liabilities	3,779	3,616	9,911	3,635	20,941
Borrowings	328,198	144,390	272,944	65,111	810,643
Trade and other payables excluding non-financial liabilities	913,416	26,740	25,985	—	966,141
Total	1,245,393	174,746	308,840	68,746	1,797,725
As at 31 December 2025					
Lease liabilities	634	594	1,209	1,208	3,645
Borrowings	291,604	140,670	201,921	71,896	706,091
Trade and other payables excluding non-financial liabilities	1,114,788	2,950	5,900	—	1,123,638
Total	1,407,026	144,214	209,030	73,104	1,833,374

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt or draw down more borrowings as and when necessary.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debts less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statements of financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital management *(Continued)*

The gearing ratio at the end of the year is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Borrowings	690,086	726,738
Lease liabilities	2,977	17,547
Loans from government	24,379	22,981
Amounts advanced from related parties (Note 38 (e))	400	—
Less: Cash and cash equivalents	(856,483)	(645,680)
	(138,641)	121,586
Net (cash) debt	(138,641)	121,586
	1,620,245	1,428,848
Total equity	1,620,245	1,428,848
	Net cash	
Gearing ratio	position	9%

3.3 Fair value estimation

(a) Financial assets

The Group made judgements and estimates in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Financial assets (Continued)

As at 31 December 2025, the Group had no (2024: approximately RMB12,002,000) financial instruments measured at fair value through profit or loss.

The following table presents the changes in level 2 financial instruments during the year.

	Financial assets at fair value through profit or loss Wealth management products Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At beginning of the year	12,002	—
Additions	—	12,000
Disposal	(12,002)	—
Gains recognised in profit or loss	—	2
At end of the year	—	12,002

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Level 2 instruments of the Group's assets represented short-term investment in wealth management product measured at fair value through profit or loss.

(b) Non-financial assets

Please refer to Note 16 for the fair value estimation of the investment properties of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Service concession arrangements

In determining whether the heat supply facilities fall into the scope of International Financial Reporting Interpretations Committee 12 (“**IFRIC 12**”) “*Service Concession Arrangements*”, the Group applied judgements, including (i) whether the Grantors control or regulate the services the Group must provide with the infrastructure, to whom it must provide them, and at what price; (ii) whether the Grantors control, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure asset at the end of the terms of the arrangements.

According to the relevant service concession agreements, competitive modes, such as public biddings, are adopted at the expiry of the service concession arrangements to re-select the concession grantee and the Group has preferential rights to renew its concession rights if the Group provides to the Grantors the same offer as other potential competitors. In the opinion of the Directors, the Group is not able to control the renewal of the concession agreements as an open tender is required by law and the result of such open tender is uncertain. Thus, the Directors exercise significant judgement and account for the Group's infrastructure under IFRIC 12 rather than under IAS 16 “*Property, Plant and Equipment*”.

The fair value of the construction services under the concession arrangements is calculated as the estimated total construction costs plus a profit margin as 13.4% in 2025 (2024: 13.7%). The profit margin was determined by the management with reference to the report issued by independent qualified professional valuer, based on the prevailing market rates applicable to similar construction services. Revenue relating to construction services is accounted for in accordance with the accounting policy stated in Note 5(c).

(b) Revenue recognition of price subsidies from local government

The Group recognises price subsidies from local government as revenue for the provision of heat over the scheduled period as described in Note 5(c)(i).

Significant judgements are required in management's estimation of the amount of price subsidies receivable from local government at each reporting date during the relevant heat service period from October to April. These include, but not limited to the estimation of total eligible heat service costs and total heat service area, which are variables used in determining the amount of price subsidies, based on the latest information available to management and the results of historical assessments conducted by the relevant government authorities to determine the final price subsidies.

Management regularly reviews and revises the estimated amount of price subsidies when circumstances change. The final amount of price subsidies confirmed by local government may differ from management's estimation. Any increases or decreases in the estimated amount of price subsidies may result in adjustments to revenue recognised in the period in which the circumstances that give rise to the revision becomes known to management.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(c) Impairment assessment of non-financial assets

The carrying value of non-financial assets are reviewed for impairment annually or when events or changes in circumstances indicate the carrying amounts may not be recoverable in accordance with the accounting policy as disclosed in Note 18(e)(iii). The recoverable amount for impairment assessment is determined using the value-in-use, which involves significant estimates. Estimating the value-in-use requires the Group to make estimates for future cash flows and to determine appropriate discount rates and other assumptions as disclosed in Note 18. A change in such estimates may result in an adjustment to the estimated impairment provision.

(d) Expected credit loss for receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. The Group used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables, and the impairment losses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1(b) above.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION

(a) Revenue from contract with customers

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue from contract with customers:		
— Provision and distribution of heat	1,235,087	1,190,971
— Consideration from customers	1,042,742	1,011,118
— Price subsidies from local government	192,345	179,853
— Heat transmission services	2,559	4,385
— Engineering construction services	137,667	322,167
— Pipeline connection fees	115,061	106,360
— Energy management services	2,480	2,480
— Others	13,436	21,924
	1,506,290	1,648,287
Timing of revenue recognition:		
— At a point in time	15,995	18,116
— Over time	1,490,295	1,630,171
	1,506,290	1,648,287

Management considered the determination of operating segments based on the reports reviewed by the Chief Operating Decision-Maker (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 2025, all of the non-current assets were located in the PRC or arisen from transactions as conducted in the PRC (2024: all).

Revenue from customers contributing over 10% of the Group’s total revenue is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Customer 1	242,575	247,022

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Assets related to contracts with customers

Unsatisfied long-term service contract

The following table shows unsatisfied performance obligations resulting from fixed-price long-term energy management services contracts:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Aggregate amount of the transaction price allocated to long-term energy management services contracts that are partially or fully unsatisfied		
— Within one year	2,480	2,480
— Over one year	18,851	21,332
	<hr/>	<hr/>
	21,331	23,812
	<hr/>	<hr/>

(c) Accounting policies of revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. This may be at a point in time or over time.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- when the Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

If none of the above conditions are met, the Group recognises revenue at a point in time at which the performance obligation is satisfied for the sale of that goods or services when control has been passed.

If control of the product or service is transferred over time, revenue is recognised over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in the separate financing transaction between the Group and the customer at contract inception.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(c) Accounting policies of revenue recognition *(Continued)*

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent). The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified goods or services provided by another party before that goods or services is transferred to the customer.

When the Group acts as a principal, it recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified goods or services transferred. When the Group acts as an agent, it recognises revenue in the amount of any fees or commission to which it expects to be entitled in the exchange for arranging for the specified goods or services to be provided by other party.

(i) Provision and distribution of heat (including price subsidies from government)

Revenue from the provision and distribution of heat is recognised on a straight-line basis over the period when heat is provided to customers because the customers simultaneously receive and consume the benefits provided by the Group. The revenue is measured by reference to the proportion of the number of days of provision of heat to the total number of days of the scheduled period as regulated by the local government.

In certain region, the Group provides heat and charges users at prices substantially lower than those in certain nearby regions and the local government of that region gives price subsidies to the Group. The Group has assessed that such price subsidies, as determined by the relevant concession agreement and a specific formula pursuant to a notice issued to the Group by the local government, are in substance compensations for the Group's revenue due to the lower heat rates and the Group has contractual rights to receive such price subsidies in a recurring rather than an incidental manner. Therefore, the price subsidies receivable from the local government of that region are recognised as revenue over the scheduled period where there is a reasonable assurance that the price subsidies will be received.

(ii) Heat transmission services

Revenue from the provision of the heat transmission service is recognised at the point in time when control of heat is transferred to the customers.

(iii) Engineering construction services

The Group provides engineering construction services under service concession arrangements and contracts of construction services signed with other parties. Revenue from engineering construction services is recognised over time by measuring the progress towards complete satisfaction of the services. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligations, by reference to the costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

Revenue from the construction services under service concession arrangements is estimated on a cost-plus basis with reference to prevailing market rate of gross margin that similar construction services are rendered by other comparable companies.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(c) Accounting policies of revenue recognition *(Continued)*

(iv) Pipeline connection fees

The Group receives pipeline connection fees from customers for building the main heat pipelines and connect with the customers' residential households. The pipeline connection fees received from customers is non-refundable and is to facilitate the future service of provision of heat. Revenue from pipeline connection fees is recognised on a straight-line basis over the applicable Operation Period.

(v) Energy management services

The Group provides energy management services to a corporate customer by helping it to save energy for its heat supply facilities. Revenue from energy management services is recognised over the period when the service is rendered.

(vi) Others

The Group sells heat exchange facilities, meters and other heat supply related equipment to its customers. Revenue from sale of goods is recognised at the point in time when the control of the product is transferred to the customer which generally coincides with delivery and acceptance of the goods sold.

Revenue from designing services rendered, including designing, consulting and feasibility studies with respect to the heat supply projects, is recognised at the point in time when the customers are satisfied with the designing results delivered by the Group.

6. OTHER INCOME

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Compensation income	1,334	—
Government grants (a)	20,441	21,090
Rental income	11,478	15,850
	33,253	36,940

- (a) There are no unfulfilled conditions or other contingencies attaching to these government grants. They were primarily in respect of the Group's heat service operation, subsidising the Group's purchase/construction of heat service facilities or subsidising for losses of the Group's heat service projects. Government grants are not recurring in nature, there are no specific formulae for the determination of the government grants, they were determined by the local government on an incidental basis, and they are not directly related to heat rates. The types of government grants may differ each year and the income are recognised when they are received.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. OTHER LOSSES – NET

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Fair value losses of investment properties (Note 16)	(10,147)	(12,292)
Net foreign exchange (losses)/gains	(767)	3,791
Gains on extinguishment of account receivables	—	2,043
Others	(1,541)	260
	(12,455)	(6,198)

8. EXPENSES BY NATURE

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

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Costs for purchases of heat	443,496	405,912
Construction costs	121,815	281,555
Amortisation of intangible assets (Note 18)	224,044	210,147
Materials consumed	115,332	117,364
Employee benefit expenses (Note 9)	95,017	105,228
Utility costs	94,370	95,526
Maintenance expenses	18,599	23,128
Depreciation of property, plant and equipment (Note 15)	21,447	17,882
Entertainment expenses	12,775	11,938
Travelling expenses	8,503	8,800
Other taxes and surcharges	6,999	7,113
Consulting and professional service fees	6,049	4,896
Cost of goods sold	4,404	4,545
Depreciation of right-of-use assets (Note 17)	829	3,140
Auditors' remuneration		
— Audit services	1,900	3,072
— Non-audit services	—	418
Office expenses	1,593	2,311
Short-term lease expenses (Note 32)	1,946	832
Others	53,289	52,576
	1,232,407	1,356,383

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Wages and bonuses	77,695	82,728
Pension costs — defined contribution plans	8,644	8,320
Other post-employment benefits	346	8,480
Other social security costs	8,332	5,700
	95,017	105,228

(a) Pensions — defined contribution plans

No forfeited contributions were available and utilised by the Group to reduce its future pension contributions for the year ended 31 December 2025 (2024: nil).

(b) Five highest paid individuals

For the year ended 31 December 2025, the five individuals whose emoluments were the highest in the Group included 2 directors (2024: 3 directors), whose emoluments are reflected in the analysis shown in Note 9(c), while the emoluments payable to the remaining 3 (2024: 2) highest paid individuals are as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Basic salaries, housing allowances, other allowances and benefits in kind	890	293
Contribution to pension scheme	44	47
Discretionary bonuses	2,480	1,720
	3,414	2,060

	Year ended 31 December	
	2025	2024
Emolument bands (HKD)		
Nil–1,000,000	—	1
1,000,001–2,000,000	3	1

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(c) Directors' emoluments

Year ended 31 December 2025	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Allowance and benefits in kind RMB'000	Total RMB'000
Executive directors					
Li Baoshan (李寶山) (Note (iii))	—	518	2,413	40	2,971
Luo Wei (羅偉)	—	300	453	105	858
Liu Zhigang (劉志剛) (Note (iv))	—	266	1,120	96	1,482
Non-executive directors					
Miao Wenbin (繆文彬)	—	—	—	—	—
Ma Fulin (馬福林)	—	—	—	—	—
Xu Lijie (許麗潔)	—	—	—	—	—
Cheung Ho Kong (張浩剛)	220	—	—	—	220
Tse Hiu Tung, Sheldon (謝曉東)	220	—	—	—	220
Zhu Qing (朱青)	220	—	—	—	220
Supervisors					
Ma Pelin (馬培林)	—	—	—	—	—
Wang Shuai (王帥) (Note (v))	—	165	344	58	567
Chen Zhen (陳振)	—	—	—	—	—
	660	1,249	4,330	299	6,538

Year ended 31 December 2024	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Allowance and benefits in kind RMB'000	Total RMB'000
Executive directors					
Li Baoshan (李寶山) (Note (iii))	—	517	2,162	39	2,718
Geng Ming (耿鳴) (Note (ii))	—	600	1,727	26	2,353
Luo Wei (羅偉)	—	192	600	105	897
Non-executive directors					
Miao Wenbin (繆文彬)	—	—	—	—	—
Ma Fulin (馬福林)	—	—	—	—	—
Xu Lijie (許麗潔)	—	—	—	—	—
Cheung Ho Kong (張浩剛)	219	—	—	—	219
Tse Hiu Tung, Sheldon (謝曉東)	219	—	—	—	219
Zhu Qing (朱青)	219	—	—	—	219
Supervisors					
Ma Pelin (馬培林)	—	—	—	—	—
Liu Zhigang (劉志剛) (Note (iv))	—	254	760	86	1,100
Wang Shuai (王帥) (Note (v))	—	164	280	48	492
Chen Zhen (陳振)	—	—	—	—	—
	657	1,727	5,529	304	8,217

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) *(Continued)*

(c) Directors' emoluments *(Continued)*

- (i) No directors or supervisors waived any emoluments and no emoluments were paid by the Group to any directors or supervisors as an inducement to join or upon joining the Group or as a compensation for loss of office during the year ended 31 December 2025 (2024: nil).
- (ii) Mr. Geng Ming (耿鳴) resigned from his position as executive director on 9 December 2024; he also stepped down as chairman of the Board.
- (iii) Mr. Li Baoshan (李寶山) was appointed as Chairman of the Board on 9 December 2024.
- (iv) Mr. Liu Zhigang (劉志剛) resigned as supervisor on 22 January 2024 and was appointed as executive director on 6 March 2025.
- (v) Mr. Wang Shuai (王帥) was appointed as supervisor on 22 January 2024.

(d) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their services in connection with the management of the affairs of the Company or its subsidiaries undertakings during the year ended 31 December 2025 (2024: nil).

(e) Directors' termination benefits

No termination benefits were paid to the directors as compensation for the early termination of appointment during the year ended 31 December 2025 (2024: nil).

(f) Consideration provided to or receivable by third parties for making available directors' services

No consideration was provided to or receivable by any third party for making available directors' services during the year ended 31 December 2025 (2024: nil).

(g) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans or other dealings were entered into by the Company in favor of any directors, controlled bodies corporate by and connected entities with such directors during the year ended 31 December 2025 (2024: nil).

(h) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 38, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2025 or at any time during the year ended 31 December 2025 (2024: same).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

10. FINANCE INCOME AND COSTS

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Finance income:		
Interest income derived from bank deposits	6,361	7,419
Interest income from financing arrangements	—	1,070
Interest income from finance lease to a related party (Note 38(c))	895	1,044
Interest income from lease receivables	8,309	8,989
	15,565	18,522
Finance costs:		
Interest expenses on borrowings	(32,963)	(35,373)
Interest expenses on lease liabilities (Note 32)	(183)	(1,134)
Interest expenses on installment payable for acquisition of intangible assets	(3,187)	(5,135)
Interest expenses on loans from government	(1,398)	(464)
Unwinding of provision	(2,051)	(1,637)
	(39,782)	(43,743)
Finance costs — net	(24,217)	(25,221)

11. INCOME TAX EXPENSE

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Current income tax		
— PRC corporate income tax	66,996	71,626
Deferred income tax (Note 33)	(10,764)	(20,454)
	56,232	51,172

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. INCOME TAX EXPENSE (Continued)

Tax on the Group's profit differs from the theoretical amount that would arise using the standard tax rate applicable to the profit of the Group as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit before income tax	297,091	288,591
Tax calculated at 25%	74,273	72,148
Tax effects of:		
– Preferential income tax rates applicable to certain subsidiaries	(37,808)	(29,280)
– Share of profit of associates accounted for using the equity method	(3,169)	(2,795)
– Super deduction for research and development expenditures	(1,900)	(2,192)
– Expenses not deductible for taxation purposes	5,437	2,758
– Temporary differences not recognised for deferred income tax	204	57
– Tax losses not recognised for deferred income tax	19,746	11,649
– Utilisation of previously unrecognised tax losses	(551)	(1,173)
	56,232	51,172

(a) PRC corporate income tax (“CIT”)

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowance. The general PRC CIT rate is 25% (2024: 25%) during the year ended 31 December 2025.

Shanxi Shuangliang New Energy was approved for the renewal as a high and new technology enterprise certification in 2022. The applicable income tax rate is 15% for the years from 2022 to 2025.

In October 2022 and December 2022, Lanzhou Shuangliang and Hulunbuir Shuangliang were approved as high and new technology enterprises respectively and were entitled to preferential CIT rate of 15% from 2022 to 2025 according to the relevant CIT laws.

In January 2024, Gansu Smart Energy was entitled to preferential CIT rate of 15% due to the supported industry tax policy in Western-North China.

In December 2023, Shanxi Demonstration Zone Heat Supply was qualified as a high and new technology enterprise and entitled to enjoy a preferential CIT rate of 15% from 2023 to 2026.

In November 2024, Taiyuan Renewable Energy has renewed its high and new technology enterprise certification for three years from 2024 to 2027, and a preferential CIT rate of 15% has been applied.

During the year ended 31 December 2025, Shanxi Demonstration Zone Heat Supply, Shanxi Shuangliang New Energy, Lanzhou Shuangliang, Hulunbuir Shuangliang were approved for the renewal as a high and new technology enterprise certification, the applicable income tax rate is 15% for the years from 2025 to 2028. Also, Gansu Smart Energy and Wise Living Times (Jiangsu) Technology were approved as a high and new technology enterprise certification for the first time with applicable income tax rate for 15% for three years from 2025 to 2028.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. INCOME TAX EXPENSE *(Continued)*

(b) Accounting policies of income tax expense

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction neither accounting profit or loss nor taxable ones are affected. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The deferred income tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax balances related to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income ("OCI") or directly in equity. In this case, the tax is also recognised in OCI or directly in equity, respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12. DIVIDENDS

Year ended 31 December

	2025	2024
	RMB'000	RMB'000
Final dividend for 2024 declared and paid of RMB0.164 (2024: RMB0.150) per share	49,462	45,240

On 20 March 2026 (2024: 21 March 2025), the board of directors resolved to declare a final dividend of RMB0.170 (2024: RMB0.164) per share, amounting to RMB51,272,000 (2024: RMB49,462,400) for the year ended 31 December 2025. The final dividend is subject to approval by the Shareholders in the upcoming annual general meeting and these consolidated financial statements do not reflect the dividend payable.

13. 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	
	2025	2024
Profit attributable to the owners of the Company (RMB'000)	170,214	164,154
Weighted average number of ordinary shares in issue ('000)	301,600	301,600
Basic earnings per share (RMB per share)	0.56	0.54

(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 2025 (2024: nil).

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group has interests in three (2024: two) associates which are accounted for using the equity method in these consolidated financial statements.

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Cost of investment in associates, unlisted	66,041	58,041
Share of post-acquisition profit and other comprehensive income, net of dividend received	80,292	68,191
	146,333	126,232

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

All the Group's investments in associates only consist of ordinary shares. Their countries of incorporation are also their principal place of business, and the Group's proportion of ownership interest is the same as the proportion of voting rights held by the Group. There were no commitments and contingent liabilities relating to the Group's interests in the associates as at 31 December 2025 (2024: nil).

Set out below is the material associate of the Group as at year end.

Name	Place of incorporation	Percentage of ownership interest attributable to the Group		Principal activity	Date of incorporation
		As at 31 December 2025	2024		
Sinopec New Star Shuangliang Geothermal Thermal Power Company Limited (中石化新星雙良地熱能熱電有限公司) ("Sinopec New Star") (a)	Shanxi Province, the PRC	40%	40%	Heat supply	17 September 2014

(a) In 2014, the Group invested 40% equity interest in Sinopec New Star for a cash consideration of RMB24,000,000 and obtained significant influence through its board representatives.

Summarised financial information of the material associate

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts in the associate's unaudited financial statements prepared in accordance with IFRS Accounting Standards adjusted for the differences arising from accounting policies between the Group and the associate, if any.

Sinopec New Star

	2025 RMB'000	2024 RMB'000
Current assets	284,982	280,798
Non-current assets	544,649	550,347
Current liabilities	(431,946)	(473,719)
Non-current liabilities	(153,598)	(131,593)
Revenue	247,303	258,873
Profit for the year	30,906	31,649
Dividend received during the year	5,062	—

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

Net assets of Sinopec New Star	244,087	225,833
Proportion of the Group's ownership interest in Sinopec New Star	40%	40%
Carrying amount of the Group's interest in Sinopec New Star	97,635	90,333

Aggregate information of associates that are not individually material

The Group's share of profit	4,800	3,440
Aggregate carrying amount of the Group's interests in these associates	48,698	35,899

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery and equipment RMB'000	Transportation equipment RMB'000	Office and electronic equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2024						
Cost	151,180	92,646	28,410	18,441	2,719	293,396
Accumulated depreciation	(30,560)	(26,540)	(23,050)	(15,471)	(1,941)	(97,562)
Net book amount	120,620	66,106	5,360	2,970	778	195,834
Year ended 31 December 2024						
Opening net book amount	120,620	66,106	5,360	2,970	778	195,834
Additions	4,258	3,085	1,493	2,430	411	11,677
Disposals	—	—	(33)	(35)	—	(68)
Depreciation (Note 8)	(5,575)	(9,283)	(1,521)	(1,043)	(460)	(17,882)
Closing net book amount	119,303	59,908	5,299	4,322	729	189,561
At 31 December 2024						
Cost	155,438	86,690	29,237	20,204	3,130	294,699
Accumulated depreciation	(36,135)	(26,782)	(23,938)	(15,882)	(2,401)	(105,138)
Net book amount	119,303	59,908	5,299	4,322	729	189,561
Year ended 31 December 2025						
Opening net book amount	119,303	59,908	5,299	4,322	729	189,561
Additions	586	5,033	3,008	907	4,454	13,988
Disposals	—	(40)	(55)	(9)	—	(104)
Depreciation (Note 8)	(5,680)	(10,330)	(2,105)	(914)	(2,418)	(21,447)
Closing net book amount	114,209	54,571	6,147	4,306	2,765	181,998
At 31 December 2025						
Cost	156,024	90,922	31,312	20,929	7,497	306,684
Accumulated depreciation	(41,815)	(36,351)	(25,165)	(16,623)	(4,732)	(124,686)
Net book amount	114,209	54,571	6,147	4,306	2,765	181,998

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation charge was expensed in the consolidated statements of comprehensive income as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Cost of sales	9,138	6,471
Administrative expenses	12,309	11,411
	21,447	17,882

As at 31 December 2025, the net book value of the buildings of which the property ownership certificates had not been obtained or property ownership transfer procedures had not been completed were approximately RMB19,864,000 (2024: RMB24,814,000).

As at 31 December 2025, property, plant and equipment with carrying amount of approximately RMB10,651,000 (2024: RMB11,241,000) were pledged as collateral for bank borrowings of the Group (Note 29(a)).

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

16. INVESTMENT PROPERTIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Balance at beginning of the year	373,179	344,197
Additions (a)	—	41,274
Net losses from fair value adjustment (Note 7)	(10,147)	(12,292)
Balance at the end of the year	363,032	373,179

As at 31 December 2024 and 2025, the fair values of the investment properties were measured at level 3 of fair value hierarchy using significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the years.

Amounts recognised in profit or loss for investment properties

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Rental income from operating leases	11,267	15,617
Fair value losses	(10,147)	(12,292)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

16. INVESTMENT PROPERTIES (Continued)

- (a) During the year ended 31 December 2024, additions to investment properties were related to the transfer of ownership of an office building from a third party customer to a subsidiary of the Group. The transfer was part of a settlement agreement for outstanding trade receivables and the pre-collection of future heating connection fees.
- (b) As at 31 December 2025, the Group had not obtained the ownership certificates of certain investment properties with a total net book value of approximately RMB68,400,000 (2024: RMB69,400,000).

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

(c) Operating lease arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. There are no other variable lease payments. To reduce credit risk, the Group normally retains rental deposits from the lessees. Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Minimum lease payments receivable on leases of investment properties are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	12,269	3,399
In the second year	3,766	—
	16,035	3,399

The Group leases its investment properties under operating lease arrangements which run for an initial period of one to two years (2024: one to two years).

(d) Fair value hierarchy

The investment properties of the Group are measured at fair value and are classified as level 3 under the prescribed accounting standards. There were no transfers among levels 1, 2 and 3 for recurring fair value measurements during the year ended 31 December 2025 (2024: nil).

(e) Valuation process

With the assistance of valuation performed by an independent qualified professional valuer by using income approach or market approach, the Directors assessed the fair value of the investment properties as at 31 December 2025 (2024: same).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

16. INVESTMENT PROPERTIES (Continued)

(f) Valuation techniques

Income approach took into account the current rents of the property interests and the reversionary potentials of the tenancies. Term yield and reversionary yield are then applied respectively to derive the market value of the investment properties.

Direct market comparison made reference to unit rates as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the different factors such as location and building age.

(g) Information about fair value measurements using significant unobservable inputs (level 3)

Description	Unobservable inputs	Range of unobservable inputs As at 31 December	
		2025	2024
Investment properties — the PRC	Rate of return/capitalisation rate	5.5% to 6.8%	5.5% to 6.8%
	Monthly rental (RMB/sq.m./month)	28.0 to 93.0	29.7 to 93.5
	Selling price (RMB/sq.m.)	5,197 to 5,480	5,318 to 5,540

Relationship of unobservable inputs to fair value:

- The higher the rate of return/capitalisation rate, the lower the fair value;
- The higher the monthly rental, the higher the fair value.
- The higher the selling price, the higher the fair value.

(h) Accounting policy of investment properties

Investment properties are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are presented in profit or loss as part of “Other losses — net”.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. RIGHT-OF-USE ASSETS

	Office premises RMB'000	Land use rights RMB'000	Total RMB'000
At 1 January 2024			
Cost	27,083	10,876	37,959
Accumulated depreciation	(8,246)	(2,989)	(11,235)
Net book amount	18,837	7,887	26,724
Year ended 31 December 2024			
Opening net book amount	18,837	7,887	26,724
Acquisition of new lease contracts	400	—	400
Early termination of lease contracts	(388)	—	(388)
Depreciation (Note 8)	(2,916)	(224)	(3,140)
Closing net book amount	15,933	7,663	23,596
At 31 December 2024			
Cost	26,120	10,876	36,996
Accumulated depreciation	(10,187)	(3,213)	(13,400)
Net book amount	15,933	7,663	23,596
Year ended 31 December 2025			
Opening net book amount	15,933	7,663	23,596
Acquisition of new lease contracts	1,089	—	1,089
Early termination of lease contracts	(13,658)	—	(13,658)
Depreciation (Note 8)	(606)	(223)	(829)
Closing net book amount	2,758	7,440	10,198
At 31 December 2025			
Cost	3,991	10,876	14,867
Accumulated depreciation	(1,233)	(3,436)	(4,669)
Net book amount	2,758	7,440	10,198

Depreciation charge was expensed in the consolidated statement of comprehensive income as follows:

	Year ended 31 December 2025 RMB'000	2024 RMB'000
Administrative expenses	829	3,140

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. INTANGIBLE ASSETS

	Goodwill RMB'000	Operating concessions RMB'000	Software RMB'000	Total RMB'000
At 1 January 2024				
Cost	9,047	5,139,359	20,776	5,169,182
Accumulated amortisation	—	(1,518,986)	(8,846)	(1,527,832)
Accumulated impairment	—	(120,511)	—	(120,511)
Net book amount	9,047	3,499,862	11,930	3,520,839
Year ended 31 December 2024				
Opening net book amount	9,047	3,499,862	11,930	3,520,839
Additions	—	289,363	200	289,563
Amortisation (Note 8)	—	(209,020)	(1,127)	(210,147)
Closing net book amount	9,047	3,580,205	11,003	3,600,255
At 31 December 2024				
Cost	9,047	5,428,722	20,976	5,458,745
Accumulated amortisation	—	(1,728,006)	(9,973)	(1,737,979)
Accumulated impairment	—	(120,511)	—	(120,511)
Net book amount	9,047	3,580,205	11,003	3,600,255
Year ended 31 December 2025				
Opening net book amount	9,047	3,580,205	11,003	3,600,255
Additions	—	141,929	11	141,940
Amortisation (Note 8)	—	(223,473)	(571)	(224,044)
Closing net book amount	9,047	3,498,661	10,443	3,518,151
At 31 December 2025				
Cost	9,047	5,570,651	20,987	5,600,685
Accumulated amortisation	—	(1,951,479)	(10,544)	(1,962,023)
Accumulated impairment	—	(120,511)	—	(120,511)
Net book amount	9,047	3,498,661	10,443	3,518,151

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. INTANGIBLE ASSETS (Continued)

(a) Impairment test for goodwill related to Taiyuan Renewable Energy

Goodwill acquired in a business combination is allocated to the cash generating unit (“CGU”) that is expected to benefit from that business combination. Taiyuan Renewable Energy’s business was transferred to and undertaken by the Group since 10 October 2010. The Directors consider Taiyuan Renewable Energy as a separate CGU and the goodwill of approximately RMB9,047,000 is allocated to this CGU.

The recoverable amount of the CGU related to Taiyuan Renewable Energy is determined based on value-in-use calculation. The calculation uses pre-tax cash flow projections based on financial forecasts prepared by management covering a five-year period. Cash flows beyond the five-year periods are extrapolated using the estimated growth rates stated below.

The following table sets out the key assumptions for the CGU that have goodwill allocated to it:

	As at 31 December	
	2025	2024
Net profit margin (%)	23.6%	26.0%
Revenue growth rate (%)	0.0% to 2.0%	2.0% to 4.0%
Terminal growth rate (%)	2.0%	2.2%
Pre-tax discount rate (%)	12.3%	12.7%

The Directors believed that any reasonably possible changes in any of these assumptions would not result in impairment.

(b) Impairment test for non-financial assets related to Shuozhou Renewable Energy

With assistance of an independent qualified professional valuer, the Directors assessed the impairment of the non-financial assets of Shuozhou Renewable Energy, which primarily comprised of an intangible asset in relation to the operating concession right. As at 31 December 2025, the carrying amount of the non-financial assets of Shuozhou Renewable Energy was approximately RMB588,295,000 (2024: RMB738,238,000), net of accumulated impairment provision of approximately RMB120,511,000 (2024: RMB120,511,000). During the year ended 31 December 2025, no additional impairment provision (2024: nil) was recognised in the consolidated statement of comprehensive income.

The recoverable amount of the CGU related to Shuozhou Renewable Energy is determined based on a value-in-use calculation. The calculation uses pre-tax cash flow projection based on financial forecasts prepared by management covering the remaining service concession period.

The following table sets out the key assumptions for the impairment assessment:

	As at 31 December	
	2025	2024
Net profit margin (%)	-1.6% to 22.4%	-2.4% to 16.7%
Revenue growth rate (%)	2.0% to 4.1%	2.0% to 5.0%
Pre-tax discount rate (%)	13.8%	12.7%

The revenue growth rate is mainly estimated based on the heat service area served by the CGU under the Shuozhou Concession Agreement as well as the eligible heat service costs which would impact the calculation of the price subsidies from the local government. Taking into consideration the increase in actual heat service area and heat service costs of the relevant concession of the CGU during the year ended 31 December 2025 and the future expansion plan of the CGU, the Directors expected that the CGU would have a steady growth in heat service area of 2.0% to 4.1% over the forecast period (2024: 2.0% to 5.0%).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. INTANGIBLE ASSETS (Continued)

(b) Impairment test for intangible assets related to Shuozhou Renewable Energy (Continued)

The forecasted costs and expenses associated with the CGU under the Shuozhou Renewable Energy concession are linked to the projected revenue growth rate. Various types of expenses, such as business costs, salaries, maintenance, and other operating costs, are estimated as a fixed percentage of revenue. These percentages, determined based on actual financial data as at 31 December 2025, are expected to remain consistent during the forecast period.

The Directors consider that no further impairment charge in 2025 was required after performing the impairment assessment (2024: nil). As at 31 December 2025, the recoverable amount of the CGU related to Shuozhou Renewable Energy exceeded its carrying amount. The Directors believed that any reasonably possible changes in any of these assumptions would not result in impairment.

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

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Cost of sales	223,002	209,539
Administrative expenses	1,042	608
	224,044	210,147

(d) As at 31 December 2025, intangible assets with carrying amount of approximately RMB960,271,000 (2024: RMB733,349,000) were pledged as collateral for the bank borrowings of the Group (Note 29(a)).

(e) Accounting policies of intangible assets

(i) Intangible assets

Goodwill

Goodwill is measured as described in Note 43.2. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their estimated useful lives. Costs associated with maintenance of software programmes are recognised as expenses as incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. INTANGIBLE ASSETS (Continued)

(e) Accounting policies of intangible assets (Continued)

(i) Intangible assets (Continued)

Operating concessions

The detailed accounting policy of operating concessions is depicted in Note 18(e)(ii).

Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

	Useful lives
Operating concessions	25–30 years
Software	2–5 years

Operating concessions of the Group are estimated based on the length of the concession period as stipulated in each of the Concession Agreements.

In addition, for certain software purchased for the purpose of monitoring the heat supply infrastructure, as such software can be used for the whole concession period without any major updates as expected, the software is amortised over the expected useful life of 30 years, being the concession period of the relevant concession project.

Research and development expenditure

Research expenditures are recognised as expenses as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as expenses as incurred. Development cost previously recognised as an expense is not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the assets are ready for use on a straight-line basis over their estimated useful lives.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. INTANGIBLE ASSETS *(Continued)*

(e) Accounting policies of intangible assets *(Continued)*

(ii) Service concession arrangements

The Group has entered into a number of service concession arrangements with governmental authorities (the “Grantors”). The service concession arrangements consist of build-operate-transfer arrangements under which the Group carries out construction works of the heat supply facilities for the Grantors and receives in return a right to operate the service projects concerned for a specified period of time (the “Operation Period”) in accordance with the pre-established conditions set by the Grantors, and the heat supply facilities should be transferred to the Grantors at the end of the Operation Period.

Under these service concession arrangements:

- the Grantors control or regulate the services the Group must provide with the infrastructure, to whom it must provide them, and at what price; and
- the Grantors control, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the terms of the arrangements.

Consideration given by the Grantors

The Group provides construction services to the Grantors, in exchange for a right to provide heating service in the concession areas. The Group recognises contract assets as an intangible asset during construction period for its accumulated right to charge public users of the heating service, which is not an unconditional right to receive cash because the amounts are contingent on the extent that the public users use the services. The borrowing costs incurred in financing the construction are capitalised in contract assets classified under intangible assets during the construction period. The intangible asset is amortised on a straight-line basis over the Operation Period when it becomes available for use, that is, at the point in time when the operator exercises its right under the license to charge public users.

Revenue relating to the operating concession is accounted for in accordance with Note 5(c) “Revenue recognition” above. Costs for operating the services are expensed in the period in which they are incurred.

Construction services

The fair value of the construction services under the concession arrangement is calculated as the estimated total construction cost plus a profit margin. The profit margins are assessed by the Directors with reference to the report issued by independent valuer, based on the prevailing market rate applicable to similar construction services at the date of the service concession arrangement. Revenue relating to the construction services is accounted for in accordance with Note 5(c) “Revenue recognition” above.

Contractual obligations to maintain or restore the infrastructure

The Group has contractual obligations which it must fulfil as a condition of its licenses, that is (i) to maintain the heat supply facilities it operates to a specified level of service quality; and (ii) to restore the heat supply facilities to a specified condition before they are handed over to the Grantors at the end of the Operation Period. These contractual obligations to maintain and restore the heat supply facilities, except for upgrade element, are recognised and measured in accordance with Note 34 “Provision” below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. INTANGIBLE ASSETS (Continued)

(e) Accounting policies of intangible assets (Continued)

(iii) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

19. FINANCIAL INSTRUMENTS BY CATEGORIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Financial assets		
Financial assets at fair value through profit or loss	—	12,002
Financial assets at amortised cost:		
Cash and cash equivalents	856,483	645,680
Restricted cash	52,167	74,175
Trade receivables	697,176	647,410
Other receivables and deposits	20,897	35,775
	1,626,723	1,415,042
Financial liabilities		
Financial liabilities at amortised cost:		
Borrowings	690,086	726,738
Lease liabilities	2,977	17,547
Trade and other payables excluding non-financial liabilities	1,120,030	939,671
	1,813,093	1,683,956

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. FINANCIAL INSTRUMENTS BY CATEGORIES *(Continued)*

(a) Accounting policies of financial assets

(i) Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through OCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other losses — net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. FINANCIAL INSTRUMENTS BY CATEGORIES *(Continued)*

(a) Accounting policies of financial assets *(Continued)*

(i) **Financial assets** *(Continued)*

Debt instruments (Continued)

- Fair value through OCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through OCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statements of comprehensive income and recognised in "Other gain/(losses) — net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and impairment expenses are presented as separate line item in the consolidated statements of comprehensive income.
- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or financial assets at fair value through OCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in "Other losses — net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in "Other income" when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in "Other losses — net" as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through OCI are not reported separately from other changes in fair value.

(ii) **Impairment of financial assets**

The Group has the following types of financial assets subject to expected credit loss model:

- Trade receivables;
- Other receivables and deposits; and
- Cash and cash equivalents and restricted cash.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. FINANCIAL INSTRUMENTS BY CATEGORIES *(Continued)*

(a) Accounting policies of financial assets *(Continued)*

(ii) Impairment of financial assets *(Continued)*

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables and deposits, impairment is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, impairment is measured as lifetime expected credit losses.

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

20. TRADE RECEIVABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Included in current assets		
Trade receivables (a)		
— Related parties (Note 38(d))	1,741	2,712
— Third parties	675,171	623,927
	676,912	626,639
Notes receivables	1,254	—
Lease receivables	18,904	18,904
Less: allowance for impairment of trade receivables and lease receivables	(82,106)	(69,709)
	614,964	575,834
Included in non-current assets		
Lease receivables	82,464	93,576
Less: allowance for impairment of lease receivables	(252)	(22,000)
	82,212	71,576
Total trade receivables	697,176	647,410

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20. TRADE RECEIVABLES (Continued)

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 1 year	476,282	389,079
1 to 2 years	127,323	176,229
2 to 3 years	44,642	37,291
Over 3 years	28,665	24,040
	676,912	626,639

- (b) The Group's trade receivables, notes receivables and lease receivables were denominated in RMB.
- (c) The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. Information about the impairment of trade receivables and lease receivables and the Group's exposure to credit risk can be found in Note 3.1(b).
- (d) As at 31 December 2025, trade receivables with carrying amount of approximately RMB264,421,000 (2024: RMB127,454,000) were pledged as collaterals for the bank borrowings of the Group (Note 29(a)).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

21. PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Included in current assets		
Other receivables and deposits		
– Deposits	1,140	11,931
– Consideration receivable from disposal of intangible assets	–	1,697
– Others	13,065	9,408
	14,205	23,036
Less: allowance for impairment of other receivables and deposits	(7,491)	(7,609)
	6,714	15,427
Deductible value-added tax	57,320	40,221
Prepayments to suppliers	60,581	66,653
Prepayments to related parties (Note 38(d))	6,300	–
Prepayments for income tax	–	6,958
	124,201	113,832
	130,915	129,259
Included in non-current assets		
Receivable of finance lease of plant and equipment to a related party (Note 38(d))	14,263	20,423
Less: allowance for impairment of other receivables and deposits	(80)	(75)
	14,183	20,348
Prepayments to related parties (Note 38(d))	4,458	266
Prepayments for intangible assets	4,339	6,399
	8,797	6,665
	22,980	27,013
Total prepayments and other receivables	153,895	156,272

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

21. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

- (a) On 4 December 2018, the Group entered into a series of arrangements with a third party, pursuant to which the third party undertook sales and buyback arrangements with the Group for certain heat supply infrastructure. The total consideration payable to the third party by the Group for the sales and buyback arrangements was RMB176,000,000, of which RMB120,000,000 was paid in 2018 and RMB56,000,000 was paid in 2019. The third party agreed to purchase back the infrastructure at a total consideration of RMB244,100,000 over five years. According to the payment schedule, RMB48,820,000 will be paid each year during a five-year operating period. The repurchase price included the effect of the time value of money which is more than the original sale price of the heat supply infrastructure. Therefore, the arrangement is accounted for as a financing arrangement as provided by the Group to the third party. The outstanding balance was fully settled in January 2024. During the year ended 31 December 2024, the Group recognised finance income from the aforesaid receivables of RMB1,070,000 (Note 10).
- (b) Movements in the provision for impairment of other receivables and deposits during the year are disclosed in Note 3.1(b).
- (c) The Group's other receivables and deposits were denominated in RMB.

22. INVENTORIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
At cost:		
Raw materials and consumables	<u>35,502</u>	<u>33,038</u>

The costs of inventories recognised in profit or loss for the year ended 31 December 2025 were approximately RMB119,736,000 (2024: RMB158,028,000).

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Wealth management products	<u>—</u>	<u>12,002</u>

- (a) As at 31 December 2024, the financial assets at fair value through profit or loss were all denominated in RMB.
- (b) The wealth management product was open-ended with no specified maturity date.
- (c) For information about the methods and assumptions used in determining fair value see Note 3.3(a).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

24. CASH AND CASH EQUIVALENTS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Cash at banks	908,625	719,796
Cash on hand	25	59
	908,650	719,855
Less: restricted cash (a)	(52,167)	(74,175)
Cash and cash equivalents	856,483	645,680

- (a) As at 31 December 2025, the Group's restricted cash included: (i) the issuance of bank's acceptance notes amounted to approximately RMB42,424,000; and (ii) guaranteed deposit amounted to approximately RMB9,743,000 for bank borrowings (2024: included (i) the issuance of bank's acceptance notes amounted to approximately RMB64,175,000; and (ii) a security deposit placed to a heat supply pipeline leasing service project with a potential customer, which amounted to RMB10,000,000).
- (b) The Group's restricted cash were denominated in RMB, while cash and cash equivalents are denominated as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
HKD	1,285	67,292
RMB	823,022	578,388
USD	32,176	—
Cash and cash equivalents	856,483	645,680

25. SHARE CAPITAL

The Company	2025	2024	2025	2024
	Shares	Shares	RMB'000	RMB'000
Ordinary shares Issued and fully paid As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	301,600,000	301,600,000	301,600	301,600

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

26. OTHER RESERVES

	Capital reserves RMB'000	Statutory reserves RMB'000 (a)	Revaluation surplus RMB'000	Other reserves RMB'000	Total RMB'000
Balance at 1 January 2024	109,943	227,066	18,562	(771)	354,800
Appropriation to statutory reserves (Note 27)	—	36,699	—	—	36,699
Balance at 31 December 2024 and 1 January 2025	109,943	263,765	18,562	(771)	391,499
Appropriation to statutory reserves (Note 27)	—	22,468	—	—	22,468
Balance at 31 December 2025	109,943	286,233	18,562	(771)	413,967

(a) In accordance with the relevant laws and regulations of the PRC, the Company and the PRC subsidiaries of the Group should make appropriation of not less than 10% of its net income after taxes to legal reserve. Further appropriation is optional when the accumulated statutory reserve is 50% or more of its registered capital. Upon approval from the respective board of directors of the group entities, the statutory reserves can be used to offset accumulated losses of the Company and the PRC subsidiaries of the Group.

27. RETAINED EARNINGS

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	481,623	399,408
Profit for the year	170,214	164,154
Dividends (Note 12)	(49,462)	(45,240)
Appropriation to statutory reserves (Note 26)	(22,468)	(36,699)
At the end of the year	579,907	481,623

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

28. TRADE AND OTHER PAYABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Included in current liabilities		
Trade payables (a)		
— Related parties (Note 38(d))	2,883	1,551
— Third parties	603,843	480,665
	606,726	482,216
Notes payables (b)	80,666	64,368
Amounts due to related parties (Note 38(d) and 38(e))	2,693	9,610
Payables for acquisition of intangible assets	273,452	196,291
Payables for acquisition of property, plant and equipment	3,672	4,850
Employee benefits payables	28,050	33,288
Other taxes payables	28,537	32,088
Interest payables	1,130	904
Employee reimbursement payables	82	355
Dividends payables to non-controlling interests	46,280	46,280
Loans from government (d)	24,379	22,981
Refundable pipeline connection fees	2,065	1,709
Installment payable for acquisition of intangible assets	27,042	38,318
Others	43,882	42,702
	1,168,656	975,960
Included in non-current liabilities		
Other payables		
— A third party (installment payable for acquisition of intangible assets)	8,043	29,442
Total trade and other payables	1,176,699	1,005,402

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 1 year	424,556	376,207
1 to 2 years	93,519	44,523
2 to 3 years	28,254	21,560
Over 3 years	60,397	39,926
	606,726	482,216

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

28. TRADE AND OTHER PAYABLES (Continued)

- (b) As at 31 December 2025, the Group's notes payables of approximately RMB37,443,000 (2024: RMB35,853,000) were secured by restricted cash (Note 24(a)).
- (c) The Group's trade and other payables were denominated in RMB.
- (d) In August 2012 and July 2013, the Group entered into agreements with Shanxi Provincial Government Investment Asset Management Center ("Shanxi Government Investment Center"). According to the agreements, Shanxi Government Investment Center provided to the Group interest-free loans amounted to RMB27,500,000 in total, both agreements with a term of seven years to support its construction of heating projects in Shanxi province. Subsequent to the interest-free periods ended in 2020, interest would be calculated at 4.9% per annum according to the benchmark loan interest rate.

29. BORROWINGS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Bank borrowings		
– Secured and guaranteed (a)	580,086	635,238
– Unsecured but guaranteed (b)	110,000	34,000
– Unsecured	–	57,500
	690,086	726,738
Less: Current portion	(314,217)	(299,705)
	375,869	427,033

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 1 year or on demand	314,217	299,705
Between 1 and 2 years	126,692	124,082
Between 2 and 5 years	180,477	242,472
Over 5 years	68,700	60,479
	690,086	726,738

- (a) As at 31 December 2025 and 2024, the Group's borrowings were secured by certain property plant and equipment, restricted cash, trade receivables and intangible assets, and guaranteed by the Company and certain subsidiaries of the Group.
- (b) As at 31 December 2025 and 2024, the amounts were guaranteed by the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

29. BORROWINGS (Continued)

- (c) As at 31 December 2025, the Group had unused facilities amounted to approximately RMB421,534,000 (2024: RMB461,810,000).
- (d) Certain of the Group's bank borrowings are subject to the fulfilment of covenants relating to certain debt servicing financial indicators. In March 2020, the Group obtained from the lending bank a letter of waiver from strict compliance with the relevant financial covenants which continue to be applicable during the years ended 31 December 2025 and 2024. Accordingly, the Group classified the loan amounting to approximately RMB70,010,000 as at 31 December 2025 (2024: RMB139,671,000) as non-current liability according to its original payment schedule as set out in the loan contract.
- (e) The annual weighted average effective interest rate of borrowings as at year end was as follows:

	As at 31 December	
	2025	2024
Borrowings	4.2%	4.4%

The carrying amounts of the borrowings approximated their fair values as their interest rates are considered as close to the current market rates.

The Group's borrowings were denominated in RMB.

30. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Included in current liabilities		
Provision and distribution of heat	445,936	451,582
Pipeline connection fees	91,470	114,713
Others	8,293	5,303
	545,699	571,598
Included in non-current liabilities		
Pipeline connection fees	1,789,355	1,980,399
	2,335,054	2,551,997

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

30. CONTRACT LIABILITIES (Continued)

(a) Revenue recognised in relation to contract liabilities

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
– Provision and distribution of heat	451,582	435,486
– Pipeline connection fees	114,713	103,293
– Others	5,303	701
	<hr/>	<hr/>
	571,598	539,480

(b) Unsatisfied performance obligations

The Group has elected the expedient of not disclosing the remaining performance obligations for the provision and distribution of heat and sale of goods, which the performance obligation is part of a contract that has an original expected duration of one year or less.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) excluding the performance obligation which is part of a contract that has an original expected duration of one year or less as at year end, relating to the pipeline connection fees, is set out below:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 1 year	91,470	114,713
Over 1 year	1,789,355	1,980,399
	<hr/>	<hr/>
	1,880,825	2,095,112

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

31. DEFERRED INCOME

The Group's deferred income represents government grants received from governmental authorities. The movement of deferred income is set out below:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
At the beginning of the year	111,316	89,719
Additions	36,704	36,117
Recognised in profit or loss	(16,583)	(14,520)
	<hr/>	<hr/>
At the end of the year	131,437	111,316

32. LEASE LIABILITIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Current	537	2,808
Non-current	2,440	14,739
	<hr/>	<hr/>
	2,977	17,547

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Interest expenses (included in finance costs — net) (Note 10)	183	1,134
	<hr/>	<hr/>
Expenses relating to short-term leases (Note 8)	1,946	832
	<hr/>	<hr/>
Cash outflow for short-term leases	1,946	832
Cash outflow for lease payments (including interests)	836	1,602
	<hr/>	<hr/>
Cash outflow for short-term leases and lease payments	2,782	2,434

The Group leases pipeline, heat supply equipment and office premises and these lease liabilities were measured at net present value of the minimum lease payments during the lease terms that are not yet paid. There was no extension option clause in the lease agreements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. DEFERRED INCOME TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	(100,115)	(85,268)
Deferred tax liabilities	27,699	23,616
	(72,416)	(61,652)

(a) Deferred income tax assets

The movement in deferred income tax assets is as follows:

	Loss allowance of financial assets RMB'000	Deferred income RMB'000	Tax losses RMB'000	Temporary differences relating to depreciation of property, plant and equipment and amortisation of intangible assets RMB'000	Temporary differences relating to recognition of pipeline connection fees RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2024	14,632	15,583	16,347	534	137,359	1,051	7,052	192,558
Credited/(Charged) to profit or loss	4,317	(739)	(753)	(43)	17,360	214	995	21,351
As at 31 December 2024	18,949	14,844	15,594	491	154,719	1,265	8,047	213,909
As at 1 January 2025	18,949	14,844	15,594	491	154,719	1,265	8,047	213,909
(Charged)/Credited to profit or loss	(1,404)	2,852	(4,033)	(39)	13,385	(592)	1,646	11,815
As at 31 December 2025	17,545	17,696	11,561	452	168,104	673	9,693	225,724

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. DEFERRED INCOME TAX (Continued)

(a) Deferred income tax assets (Continued)

For the year ended 31 December 2025, the Group did not recognise deferred income tax assets of approximately RMB19,746,000 (2024: RMB11,649,000) in respect of losses amounting to approximately RMB78,984,000 (2024: RMB46,597,000) that can be carried forward against future taxable income. Tax losses of group companies operated in the PRC could be carried forward for a maximum of five years. These tax losses will be expiring up to 2030 (2024: expiring up to 2029). As at 31 December 2025, no deferred tax asset had been recognised in respect of the unused tax losses amounting to approximately RMB336,228,000 (2024: RMB366,269,000) due to the unpredictability of future profit streams of the relevant subsidiaries of the Company. The tax losses of certain PRC group entities that had not been recognised as deferred income tax assets can be carried forward against future taxable income which will expire in the following years:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
2025	—	105,146
2026	24,289	26,330
2027	104,917	106,458
2028	81,441	81,738
2029	46,597	46,597
2030	78,984	—
	336,228	366,269

(b) Deferred income tax liabilities

The movement in deferred income tax liabilities is as follows:

	Fair value losses of investment properties RMB'000	Temporary differences on assets recognised under IFRIC 12 RMB'000	Temporary differences relating to energy management services RMB'000	Total RMB'000
As at 1 January 2024	8,226	131,431	11,704	151,361
(Credited)/Charged to profit or loss	(1,843)	2,279	461	897
As at 31 December 2024	6,383	133,710	12,165	152,258
As at 1 January 2025	6,383	133,710	12,165	152,258
(Credited)/Charged to profit or loss	(1,522)	2,340	232	1,050
As at 31 December 2025	4,861	136,050	12,397	153,308

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. PROVISION

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Provision for maintenance of service concession facilities	49,144	38,113

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

(a) Accounting policies of provision

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

The operator of an operating concession normally has contractual obligations it must fulfil as a condition of its license (i) to maintain the infrastructure to a specified level of service quality; and (ii) to restore the infrastructure to a specified condition before it is handed over to the Grantor at the end of the service arrangement. These contractual obligations to maintain or restore the infrastructure, except for any upgrade element, shall be recognised in the consolidated statements of financial position and measured in accordance with IAS "37 Provisions, Contingent Liabilities and Contingent Assets" at the best estimate of the expenditures that will be required to settle the contractual obligations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35. CASH FLOW INFORMATION

(a) Reconciliation of profit before income tax to cash generated from operations:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Profit before income tax	297,091	288,591
Adjustments for:		
Interest income (Note 10)	(15,565)	(18,522)
Interest expense (Note 10)	39,782	43,743
Gains on investments on wealth management products	—	(2)
Fair value losses of investment properties (Note 7)	10,147	12,292
Depreciation of property, plant and equipment (Note 15)	21,447	17,882
Depreciation of right-of-use assets (Note 17)	829	3,140
Amortisation of intangible assets (Note 18)	224,044	210,147
Share of net profit of associates accounted for using the equity method (Note 14)	(17,163)	(16,100)
Gains on disposal of property, plant and equipment	(355)	(168)
Gain on extinguishment of account receivables (Note 7)	—	(2,043)
(Reversal of)/provision for impairment losses on financial assets and contract assets (Note 3.1(b))	(9,464)	24,934
Loss on deregistration of a subsidiary	—	181
Amortisation of government grants related to assets (Note 31)	(16,583)	(14,520)
Profit from operating concessions construction services	(15,693)	(34,552)
Gains on early termination of leases	(1,348)	—
Operating cash flows before changes in working capital	517,169	515,003
Changes in working capital:		
Restricted cash	31,751	12,292
Inventories	(2,464)	3,833
Trade and other receivables	(28,721)	(199,740)
Trade and other payables	134,945	(1,339)
Contract liabilities	(216,943)	97,391
Cash generated from operations	435,737	427,440

(b) Non-cash transactions

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Acquisition of new lease contracts	1,089	400
Revenue from operating concessions construction services	132,634	289,363
Accounts receivable settled through investment properties	—	41,274
Accounts receivable settled through property, plant and equipment	—	2,716

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35. CASH FLOW INFORMATION (Continued)

(c) Net liabilities from financing activities reconciliation

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified as cash flows from financing activities in the Group's consolidated statement of cash flows.

	Liabilities from financing activities						Total RMB'000
	Lease liabilities RMB'000	Divided payable RMB'000	Instalment payable for intangible assets RMB'000	Borrowings and interest payables RMB'000	Amounts advance from related parties RMB'000	Loans from government RMB'000	
Net liabilities as at 1 January 2024	17,615	10,000	98,313	720,889	700	22,517	870,034
Cash flows	(1,602)	(80,460)	(35,688)	(28,620)	(700)	—	(147,070)
Acquisition of new lease contracts	400	—	—	—	—	—	400
Accrual of dividend payable	—	116,740	—	—	—	—	116,740
Interest expenses	1,134	—	5,135	35,373	—	464	42,106
Net liabilities as at 31 December 2024	17,547	46,280	67,760	727,642	—	22,981	882,210
Net liabilities as at 1 January 2025	17,547	46,280	67,760	727,642	—	22,981	882,210
Cash flows	(836)	(49,462)	(35,862)	(69,389)	400	—	(155,149)
Acquisition of new lease contracts	1,089	—	—	—	—	—	1,089
Early termination of leases	(15,006)	—	—	—	—	—	(15,006)
Accrual of dividend payable	—	49,462	—	—	—	—	49,462
Interest expenses	183	—	3,187	32,963	—	1,398	37,731
Net liabilities as at 31 December 2025	2,977	46,280	35,085	691,216	400	24,379	800,337

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation	Proportion of ownership interests and voting right hold by the non-controlling interests	Profit allocated to non-controlling interests		Accumulated non-controlling interests	
			2025	2024	2025	2024
			RMB'000	RMB'000	RMB'000	RMB'000
Shanxi Shuangliang Renewable Energy	the PRC	49%	45,529	52,622	251,628	206,099
Individual immaterial subsidiaries with non-controlling interests			25,116	20,643	73,143	48,027
			70,645	73,265	324,771	254,126

Set out below is summarised financial information for those subsidiaries that have non-controlling interests ("NCI") which are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Shanxi Shuangliang Renewable Energy As at 31 December	
	2025 RMB'000	2024 RMB'000
Summarised statement of financial position		
Current assets	728,699	656,900
Current liabilities	(1,262,703)	(1,267,060)
Net current liabilities	(534,004)	(610,160)
Non-current assets	2,131,587	2,189,970
Non-current liabilities	(1,083,974)	(1,158,997)
Net non-current assets	1,047,613	1,030,973
Net assets	513,609	420,813
Accumulated NCI	251,628	206,099

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. NON-CONTROLLING INTERESTS (Continued)

	Shanxi Shuangliang Renewable Energy	
	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Summarised statement of comprehensive income		
Revenue	856,984	933,642
Total comprehensive income for the year	92,796	107,528
Profit allocated to NCI	45,529	52,622
Dividends declared to NCI	—	49,000
Dividends paid to NCI	—	25,220
Summarised cash flows		
Cash flows from operating activities	233,863	154,430
Cash flows used in investing activities	(71,401)	(89,502)
Cash flows used in financing activities	(179,387)	(95,525)
Net decrease in cash and cash equivalents	(16,925)	(30,597)

37. COMMITMENTS

(a) Commitments relating to short-term leases

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
No later than 1 year	126	74

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. COMMITMENTS *(Continued)*

(b) Capital commitments

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Intangible assets	20,128	29,192

38. RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties

Below is the summary of the Group's key related parties during the year:

Name of the related party	Relationship with the Group
Sinopec New Star	Associate
Jiangsu Shuangliang Boiler Company Limited ("Shuangliang Boiler")	Under the common control of parent company
Jiangsu Shuangliang Hydrogen Energy Technology Company Limited ("Shuangliang Hydrogen Energy")	Under the common control of parent company
Shuangliang Eco-Energy	Controlled by the significant shareholder
Jiangsu Shuangliang Bangji Electronics Co., Ltd. ("Bangji Electronics")	Controlled by the significant shareholder
Jiangsu Shuangliang New Energy Equipment Company Limited ("Shuangliang New Energy Equipment")	Controlled by the significant shareholder
Jiangsu Shuangliang Energy-Saving Eco Engineering Technique Company Limited ("Shuangliang Eco Engineering")	Controlled by the significant shareholder
Jiangyin International Grand Hotel Company Limited ("Jiangyin Hotel")	Controlled by the significant shareholder
Wuxi Hundun Energy Technology Company Limited ("Wuxi Hundun")	Controlled by the significant shareholder
Zhejiang Shuangliang Shang Da Energy-Saving Limited ("Zhejiang Shuangliang Shang Da")	Controlled by the significant shareholder

(b) Key management compensation

The key management of the Group are the Directors of the Company. The compensation paid or payable to key management is disclosed in Note 9.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with related parties

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
<i>Sales of goods or services to:</i>		
Sinopec New Star	7,152	7,071
Shuangliang Boiler	28	—
Shuangliang Eco-Energy and its subsidiary	82	—
Shuangliang Eco Engineering	223	—
<i>Purchases of plant and equipment from:</i>		
Sinopec New Star	—	1,536
Shuangliang Boiler	709	2,194
Shuangliang Eco-Energy and its subsidiary	1,898	7,056
Bangji Electronics	8,230	—
Wuxi Hundun	—	573
<i>Purchases of services from:</i>		
Shuangliang Boiler	72	—
Shuangliang Hydrogen Energy	—	64
Shuangliang Eco-Energy and its subsidiary	2,097	—
Jiangyin Hotel	1,913	1,510
Wuxi Hundun	10,884	—
<i>Leasing arrangements:</i>		
Interest income from finance lease to Sinopec New Star	895	1,044
Interest expense on finance lease to Sinopec New Star	355	420
Interest expense on lease to Jiangyin Hotel	2	6

These transactions were entered into at terms mutually agreed between the relevant parties. If there is no related party transaction agreement sign or obtained.

(d) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding as at year end in relation to transactions with related parties:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
<i>Trade and other receivables for sales of goods or services:</i>		
Sinopec New Star	1,741	2,712
<i>Receivable of finance lease of plant and equipment:</i>		
Sinopec New Star	14,263	20,423
<i>Prepayments for purchase of goods or services:</i>		
Shuangliang Boiler	9,467	—
Shuangliang Eco-Energy	1,291	266
	10,758	266

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. RELATED PARTY TRANSACTIONS (Continued)

(d) Outstanding balances arising from sales/purchases of goods and services (Continued)

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
<i>Trade and other payables for purchase of goods or services</i>		
Sinopec New Star	1,886	2,914
Shuangliang Boiler	108	242
Shuangliang Eco-Energy and its subsidiary	1,138	996
Shuangliang Eco Engineering	—	6,848
Zhejiang Shuangliang Shang Da	8	—
Jiangyin Hotel	396	73
Wuxi Hundun	109	88
	3,645	11,161
<i>Payable for finance lease of plant and equipment from a related party:</i>		
Sinopec New Star	1,531	—

The balances of receivables and payables are all denominated in RMB, unsecured, interest free and settled in accordance with agreed terms with related parties.

(e) Amounts due to related parties

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
<i>Amounts advanced from related parties:</i>		
Sinopec New Star	300	—
Shuangliang Eco-Energy and its subsidiary	100	—
	400	—

Amounts advanced from related parties are denominated in RMB, unsecured, interest free and repayable on demand.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December	
	<i>Note</i>	2025	2024
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		973	660
Right-of-use assets		8	78
Intangible assets		—	2
Investment in subsidiaries		160,000	160,000
Deferred income tax assets		2,109	2,109
		163,090	162,849
Current assets			
Amounts due from subsidiaries		262,477	575,343
Prepayments and other receivables		2,392	3,697
Restricted cash		—	2,000
Cash and cash equivalents		403,934	180,609
		668,803	761,649
Total assets		831,893	924,498
EQUITY			
Share capital	25	301,600	301,600
Other reserves	39(a)	147,532	147,532
Retained earnings	39(b)	217,854	280,500
		666,986	729,632
LIABILITIES			
Non-current liability			
Lease liabilities		10	106
Current liabilities			
Borrowings		—	57,500
Trade and other payables		8,460	7,600
Amounts due to subsidiaries		155,776	128,926
Lease liabilities		—	73
Current income tax liabilities		661	661
		164,897	194,760
Total liabilities		164,907	194,866
Total equity and liabilities		831,893	924,498

Li Baoshan
Director

Luo Wei
Director

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

(a) Other reserves

	Capital reserves	Statutory reserves	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024	109,943	23,198	133,141
Appropriation to statutory reserves	—	14,391	14,391
Balance at 31 December 2024, 1 January 2025 and 31 December 2025	109,943	37,589	147,532

(b) Retained earnings

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
At the beginning of the year	280,500	196,218
(Loss)/profit for the year	(13,184)	143,914
Dividends	(49,462)	(45,240)
Appropriation to statutory reserves	—	(14,392)
At the end of the year	217,854	280,500

40. CONTINGENCIES

The Group did not have any material contingent liabilities as at 31 December 2025 (2024: nil).

41. SUBSEQUENT EVENTS

The Board proposed to change the Chinese name of the Company from “慧居科技股份有限公司” to “江蘇雙良睿能能源股份有限公司” and to change the English name of the Company from “Wise Living Technology Co., Ltd” to “SL Gemini Energy Co., Ltd” (the “**Change of Company Name**”) to align with the long-term business strategy. A special resolution has been passed by the shareholders at EGM for approval of the Change of Company Name on 26 February 2026.

The Company is going through the registration procedures with the Companies Registry in Hong Kong and will make further announcement on the effective date of the proposed Change of Company Name.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. SUBSIDIARIES

The following is a list of the principal subsidiaries as at 31 December 2025, all of which are limited liability companies:

Company name	Place of incorporation	Principal activities and place of operation	Particulars of issued share capital	Interest held
Shanxi Shuangliang Renewable Energy Industry Group Company Limited (山西雙良再生能源產業集團有限公司) ("Shanxi Shuangliang Renewable Energy")	PRC	Investment holding, design and maintenance services, the PRC	Registered and paid up capital of RMB30,000,000	51%
Taiyuan City Renewable Energy Heat Supply Company Limited (太原市再生能源供熱有限公司) ("Taiyuan Renewable Energy")	PRC	Heat supply, construction services and rental services, the PRC	Registered and paid up capital of RMB200,000,000	51%
Shanxi Transformation and Comprehensive Reform Demonstration Zone Heat Supply Company Limited (山西轉型綜合改革示範區供熱有限公司) ("Shanxi Demonstration Zone Heat Supply")	PRC	Heat supply, the PRC	Registered and paid up capital of RMB100,000,000	51%
Shuozhou City Renewable Energy Thermal Company Limited (朔州市再生能源熱力有限公司) ("Shuozhou Renewable Energy")	PRC	Heat supply, the PRC	Registered and paid up capital of RMB150,000,000	51%
Shanxi Shuangliang New Energy Thermoelectric Engineering Design Company Limited (山西雙良新能源熱電工程設計有限公司) ("Shanxi Shuangliang New Energy")	PRC	Design services, the PRC	Registered capital of RMB8,000,000 and paid up capital of nil	51%
Lanzhou New Area Shuangliang Thermal Power Company Limited (蘭州新區雙良熱力有限公司) ("Lanzhou Shuangliang")	PRC	Heat supply, the PRC	Registered and paid up capital of RMB20,000,000	80%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. SUBSIDIARIES (Continued)

Company name	Place of incorporation	Principal activities and place of operation	Particulars of issued share capital	Interest held
Gansu Shuangliang Smart Energy Management Company Limited (甘肅雙良智慧能源管理有限公司) ("Gansu Smart Energy")	PRC	Energy management services, the PRC	Registered and paid up capital of RMB10,000,000	80%
Hulunbuir Shuangliang Energy System Company Limited (呼倫貝爾雙良能源系統有限公司) ("Hulunbuir Shuangliang")	PRC	Heat supply, the PRC	Registered and paid up capital of RMB10,000,000	85%
Wise Living Energy (Baotou) Limited (慧居能源(包頭)有限公司)	PRC	Heat supply, the PRC	Registered capital of RMB10,000,000 and paid up capital of nil	100%
Wise Living Tech-Thermal Power (Zhengzhou) Company Limited (慧居科技熱力(鄭州)有限公司)	PRC	Heat supply, the PRC	Registered capital of RMB50,000,000 and paid up capital of RMB40,000,000	80%
Shanxi Xixian Shuangliang Low Carbon Environmental Clean Energy Company Limited (山西省隰縣雙良低碳環保清潔能源有限公司)	PRC	Heat supply, the PRC	Registered capital of RMB8,000,000 and paid up capital of nil	51%
Shuangliang Ruineng Robot (Shanxi) Co., Ltd. (雙良睿能機器人(山西)有限公司) ("Shuangliang Ruineng") ^(a)	PRC	Robotics business, the PRC	Registered capital of RMB10,000,000 and paid up capital of nil	60%

(a) The subsidiary is newly established by the Group during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

43.1 Principles of consolidated and equity accounting

(a) *Subsidiaries*

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between the group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, statements of changes in equity and statements of financial position, respectively.

(b) *Associates*

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(c) *Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in OCI of the investee in OCI. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of such entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 18(e)(iii).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

43.1 Principles of consolidated and equity accounting *(Continued)*

(d) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in OCI are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in OCI are reclassified to profit or loss where appropriate.

43.2 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprised the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any noncontrolling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the noncontrolling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

43.2 Business combination *(Continued)*

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

43.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

43.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

43.5 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). Since the assets and operations of the Group are located in the PRC, the consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

43.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation, net of accumulated impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

	Useful lives
Buildings	30 years
Pipeline and heating equipment	20 years
Machinery and equipment	5–20 years
Transportation equipment	5 years
Office and electronic equipment	3 years
Leasehold improvements	Estimated useful lives or remaining lease terms, whichever is shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'other losses — net' in the consolidated statements of comprehensive income.

Construction in progress represents machinery and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

43.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

43.8 Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

Revenue arising from the provision and distribution of heat is recognised on a straight-line basis over the scheduled period and cash received in advance were recognised as contract liabilities.

Revenue arising from pipeline connection fees is recognised on a straight-line basis over the Operation Period and cash received in advance were recognised as contract liabilities.

43.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

43.10 Trade and other receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less allowance for impairment.

43.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

43.12 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

43.13 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected useful lives of the related assets.

When there is a benefit of a government loan that is granted at a below-market interest rate, the benefit is treated as a government grant.

43.14 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade payables and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting date. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

43.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loans to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fees are deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fees are capitalised as a prepayment for liquidity services and amortised over the period of the facilities to which they relate.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the reporting period.

43.16 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment relating to specific borrowings pending their expenditures on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

43.17 Employee benefits

(a) **Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits and accumulated sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of financial position.

(b) **Employment obligations**

Pension obligations

The Group only operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans and other employee social security plans, including pension, medical, other welfare benefits, organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

43.18 Earnings per share

(a) **Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (if any).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

43.18 Earnings per share *(Continued)*

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

43.19 Interest income

Interest income from financial assets at fair value through profit or loss is included in the gains on these assets, see Note 7 above.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as finance income, see Note 10 above.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 10 above.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

43.20 Leases

The Group as the lessee

The Group leases various land and properties for its operations. Rental contracts are typically made for fixed periods of 1 to 15 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

43.20 Leases (Continued)

The Group as the lessor

Rental income from operating leases where the Group is a lessor is recognised in other income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated statements of financial position based on their nature.

Finance leases, which effectively transfer to the lessee substantially all the risks and rewards of ownership of the asset, are recognised at the inception of the lease term at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease receipts are apportioned between the finance income and reduction of the leased asset so as to achieve a constant rate of interest on the remaining balance of the asset. Finance income is charged directly to profit or loss.

43.21 Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

43.22 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under IFRS 9, and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 “Revenue from Contracts with Customers”.

The fair value of financial guarantees on initial recognition equals the present value of the premium in an arm’s length transaction.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Particulars of Property Held for Investment

For the year ended 31 December 2025

Save as disclosed in the Prospectus, a summary of the property acquired by the Group after Listing and held for investment as at 31 December 2025 is set out below:

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

Notes:

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

Financial Summary

For the year ended 31 December 2025

A summary of the published results and assets and liabilities of the Group for the latest five financial years, as extracted from the audited financial statements, is set out below. This summary does not form part of the audited financial statements.

CONSOLIDATED RESULTS

	For the year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	1,506,290	1,648,287	1,534,035	1,443,732	1,290,635
Gross profit	443,692	459,254	394,166	296,881	313,666
Profit before income tax	297,091	288,591	282,150	186,336	206,731
Income tax expense	(56,232)	(51,172)	(55,316)	(45,961)	(35,671)
Profit and total comprehensive income for the year	240,859	237,419	226,834	140,375	171,060

CONSOLIDATED FINANCIAL POSITION

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total assets	6,115,050	5,966,668	5,796,958	5,244,229	4,983,631
Total liabilities	4,494,805	4,537,820	4,497,953	4,321,667	4,201,235
Total equity	1,620,245	1,428,848	1,299,005	922,562	782,396

Definitions

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

“AGM”	The annual general meeting of the Company to be convened and held on 15 May 2026
“Articles of Association”	The articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“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
“Board Committee(s)”	The Audit Committee, the Nomination Committee and the Remuneration Committee of the Board
“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 annual report, Hong Kong, Macau Special Administrative Region and Taiwan
“Company”	Wise Living Technology Co., Ltd (慧居科技股份有限公司) (stock code: 2481), a company with limited liability established in the PRC on 3 September 2010 and converted into a joint stock company with limited liability on 29 December 2015
“Corresponding Period”	The period from 1 January 2024 to 31 December 2024
“Director(s)”	The director(s) of the Company
“Domestic Share(s)”	Share(s) issued by the Company in the PRC, which are subscribed for in RMB
“EMC”	Energy-conservation service contract
“Global Offering”	The Hong Kong Public Offering and the International Offering
“Group”, “we”, “us”, or “our”	The Company and its subsidiaries from time to time, their predecessors (as the case may be)
“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

Definitions

“Hulunbair Shuangliang”	Hulunbair Shuangliang Energy System Company Limited* (呼倫貝爾雙良能源系統有限公司), a company with limited liability established in the PRC on 11 March 2013, an indirect non wholly-owned subsidiary of the Company
“IFRS”	International Financial Reporting Standards
“Jiangsu Lichuang”	Jiangsu Lichuang New Energy Company Limited* (江蘇利創新能源有限公司), a company with limited liability established in the PRC on 24 December 1997 which is one of the controlling shareholders of the Company
“Jiangyin Hotel”	Jiangyin International Grand Hotel Company Limited* (江陰國際大酒店有限公司), a company with limited liability established in the PRC on 24 December 1997 which is a connected person of the Company
“Lanzhou Shuangliang”	Lanzhou New Area Shuangliang Thermal Power Company Limited* (蘭州新區雙良熱力有限公司), a company with limited liability established in the PRC on 31 July 2013, an indirect non wholly-owned subsidiary of the Company
“Listing”	The listing of the H Shares on the Main Board of the Stock Exchange on Monday, 10 July 2023
“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
“Nomination Committee”	The nomination committee of the Board
“Prospectus”	The prospectus of the Company dated 28 June 2023
“PRC Company Law”	The Company Law of the PRC (《中華人民共和國公司法》) which was promulgated on 29 December 1993 and became effective on 1 July 1994, as amended, supplemented or otherwise modified from time to time
“PRC GAAP”	The China Accounting Standards (企業會計準則) as promulgated and amended from time to time and their interpretations, guidelines and implementation rules, which collectively are accepted as generally accepted accounting principles in the PRC
“Remuneration Committee”	The remuneration committee of the Board
“Reporting Period”	The period from 1 January 2025 to 31 December 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

Definitions

“Shanxi Shuangliang Renewable Energy”	Shanxi Shuangliang Renewable Energy Industry Group Company Limited* (山西雙良再生能源產業集團有限公司), a company with limited liability established in the PRC on 15 February 2006, an indirect non wholly-owned subsidiary of the Company
“Share(s)”	Ordinary share(s) in the capital of the Company with nominal value of RMB1.00, comprising the Domestic Share(s) and H Shares
“Shareholder(s)”	Holder(s) of the Shares
“Shuangliang Boiler”	Jiangsu Shuangliang Boiler Company Limited* (江蘇雙良鍋爐有限公司), a company with limited liability established in the PRC on 30 March 2000 which is a connected person 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 established in the PRC on 5 October 1995 and listed on 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
“Shuangliang Eco-Energy Sales Branch”	Shuangliang Eco-Energy Systems Company Limited Sales Branch* (雙良節能系統股份有限公司銷售分公司), a sales branch of Shuangliang Eco-Energy established on 19 June 2001
“Shuangliang Group Co.”	Shuangliang Group Company Limited* (雙良集團有限公司), a company with limited liability established in the PRC on 25 December 1987 which is a connected person of the Company as defined under Chapter 14A of the Listing Rules
“Shuangliang Technology”	Jiangsu Shuangliang Technology Company Limited* (江蘇雙良科技有限公司), a company with limited liability established in the PRC on 18 December 1997 which is one of the controlling shareholders of the Company
“Sinopec New Star”	Sinopec New Star Shuangliang Geothermal Thermal Power Company Limited* (中石化新星雙良地熱能熱電有限公司), a company with limited liability established in the PRC on 17 September 2014 which is an associate of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisory Committee”	The supervisory committee of the Company, which was abolished on 26 February 2026
“Xinmi Project”	Xinmi City Centralised Heat Services Project (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

* For identification purposes only



慧居科技

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Wise Living Technology Co., Ltd

