



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



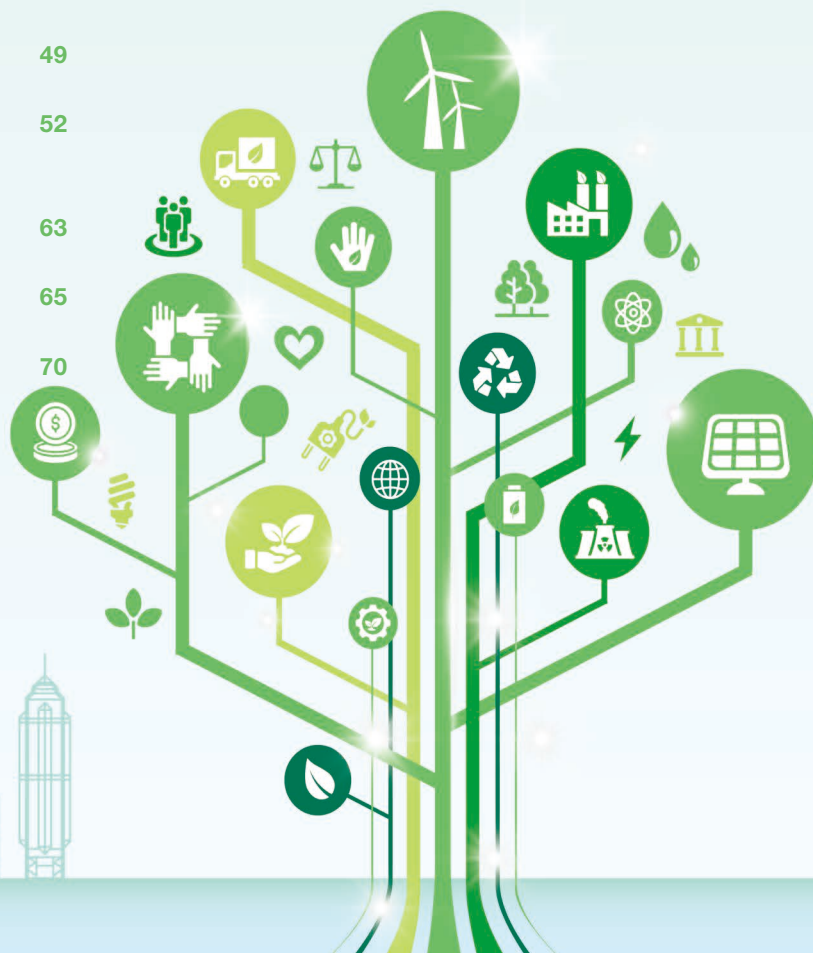
Environmental,
Social and
Governance Report

環境、社會及管治報告

2023

Contents

CHAPTER I ABOUT THE REPORT	2	CHAPTER IX CARE FOR EMPLOYEES AND GROW TOGETHER	76
CHAPTER II MESSAGE FROM THE CHAIRMAN	4	9.1 COMPLIANT EMPLOYMENT AND EQUAL TREATMENT	78
CHAPTER III ABOUT THE GROUP	5	9.2 TALENT DEVELOPMENT AND WORKING TOGETHER	79
3.1 INTRODUCTION TO DEVELOPMENT	5	9.3 SAFETY PRODUCTION AND HEALTH PROTECTION	82
3.2 ACCOLADES OF THE GROUP	12	9.4 EMPLOYEE'S INTERESTS AND HARMONIOUS WORKPLACE	89
3.3 KEY PERFORMANCE	13	CHAPTER X DEVOTE OURSELVES TO PUBLIC WELFARE UNDERTAKINGS AND FULFILL SOCIAL RESPONSIBILITIES	92
CHAPTER IV ESG GOVERNANCE	15	10.1 SOCIAL CO-CONSTRUCTION WARMS PEOPLE'S HEARTS	94
4.1 STATEMENT OF THE BOARD	15	APPENDIX 1: 2023 ESG KEY PERFORMANCE INDICATORS	96
4.2 ESG GOVERNANCE STRUCTURE	15	APPENDIX 2: THE CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE OF HKEX	103
4.3 STAKEHOLDER ENGAGEMENT	16		
4.4 ASSESSMENT OF MATERIALITY ISSUES	18		
CHAPTER V SOUND CORPORATE GOVERNANCE AND STRICT COMPLIANCE	21		
5.1 RESPONSIBLE ENTERPRISE WITH SOUND MANAGEMENT	23		
CHAPTER VI GUARANTEE CENTRALIZED HEATING AND WARM THOUSANDS OF HOUSEHOLDS	31		
6.1 QUALITY HEAT SERVICES WITH STRICT QUALITY CONTROL	33		
6.2 TECHNOLOGICAL INNOVATION AND SMART OPERATION	41		
CHAPTER VII PRACTICE CLEAN HEATING AND PROTECT GREEN HOMELAND	47		
7.1 SEIZING OPPORTUNITIES FOR CLIMATE CHANGE	49		
7.2 GREEN DEVELOPMENT AND LOW CARBON OPERATIONS	52		
CHAPTER VIII OPTIMIZING CUSTOMER SERVICE TO DRIVE INDUSTRY DEVELOPMENT	63		
8.1 WHOLE NETWORK HEATING AND COMPREHENSIVE SERVICE	65		
8.2 INDUSTRY-DRIVEN AND WIN-WIN COOPERATION	70		



Chapter I About the Report

INTRODUCTION

Wise Living Technology released its first annual Environmental, Social and Governance (“**ESG**”) report (the “**Report**”), which aims at disclosing the Group’s ESG-related strategic policies, management measures and performance in response to stakeholders’ expectations on the Group’s sustainability and information disclosure, thus enhancing stakeholders’ understanding of and confidence in the Group.

SCOPE OF REPORT

The Report is an annual report, unless otherwise specified, its time span is from 1 January 2023 to 31 December 2023 (“**2023**” or the “**Year**”). The policies and data provided in the Report cover headquarters and subsidiaries.

DESCRIPTION OF NAMES

For the convenience of expression and reading, unless otherwise specified, in the Report, “Wise Living Technology”, “Wise Living” and “Group” refer to Wise Living Technology Co., Ltd and its subsidiaries.

SOURCE OF INFORMATION

The information and data used in the Report are from official documents and reports, internal statistics and public information of Wise Living and so on. Unless otherwise specified, the monetary amount involved in the Report is denominated in RMB. The Group undertakes that the Report does not contain any false records or misleading statements, and is responsible for the authenticity, accuracy and completeness of its contents.

BASIS OF PREPARATION

The Report has been prepared in accordance with all the “comply or explain” provisions as set out in Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) in Appendix C2 under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited (the “**HKEX**”). The content index of the indicator is set out in Appendix 2 of the Report for users’ quick search.

REPORTING PRINCIPLES

Reporting Principles	Definitions of Reporting Principles in ESG Reporting Guide	Wise Living's Response
Materiality	When the Board of Directors determines that ESG issues have a significant impact on investors and other stakeholders, the issuer should report on these matters.	Identify current major sustainability issues and disclose the Group's ESG risks and management initiatives through ongoing communication with stakeholders, taking into account the Group's strategic development and business operations.
Quantification	Key performance indicators relating to historical data are measurable and the issuer should set targets (which can be actual figures or directional, forward-looking statements) to reduce individual impact. In this way, the effectiveness of ESG policies and management systems can be assessed and validated. Quantitative information should be accompanied by a narrative, explaining its purpose and impacts, and providing comparative data where appropriate.	Disclose environmental and social key performance indicators of the Group quantitatively and elaborate the quantitative information with text.
Balance	The ESG Report should provide an unbiased picture of the issuer's performance, and should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.	The Group has elaborated on sustainability issues that have a significant impact on its business, including results of work and challenges.
Consistency	The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time.	The Group will ensure that the scope of disclosure and reporting methodology of the report are broadly aligned on an annual basis, allowing stakeholders to compare the Group's performance.

REPORT ACCESS AND LIAISON

The Report is issued in both Chinese and English. If there is any discrepancy between the versions, the Chinese version shall prevail. An electronic version of the Report is available on the website of the Stock Exchange at www.hkexnews.hk or the official website of the Group at www.hjkj.cn. If you have any questions or opinions about the Report and its contents, please contact us as below.

Address: Room 202, 2/F, No. 15 of Shuangliang Road, Ligang Street, Jiangyin City, Jiangsu Province, the PRC

Website: www.hjkj.cn

Email: ir@hjkj.cn

Chapter II Message from the Chairman

Time flies, and more than ten years have passed. In 2023, Wise Living Technology was officially listed on the Hong Kong Stock Exchange. Having conquered countless hardships and challenges, when the exchange gong shook, we witnessed the grand moment of the Group's new journey — this marks the Group's official entry into the international capital market and another solid step towards modern enterprise management.

Our mission is to improve people's living conditions and change their lifestyles. Based on the heat services as a cause for people's livelihood, the Group actively seeks sustainable progress. With steady enterprise management, green development concept, innovative business model, inclusive workplace environment, and enthusiastic public welfare practice, we strive to create value for the society.

Heat services: We carry out diversified heat services and provide high-quality heating to tens of millions of households. The Group has established a stable heating system and implemented optimization projects, applied an digitalised heat service platform to monitor the whole heating process in real time, and ensured the continuity of heating, with heating services covering more than 400 million square meters of our land. In addition, the Group strives to pursue the innovation of heating technology, continuously innovates the applications of various cutting-edge fields such as new energy heating and energy storage technology, thus accumulating, plotting and borrowing power for heating technology.

Environmental management: We are engaged in green business, promote use of clean heat sources. The Group continues to develop and promote the application of new clean heat sources such as geothermal heating and biomass, with initial results. During the Year, we adhered to green operation, focusing on waste gas, wastewater and waste management to reduce the negative environmental impact. In the future, the Group will also maximize its technological advantages in clean energy and strengthen the physical industry.



Talent development: We build the “Wise Living Family” and create a supportive, positive and inspiring workplace. The Group actively finds and recruits talents, and jointly builds a demonstration base for industry-university-research cooperation through cooperation with universities to attract and recruit high-quality employees. At the same time, the Group has accelerated the construction of talents, strengthened the construction of talent echelon, and met the needs of employees and business development through diversified training, so as to make the best use of talents.

Corporate governance: We implement ESG governance and corporate governance and practice social welfare. The Group has gradually improved its ESG structure and communicated closely with each stakeholder to achieve steady sustainable development. The Group has established a three-level anti-fraud and anti-corruption management system and risk management system with the Board of Directors as the core to escort corporate compliance.

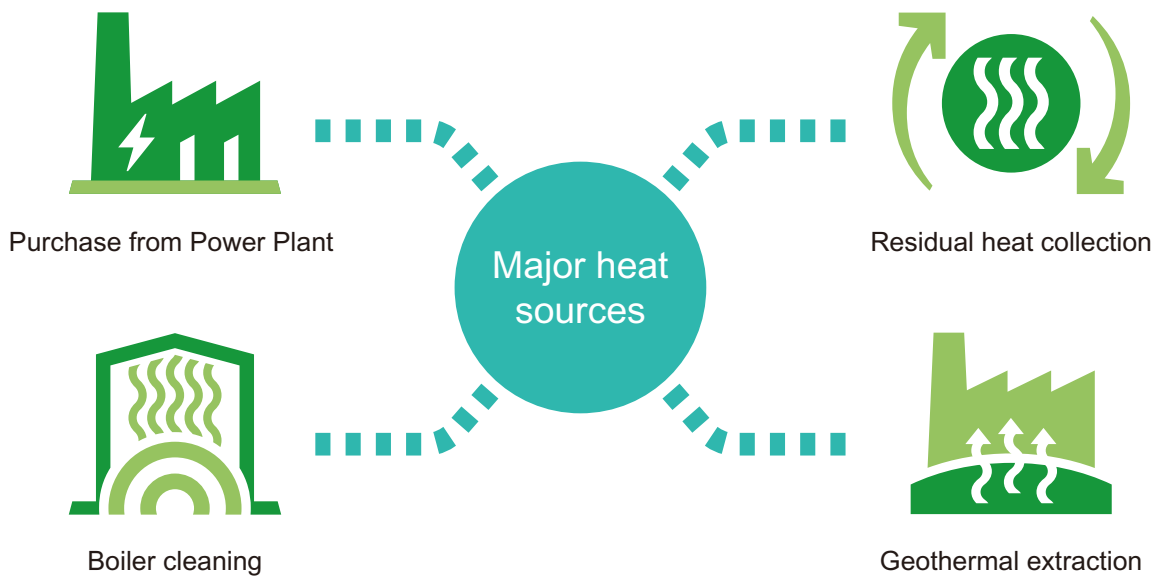
Although the road is challenging, we will explore right ways to move forward. Wise Living Technology resolutely shoulders the responsibility and mission entrusted by the times. By virtue of the opportunity of listing, we have been actively implementing the concept of sustainable development and attaching great importance to the demands of all stakeholders, so as to achieve a win-win situation of economic, social and environmental benefits. We will contribute wisdom to ensure the well-being of thousands of people, and help to protect our green mountains and clear waters.

Geng Ming
Chairman of Wise Living Technology Co., Ltd

3.1 INTRODUCTION TO DEVELOPMENT

3.1.1 Overview

Wise Living Technology, which is a listed company, is the second largest non-state-owned cross-provincial heat service provider of clean and united energy in the PRC in terms of actual heat services area in 2023. The Group purchases power plant heat, and adopts waste heat recovery, clean boilers and geothermal extraction and other heat sources. Adhering to the development concept of three-dimensional energy extraction, multi-energy complementary, green and low-carbon, the group has mastered a variety of new energy technologies such as cogeneration, residual heat collection, and geothermal heat heating, and is at the forefront of the country in terms of joint energy and technology integration.



Wise Living's Major Heat Sources

The Group continues to optimize and innovate the heating supply model, and designs heating solutions according to local conditions through the combined application of various energy sources to better serve people's livelihood. At the same time, in terms of promoting low-carbon transformation, the Group has conducted in-depth research on the problem of fossil fuel substitution, and strived to promote clean energy heating, making important contributions to reducing resource consumption and pollution control.

Chapter III About the Group

As a cross-provincial heat service provider, the Group has the capability to manage a number of heating supply projects in different provinces of China. The concession rights are granted to the Group to provide exclusive heating services in Shanxi Shuozhou, Gansu Lanzhou, Inner Mongolia Baotou, Inner Mongolia Hulunbuir, Shanxi Transformation and Comprehensive Reform Demonstration Zone, Shanxi Taiyuan and Henan Xinmi.



Shanxi Shuozhou Project



Lanzhou New Area Project



Inner Mongolia Hulunbuir Project



Shanxi Transformation and Comprehensive Reform Demonstration Zone Project



Shanxi Taiyuan Project



Henan Xinmi Project

Wise Living has been rooted in the industry for more than ten years, shaping its unique value system that meets the demands of all stakeholders. And the Group's cultural cornerstone characterized by the construction of "three modernizations" and value system complement each other, encouraging the Group to forge ahead and achieve sustainable development while creating social benefits.



Vision

Becoming a clean energy heating service provider with leading technology and scale operating across regions in China



Mission

Improve people's living conditions and change their lifestyles



Spirit

Learning is the key to progress, and creation is the key to eternity



Development Concept

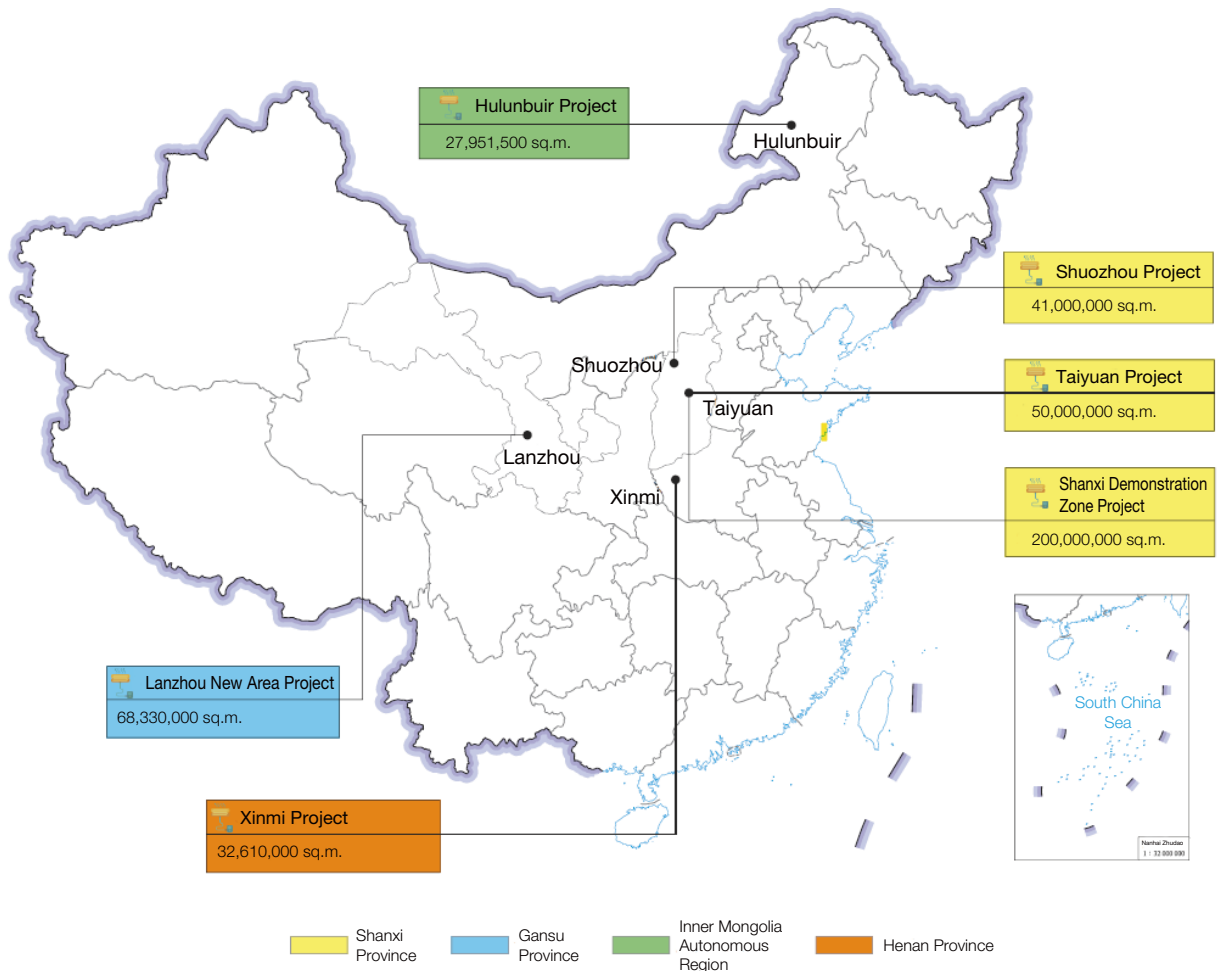
Industry is healthy and profitable, business is healthy and green and development is stable and sustainable

Chapter III About the Group

3.1.2 Principal activity

Wise Living mainly provides heating services, heat-related engineering construction services and EMC (energy management contract) services to residential or non-residential customers under concession rights in the “Three North Region” (i.e. Northeast China, North China and Northwest China). Among them, the majority of the Group’s revenue from the provision of heating services and engineering construction services is derived from concession rights agreements, all of which are operated through the BOT (Build-Operate-Transfer) model. The concession rights grantor signs contract with the Group and grants exclusive rights, allowing the Group to invest, build and operate heating infrastructure service facilities.

As of 31 December 2023, the Group owned the aforesaid six heating service projects within the scope of the Concession Area. And there was also 1 heat services of steam supply project that is not in operation and 1 heating area in custody. And its actual heat services area (measured in terms of GFA) was approximately 47.4 million sq.m., representing 11% of the total Concession Area.



Concession Area by region as of 31 December 2023

Heating services

Heating service is the main business of the Group. The Group comprehensively applies a variety of energy sources to realize centralized provision and distribution of heat in the region. These energy sources include coal, deep geothermal energy, solar energy, biomass energy, etc. In addition, the Group continues to develop advanced technologies, using absorption heat pump technologies to collect industrial waste heat, shallow and medium geothermal energy to transfer heat and hot water to the external.

Engineering construction services

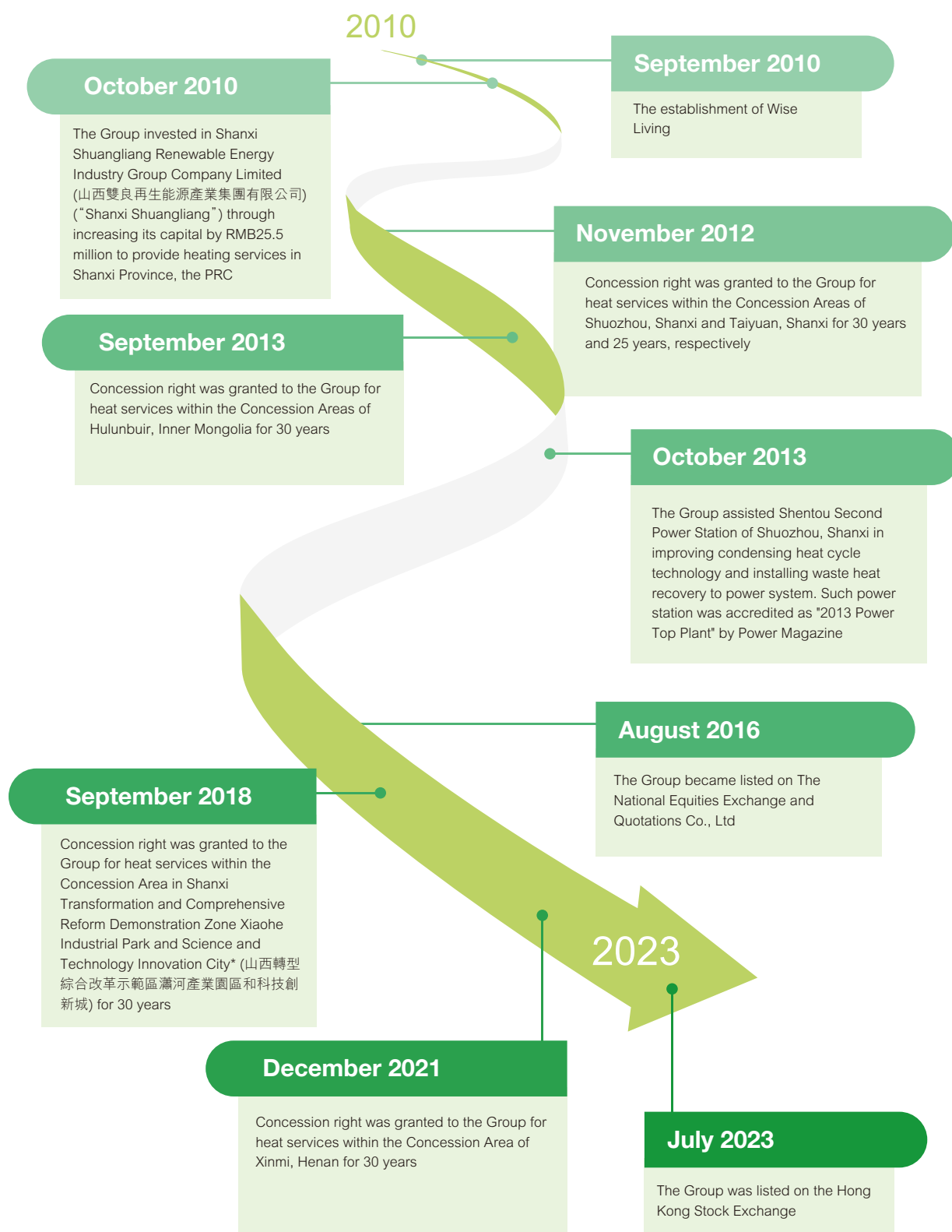
The Group's engineering construction services are engineering services related to the construction of heating infrastructure, including construction activities such as assembling heat production equipment, developing transmission pipelines, and constructing buildings and plants during the construction period of heat supply projects.

EMC Services

The Group provides energy-conservation service to energy consuming enterprises to achieve energy saving goals. Under the energy management contract (EMC), the Group is responsible for installing the equipment and machinery for the purpose of energy saving, and operating and managing the residual heat collection facilities. In return, the Group is entitled to profits accrued from energy conserved as a result of its energy-conservation services provided.

Chapter III About the Group

3.1.3 Development history



3.1.4 Concept of sustainable responsibility

Wise Living guides the Group's business planning, production and operation, and service practices with the development concept of "three-dimensional energy acquisition, multi-energy complementarity, green and low-carbon". The Group has integrated the concept of sustainability into all aspects of the Group's development, seeking to:

Establish the foundation of compliance and integrity in corporate governance

Promote the transformation of environmental protection and low carbon in environmental management

Ensure high quality and innovative services in provision of heat and security of supply

Foster a progressive and satisfactory workplace in terms of employee development

Do good to the heart and benefit the people in terms of social welfare

Chapter III About the Group

3.2 ACCOLADES OF THE GROUP

Honor and accreditation (Partial)

Lanzhou New Area Shuangliang Thermal Power Company Limited* (蘭州新區雙良熱力有限公司)

2023 Pioneer Workers in Gansu Province (2023年甘肅省工人先鋒號)

2023 Gansu Province Model Workers' Home (2023年甘肅省模範職工小家)

2023 Advanced Grass-roots Party Organisation of Lanzhou New District in Non-public Economic Field (蘭州新區非公經濟領域2023年度先進基層黨組織)

2022 High and New Technology Enterprise in Gansu Province (2022年甘肅省高新技術企業)

Lanzhou Civilized Unit (蘭州市文明單位)

Taiyuan City Renewable Energy Heat Supply Company Limited* (太原市再生能源供熱有限公司)

2022 Outstanding Unit in Heat Protection (2022年度供熱保障工作優秀單位)

High and New Technology Enterprise Identified Twice in 2022 (2022年2次認定高新技術企業)

2021 Provincial "Little Giant" Enterprises (2021年省級「小巨人」企業)

2019 Provincial "Specialized and New" Enterprises (2019年省級「專精特新」企業)

2019 High and New Technology Enterprises (2019年高新技術企業)

2019 Municipal Enterprise Technology Center (2019年市級企業技術中心)

Shuozhou City Renewable Energy Thermal Company Limited* (朔州市再生能源熱力有限公司)

2023 "Model Collective" Title (2023年「模範集體」稱號)

2023 "Excellent Enterprise" Title (2023年「優秀企業」稱號)

2022 City Civilized Unit Model (2022年全市文明單位標兵)

Shanxi Transformation and Comprehensive Reform Demonstration Zone Heat Supply Company Limited* (山西轉型綜改示範區供熱有限公司)

2023 "Innovative Technology-based Small and Medium Enterprises" (2023年「創新型科技型中小企業」)

2022 High and New Technology Enterprises (2022年高新技術企業)

Outstanding Contributors to Operation Guarantee in 2022 (2022年運行保障突出貢獻單位)

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)

High and New Technology Enterprise Identified Twice in 2023 (2023年2次認定高新技術企業)

2020 High and New Technology Enterprises (2020年高新技術企業)

Shanxi Shuangliang Renewable Energy Industry Group Company Limited* (山西雙良再生能源產業集團有限公司)

Taiyuan Excellent Private Enterprises in 2023 (2023年太原市優秀民營企業)

Hulunbuir Shuangliang Energy System Company Limited* (呼倫貝爾雙良能源系統有限公司)

Excellent Grass-roots Party Organisation in 2023 (2023年優秀基層黨組織)

2022 Inner Mongolia Autonomous Region Civilized Unit (2022年內蒙古自治區文明單位)



3.3 KEY PERFORMANCE

3.3.1 Economic performance

Economic Performance



Heat services area

47.4 million sq.m.



Coverage of heating service projects

6 provincial administrative regions



Total assets

RMB 5,796,958 thousand



Total equity

RMB 1,299,005 thousand



Revenue in 2023

RMB 1,534,035 thousand

Environmental Performance



Water consumption intensity in 2023

1.134 m³ / thousand of revenue



Percentage of new energy official cars in 2023

16.5 %



GHG Emission in 2023

311,676.67 tCO₂e



Total comprehensive energy consumption in 2023

876,013.62 MWh

Chapter III About the Group

3.3.2 ESG performance

Social Performance



**Total tax paid
in 2023**

RMB **111,330** thousand



**Customer
satisfaction in 2023**

99%



**Number of
intellectual
property rights**

121



**Employee
satisfaction
in 2023**

99%



**Percentage of directors
participating in
anti-corruption training
in 2023**

100%



**Number of safety
drills in 2023**

124



**Total training hours
of employees
in 2023**

20.54



**Percentage of
trained employees
in 2023**

100%



**Percentage of
female employees**

23.9%

4.1 STATEMENT OF THE BOARD

Wise Living regards ESG management as the top priority of the Group's development. The Board has overall responsibility for the Group's ESG work, and is responsible for formulating the Group's ESG development policies, strategies and objectives, so that all business decision-making activities fully incorporate ESG elements, whose relevance shall be identified by the Board, ensuring that the Group's risk management and internal control mechanisms effectively identify and monitor ESG-related risks, reviewing and approving annually the release of the Group's ESG report and other ESG information, and communicating with relevant stakeholders in a timely manner.

The Group has established environmental, social and governance policies, and has initially proposed key ESG internal targets covering greenhouse gas emissions, pollutant emissions, resource consumption, etc. The Board reviews the progress towards the targets and understands and manages ESG risks through regular meetings to ensure that the Group has sufficient management capabilities on sustainable development matters.

4.2 ESG GOVERNANCE STRUCTURE

In order to ensure that the Group has sufficient and effective management on sustainable development matters, the Group has a dedicated ESG working group led by the office of the Board ("**Board Office**") to cooperate with the Board on ESG-related matters. The ESG working group is composed of senior management and heads of relevant departments, with the executive director and general manager of the group as the group leader. The ESG working group consists of four special working groups: heating management, corporate governance, environmental management and employee management, and the heads of heating subsidiaries, Board Office, safety and environmental management department, human resources department etc., serve as executive leaders to assist the general manager in supervising the Group's ESG matters and ensure the effective implementation of the Group's ESG-related strategies.

The responsibilities of the ESG working group include, but are not limited to:

- Under the direction and oversight of the Board, being responsible for handling all ESG-related matters, monitoring and assessing the ESG-related risks to which the Group may be exposed;
- Identifying and assessing climate change risks and opportunities, organizing regular meetings to discuss and decide on ESG-related issues for further resolution by senior management;
- Regularly reporting to the Board on ESG-related risks, opportunities and performance, and providing advices to the Board on environmental, social and governance reporting, strategies, measures and objectives;
- Participating in domestic and international conferences on ESG-related matters;
- Disclosing and reporting Group's ESG information and providing feedback to the Board.



Chapter IV ESG Governance

4.3 STAKEHOLDER ENGAGEMENT

Wise Living attaches great importance to the communication with various stakeholders. Through the establishment of a regular and multi-channel communication mechanism, it protects the right of stakeholders to know, actively responds to the demands of stakeholders, and promotes two-way understanding and exchange. In line with the expectations of stakeholders, the Group adjusts its ESG strategic direction in a timely manner in operation and management, and continuously improves the performance of sustainable development work. The stakeholders, their expectations and needs, communication channels and responses are set out as below:

Stakeholders	Expectations and Needs	Major Communication Channels	Response
Shareholders and investors	Corporate governance Risk control Financial results and investment returns Information disclosure	General meeting Annual report and interim report Circulars and announcements Email and telephone inquiries The Group's official website Social medias	Improve corporate governance Optimize risk and compliance systems Maintain good profitability Disclose daily information
Government regulators	Compliance operations Tax payment according to law Safe production Efficient use of energy Response to national policies	Information submission On-site inspection Government documents Special meeting	Operate in compliance with laws and regulations Pay taxes on time and in full Uphold the bottom line of safe production Promote the use of clean energy Actively implement policies and regulations
Employees	Remuneration and benefits Employee's rights and interests Healthy and safe workplace Communication opportunities Career development opportunities Education and training support	Employee care activities Employee research Employee safety protection measures Staff representatives' meetings Employee training Regular performance assessment	Optimize salary and benefit system Safeguard the legitimate rights and interests of employees Ensure a safe workplace Equal communication and grievance mechanism Improve career promotion mechanism Carry out thematic training

Stakeholders	Expectations and Needs	Major Communication Channels	Response
Customer	Stable heat service Perfect customer service Unblocked communication channels	Customer satisfaction survey Customer service hotline The Group's official website Social medias	Ensure heating quality Satisfy customer demands in a timely manner Multiple channels for feedback
Supplier	Open and fair procurement Good and stable cooperative relationships Business ethics and reputation Supply chain management mechanism Green procurement	Supplier bidding audit Procurement arrangements Agreement and contract Periodic evaluation and audit Supplier communication	Public tender Obligate to perform the agreements Sign integrity clause Improve supplier management system Create a responsible supply chain
Industry organizations and industry associations	Resource information sharing Win-win	Expert training Strategic cooperation	Promote expert teamwork and communication Promote strategic cooperation and organizational communication
Society and the public	Investment in public welfare activities Environmental protection Promotion of local economic development	Offline activities The Group's official website Social medias	Invest in charity Improve the construction of local heating facilities Provide jobs

Chapter IV ESG Governance

4.4 ASSESSMENT OF MATERIALITY ISSUES

In order to better identify and assess the materiality of various ESG issues to the Group's business development, Wise Living forms the priority results of ESG issues through a comprehensive evaluation process of issue identification, stakeholder survey, issue analysis and response, and integrates the management and improvement of key issues into the Group's sustainable development strategy. The materiality assessment mainly covers the following four steps:

(1) Issue Identification

Based on the Group strategy, macro policy requirements, industry characteristics and benchmarking with the best practices of its peers, and in combination with relevant sustainability frameworks (including the requirements of HKEX's Environmental, Social and Governance Reporting Guide, etc.), the Group has systematically sorted out 19 annual ESG materiality issues, covering five major areas: service operation, employment management, environmental protection, community development and corporate governance.

(2) Stakeholder Communications

Through the organization of interviews and the "Stakeholder Questionnaire for Wise Living Technology ESG Report", the Group understood the key issues and expectations of internal and external stakeholders such as senior management, various departments, and subsidiaries for the Group's ESG development, and received constructive opinions from all parties on Wise Living's performance and management in sustainable development. During the Year, the Stakeholder Questionnaire covered stakeholders such as directors, senior management, internal staff, customers, suppliers, industry associations, governments and regulators.

(3) Assessment of Materiality Issues

According to the statistical analysis of the survey of stakeholders, the matrix of materiality issues is drawn comprehensively according to the two dimensions of "materiality to stakeholders" and "materiality to the development of the Group's business". The 19 issues are divided into high, medium and general materiality levels, so as to determine the key issues to be disclosed.

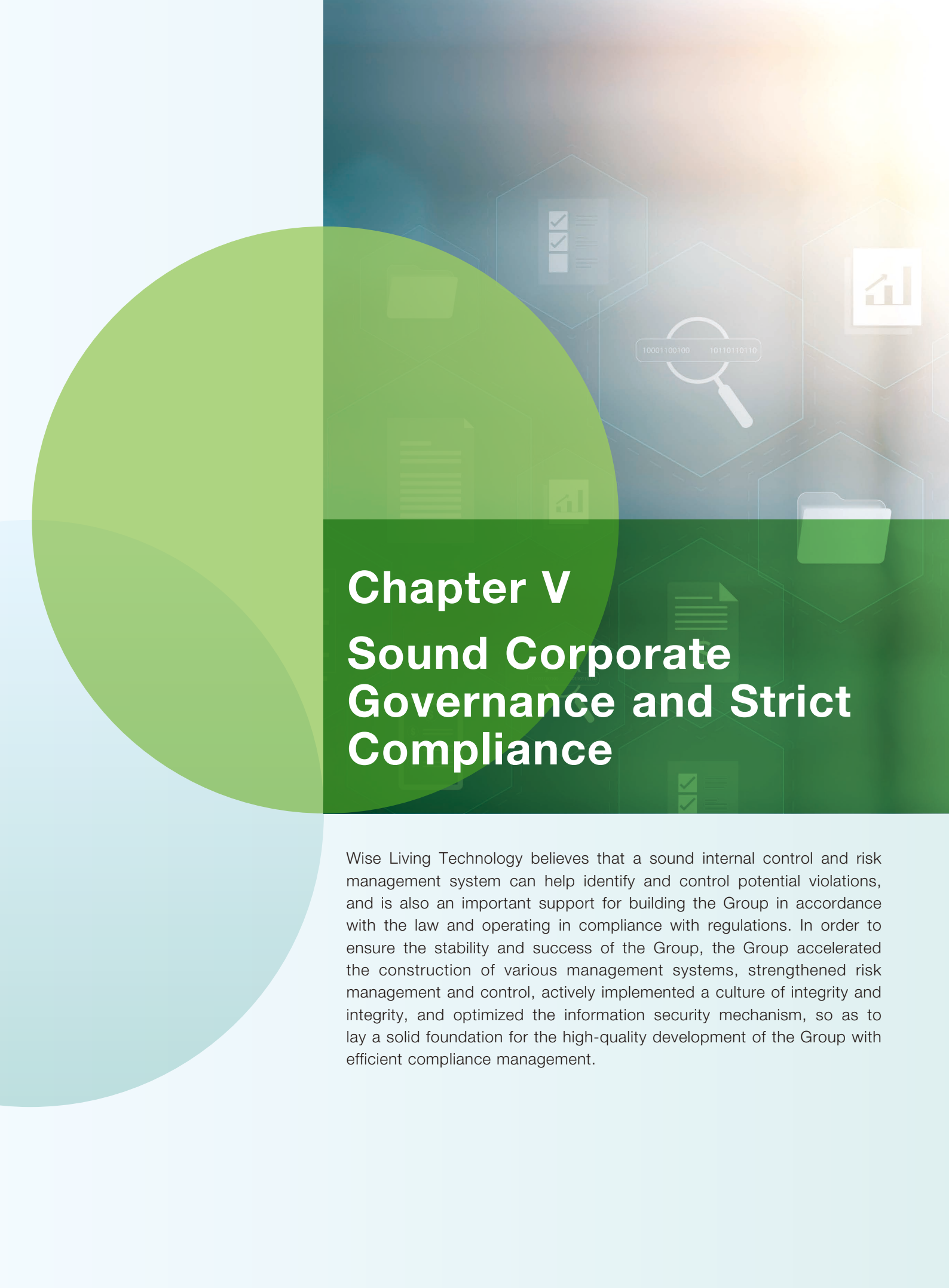
(4) Response to Materiality Issues

The Group prepares a work plan for future ESG based on the analysis of materiality issues and provides targeted responses and disclosures in the report.

During the Year, Wise Living's ESG materiality issues mainly include stable heat supply, quality services, occupational health and safety, tax payment according to law, technological innovation, supply chain management, etc. The matrix of all ESG materiality issues is as follows:

Number	Materiality issues	Materiality
1	Stable heat supply	Highly important
2	Quality services	
3	Occupational health and safety	
4	Tax payment according to law	
5	Technological innovation	
6	Supply chain management	
7	Business ethics and anti-corruption	Important
8	Energy management	
9	Water management	
10	Employee rights protection	
11	Air pollutant management	
12	Development and training	
13	Comprehensive risk management	
14	Waste management	General
15	Diversity, equality and inclusion	
16	Optimization of corporate governance	
17	Response to climate change	
18	Employment practices	
19	Practice of social welfare	





Chapter V

Sound Corporate Governance and Strict Compliance

Wise Living Technology believes that a sound internal control and risk management system can help identify and control potential violations, and is also an important support for building the Group in accordance with the law and operating in compliance with regulations. In order to ensure the stability and success of the Group, the Group accelerated the construction of various management systems, strengthened risk management and control, actively implemented a culture of integrity and integrity, and optimized the information security mechanism, so as to lay a solid foundation for the high-quality development of the Group with efficient compliance management.



INDICATOR RESPONSE

B7 Anti-corruption

ISSUE RESPONSE

Optimization of corporate governance
Tax payment according to law
Comprehensive risk management
Business ethics and anti-corruption

HIGHLIGHTS PERFORMANCE

Number of Board meetings: **7** times

Accumulated tax amount: More than
RMB111,330 thousand

Conducted **1** anti-corruption training sessions
for employees and directors for a total of **4**
hours

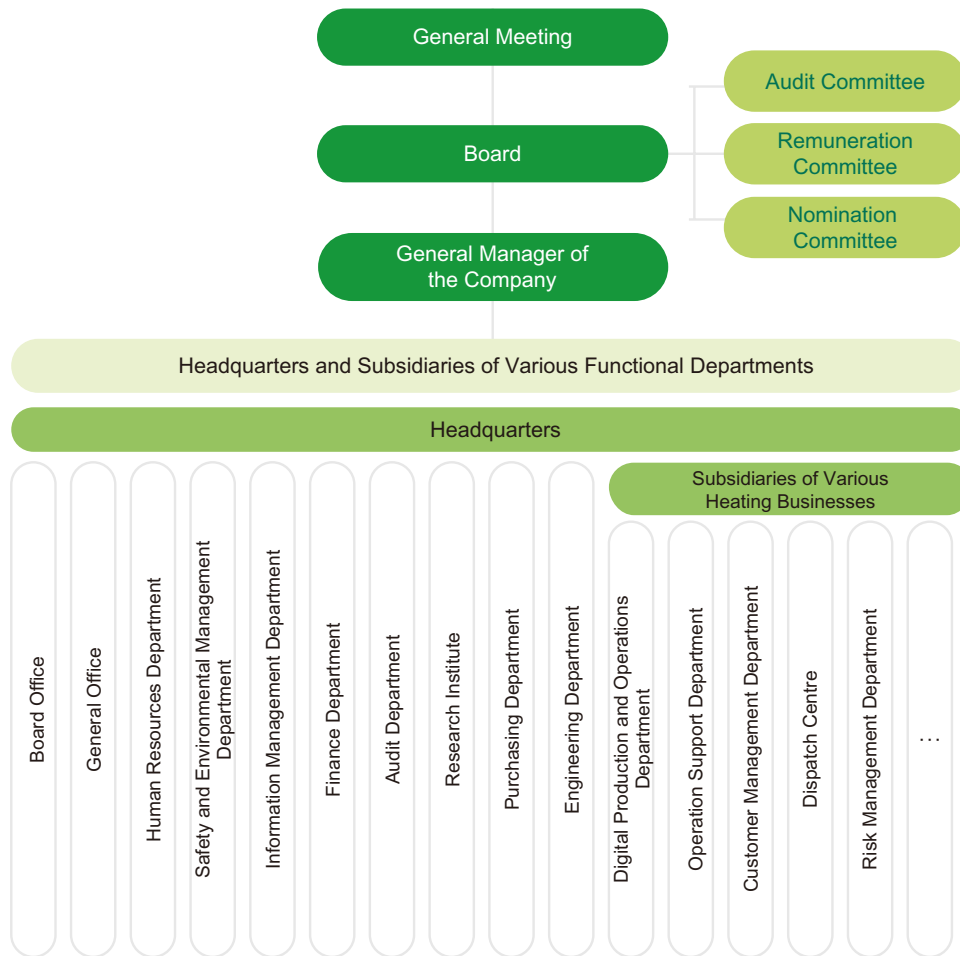
The Group has obtained Level 3 certification in
information security

Chapter V Sound Corporate Governance and Strict Compliance

5.1 RESPONSIBLE ENTERPRISE WITH SOUND MANAGEMENT

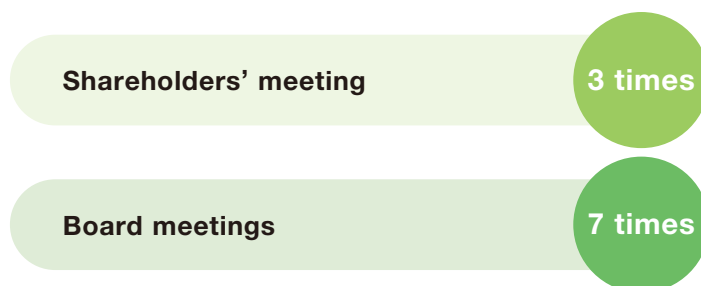
5.1.1 Governance Structure

Wise Living strictly abides by the relevant requirements of the *Company Law of the People's Republic of China* and the *Corporate Governance Code* of the Hong Kong Stock Exchange, continuously improves the corporate governance structure and management system, establishes and implements the duties of the General Meeting and the Board, and always regards improving corporate governance as the priority of the overall work. At the same time, the Company continues to standardize subject rights and responsibilities, implement business responsibilities, and strengthen regulatory effectiveness. The Chairman, in coordination with various functional departments and subsidiaries, conscientiously carries out implements business goals and management requirements, further strengthens standardized management and operations, and ensures the stable development of Wise Living on the compliance governance.



Group's Governance Structure

Meetings Held by Wise Living in 2023



Chapter V Sound Corporate Governance and Strict Compliance

5.1.2 Pay Taxes According to Law

Paying taxes in good faith is the most basic social responsibility of an enterprise. As a responsible corporate citizen, Wise Living always pays enterprise income tax in accordance with the provisions of the *Enterprise Income Tax of the People's Republic of China* and other laws and regulations, and strengthens the foundation of internal tax management. During the Year, the Group had no tax disputes.

Strengthen Tax Regulations

Wise Living has a wide range of business types and covers a wide range. It always strictly focuses on the systematization and standardization of the group's tax management, and requires the financial departments of its subsidiaries to establish and implement appropriate tax norms according to business characteristics and territorial management requirements. In order to ensure the effectiveness of the Group's tax policies, Wise Living Headquarters organizes subsidiaries to collect and sort out the developments of tax laws and policies from time to time, follow the changes in the overall national tax trend in a timely manner, adjust internal policies as required, arrange tax planning, and carry out internal sharing and communication. In terms of tax communication, the Group has established procedures for the communication, coordination and reporting of tax planning arrangements for subsidiaries within the Headquarters. The Group also maintains liaison with tax authorities to promote compliance and rationality in tax management across the award-winning Group.

Taxation regime for certain subsidiaries

- “Gansu Shuangliang Tax Management System”
- “Lanzhou Shuangliang Tax Management System”
- “Hulunbuir Shuangliang Accounting Treatment Measures”
- “Zhengzhou Wise Living Financial System”
- ...

While seeking to expand our Group and ensuring heat services for people's livelihood, Wise Living also strives to generate tax revenue for the country. As of 31 December 2023, the cumulative tax payment by the Group exceeded RMB111,330 thousand, truly implementing “Doing business with integrity and paying taxes per law”.

Wise Living's cumulative tax payments exceed RMB111,330 thousand

5.1.3 Anti-corruption and Anti-fraud

The Group regards integrity as the foundation of our enterprise and basis for cooperation, strictly adheres to the legal bottom line, and pays attention to strengthening system and mechanism construction. Wise Living strictly abides by the *Anti-money Laundering Law of the People's Republic of China* and other laws and regulations, has established an anti-fraud and anti-corruption management system, which is composed of the Board, management and functional departments, and has formulated the *Anti-Fraud Management System* (《反舞弊管理制度》), so as to comprehensively standardize the compliance of corporate operations, prevent fraud, reduce the risk of non-compliance, thus effectively safeguarding the rights and interests of the Group and all parties.

During the Year, there were no corruption litigation cases filed by the Group or its employees that have been concluded.

Management Responsibility

As the highest decision-making level, the Board of Wise Living is responsible for the integrity construction of the Group and its subsidiaries. In terms of the concept of responsibility, the management of the Group is responsible for establishing and improving the control environment for fraud management from the aspects of governance structure, policy system, distribution of authority and responsibilities, management philosophy, sense of morality and values of employees.

In terms of specific management implementation, the management of Wise Living is responsible for establishing and regularly reviewing the effectiveness of the operations of the anti-fraud internal control mechanism. The internal control department is responsible for the internal control evaluation. As an independent department, the Audit Department conducts internal control inspection and supervision, and the Human Resources Department cooperates to carry out anti-fraud training, internal and external publicity, and the signing of commitments by our employees and partners.

Chapter V Sound Corporate Governance and Strict Compliance

Behavior Identifying and Whistleblowing Handling

In order to clearly identify violations, Wise Living has defined eight major types of fraud and taken corresponding measures. Among them, the acceptance of bribes, kickbacks, corruption, misappropriation, and theft of the Group's assets and finances are considered serious behaviors.

Wise Living has established various channels for reporting violations of discipline, and has made them public through *Employee Handbook* (《員工手冊》), management systems, daily communication, and official website announcements. Internal employees, partners and outsiders can report suspected violations through the president's mailbox, e-mail, telephone hotline, mail, face-to-face communication and other means.

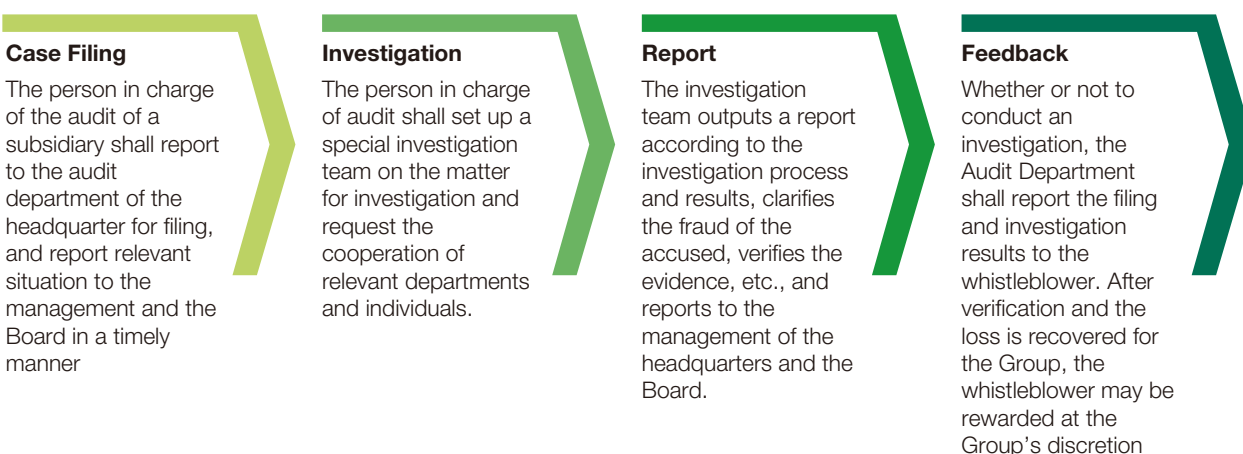
Whistleblowing channels

Hotline: 0510-86850605

Email: hjkj@shuangliang.com

Address: Audit Department of Wise Living Technology Co., Ltd at 7/F, International Hotel, No. 299 Chengjiang West Road, Jiangyin

In addition, Wise Living 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 headquarter and subsidiaries form a unified and concerted effort to effectively combat violations of laws and regulations.



Acceptance Procedure for Whistleblowing



CASE: PUBLICLY SOLICIT THE OPINIONS OF EMPLOYEES AND IMPLEMENT ACTIVITIES FOR WORK STYLE CONSTRUCTION

In February 2023, Shanxi Shuangliang Renewable Energy Industry Group Company Limited ("Shanxi Shuangliang") under Wise Living publicly solicited opinions from all employees. The company provided a dedicated telephone line and email for employees to objectively reflect various work problems and opinions, thus furthering the efforts in the construction of work practice of Wise Living.



President's Mail

Chapter V Sound Corporate Governance and Strict Compliance

Protection Mechanism for Whistleblower

In order to fully protect the rights and interests of whistleblowers, Wise Living's *Anti-Fraud Management System* (《反舞弊管理制度》) clearly stipulates two measures to provide them with information protection and investigation protection. In the whistleblowing process, Wise Living allows the whistleblower to report with anonymity or real name, and the Audit Department ensures that the information reported, and the personal information of the whistleblower are strictly confidential; during the investigation, both the whistleblower and those involved in assisting the investigation are protected. The Group strictly prohibits all acts of discrimination or retaliation, and prevents departments or individuals from obstructing, hampering or interfering with investigations. Otherwise, they will be warned, demoted or removed from their posts and other sanctions until the termination of the labor contract, and the suspected criminals will be transferred to the relevant government departments or judicial organs for handling according to law.

Anti-fraud and Anti-corruption Education

The Group's Human Resources Department regularly leads the sorting out of the *Position List for Confidentiality, Anti-fraud and Background Investigation* (《保密、反舞弊、背景調查崗位清單》). All the employees in key positions of the Group signed a commitment letter and a confidentiality agreement against fraud in 2023. All employees receive education on integrity and dedication in their daily work, learn and abide by the definitions, whistleblowing methods and procedures in respect of corruption in the *Employee Handbook* (《員工手冊》).

In order to simultaneously enhance the integrity awareness of all parties in the cooperative relationship, the Group requires all external units to be aware of and sign the *Commitment Letter against Commercial Bribery* (《反商業賄賂承諾書》), promising that the cooperative transaction will never adopt commercial bribe and provides them with whistleblowing channels to ensure that the performance process is public and legal.

Wise Living actively creates a culture of honest practice. During the Year, in order to promote self-discipline for all employees, the headquarters and the Human Resources Department of the subsidiaries conducted 1 anti-corruption training sessions for employees and directors for a total of 4 hours.

Chapter V Sound Corporate Governance and Strict Compliance



CASE: ORGANIZE ANTI-CORRUPTION AND INTEGRITY TRAINING TO INTERNALIZE THE AWARENESS

In June 2023, in order to strengthen the construction of the Group's integrity culture, enhance employees' understanding of the content of civil law, we organized employees to participate in anti-corruption education and legal compliance lectures. Targeting at common legal issues, Wise Living invited two senior lawyers to give vivid and professional explanations and analyses in accordance with the new regulations of the *Civil Code* based on the actual cases. At the same time, training activities specifically emphasized that the violation of the Group's integrity regulations, if serious, shall constitute a crime. Through this training, our employees have further enhanced their awareness of learning, application, and compliance of law, and have a clearer understanding of integrity and compliance, which will help improve the management of integrity and compliance in daily operations.



Civil Code Training



Group's Anti-corruption Poster

Chapter V Sound Corporate Governance and Strict Compliance

Prevention of Conflict of Interests

The concept of fair and objective practices runs through Wise Living's operations. Wise Living strives for the common development of personal interests and corporate interests, so avoiding and properly handling conflict of interests as soon as possible is the right way to protect all its stakeholders.

To this end, the Group has clearly defined four main scenarios of conflict of interests and three preventive measures for conflict of interest, which will help to identify and timely prevent conflicts with the interests of the Group or investors as a whole in the process of management, decision-making, voting, execution, information transmission, etc., which affect objective opinions, and ensure that the interests of all parties are not harmed.

Labor Contract	The employee is aware of the non-compete clause in the labor contract.
Reporting	If there is a conflict of interest, report it to management.
Whistleblowing Channels	Other informed parties may report through the whistleblowing channel.

Preventive Measures for Conflict of Interests

5.1.4 Information Security and Privacy Protection

Informatization and digitalization are important means for a modern enterprise to optimize operation management, improve service quality and enhance operational efficiency. Wise Living continuously improves the Group's information security management system in accordance with *the Cybersecurity Law of the People's Republic of China, Data Security Law of the People's Republic of China, Personal Information Protection Law of the People's Republic of China* and other laws and regulations.

At present, the Group has obtained the Level 3 certification, and there have been no corporate information security accidents or information leakage of customers, employees, and partners during this year.


System Construction

Wise Living formulates and implements documents such as *the Informatization Management System* (《*信息化管理制度*》) to standardize internal data security management, clarify data protection responsibilities, and reduce data security risks.

Chapter V Sound Corporate Governance and Strict Compliance

Organizational Support

Wise Living provides organizational support from the three aspects of decision-making, management and technology, and has set up an information security work leading group composed of the heads in charge of the Group headquarters and subsidiaries to be responsible for making decisions on major information security issues and ensuring the effectiveness of information security strategy formulation and process architecture; The Board Office is responsible for supervising the information security management of the Group, and assisting in the management and implementation of specific information constructions such as information security, data center and asset equipment, network security, client security, and emergency management. At the technical level, the Group is supported by a team with professional capabilities and keen insight, such as information technology, technical support and system operators.

 Decision-making	Information Security Work Leading Group
 Management	Wise Living Board Office
 Technology	IT, Technical Support and System Operators of Subsidiaries

Information Security Management Function

Information Security Management Measures

Wise Living continues to promote comprehensive and strict information security management, selects a third-party cloud service provider to provide professional information security services for the Group and provide Wise Living Group and its subsidiaries with exclusive database, protection system, audit and evaluation services. In addition, the Group also strengthens independent security management. In accordance with the principles of “coordinated arrangement, resource sharing, and integration of peace and war”, the Group uniformly plans, implements and manages the disaster backup of Wise Living important information systems, regularly organizes drills on emergency plans, and designates special personnel to manage and maintain emergency plans to ensure the effectiveness of emergency plans and availability in case of disasters.

Safety Monitoring	Safety Check	Safety Assessment	Safety Audit
Integrate and utilize monitoring resources; Establish a system of weekly, monthly or quarterly reports for operation monitoring; Early warning, response and disposal	Organize a special inspection on information security in Wise Living or its subsidiaries annually	Assess the information security of Wise Living or its subsidiaries at least once a year	Carry out the technical audit of the daily operation management of information system and the whole process of information security incidents when appropriate

Four Key Points of Safety Management

Chapter V Sound Corporate Governance and Strict Compliance



CASE: STRENGTHEN EQUIPMENT ASSET MANAGEMENT

The Group attaches great importance to the protection of software copyrights and the authorized use of software and implements software authorization management in accordance with the requirements of relevant national laws and regulations and maintains intellectual property rights.

During the Year, Wise Living has successfully completed the self-inspection of the security and authorization of all computer equipment and software of the Group and its subsidiaries. 100% of the 729 pieces of software was used regularly, and there is no unauthorized use, ensuring the compliance of laws and regulations.

Customer Data Security

Wise Living strengthens the Group's data security and customer privacy security through technology and management methods, and effectively prevents the leakage of customer data and privacy. During the Year, the Group did not have any major information security incidents such as the leakage or loss of customers' privacy data.

In terms of technology, the Group requires subsidiaries to establish a sound client management system to record all client equipment information and software configuration information. The client should install virus prevention software uniformly and set up user passwords and screen protection passwords and other security protection measures.

In terms of management, the Group clarifies the confidentiality responsibilities of employees in *Employee Handbook* (《員工手冊》) and conducts information security related training for new entrants and employees on an annual basis to improve their customer information protection awareness. At the same time, the Group has standardized the requirements for information security management and keeping trade secrets in the *Confidentiality Agreement* (《保密協議》), requiring all employees, suppliers, partners and other stakeholders to abide by it and continue to build information security and privacy protection barriers.

A nighttime cityscape with numerous lit-up buildings and streets, viewed from an elevated perspective. A large, semi-transparent green circle is overlaid on the left side of the image, partially covering the city. The text is positioned within the lower part of this green circle.

Chapter VI

Guarantee Centralized Heating and Warm Thousands of Households

Wise Living has established a complete quality management system for heating engineering. We attach importance to the innovative application of heating technology, actively introduce digitalised heating technology, gradually optimize intellectual property management, fully guarantee the quality of heating for users, and promote the sustainable and healthy development of central heating.



INDICATOR RESPONSE

B6 Product Responsibility

ISSUE RESPONSE

Stable Heating
Technological Innovation

HIGHLIGHTS PERFORMANCE

Establish the whole process quality management system of heating services and strictly control its quality

Lanzhou New Area Shuangliang Thermal Power Company Limited is awarded “High-tech Enterprise”

Apply digitalised heat service platform for operation monitoring, analysis and intelligent scheduling of “heating services” and “heating consumption”

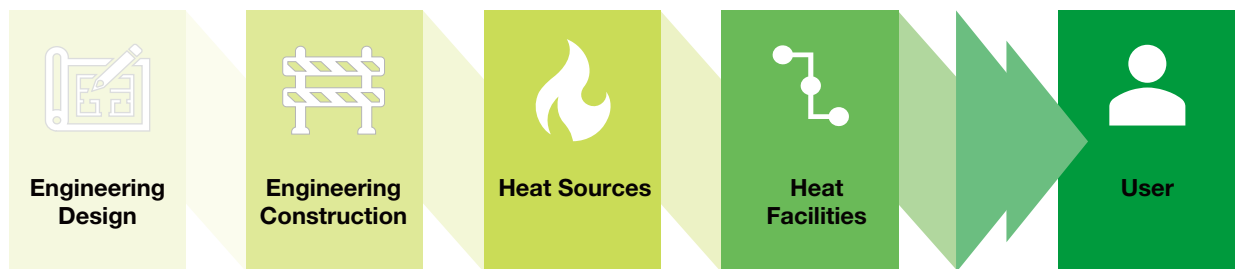
Intellectual property patents: **121**

Chapter VI Guarantee Centralized Heating and Warm Thousands of Households

6.1 QUALITY HEAT SERVICES WITH STRICT QUALITY CONTROL

6.1.1 Heating Quality Management System

With the policy of “putting quality first in our 100-year plan”, Wise Living is committed to providing quality and stable heat services for the society, and strictly controls the quality management of the whole process of heating supply. From standardizing the design standards and supervising the construction quality in the early stage of the heating engineering, to ensuring the stability of the heat source after the operation of the heating engineering, and paying attention to the daily operation and maintenance and optimization management of the heating pipe network and heat exchange station, the Group checks the work details of each heating link to build a high-quality heating system and lay a solid foundation for the goal of comprehensively guaranteeing centralized heating.



Design of Heating Engineering

Wise Living strictly controls the design quality of the heating engineering to ensure smooth construction. Wise Living heating engineering and system are subject to project feasibility studies before design. In the design stage, *the Standard for Urban Residential Area Planning and Design* and *Design Code for City Heating Network* are taken as the main planning and design basis, and the design details of the heating system, such as layout, equipment selection, and pipeline design in the design scheme, have been fully demonstrated and verified.

In order to improve the design effect, the Group actively draws on and introduces the best practices and experience in the industry and integrates them into its own project design solutions to improve the reliability of the design and the efficiency of heating supply. At the same time, the design also pays attention to equipment and material selection, on the basis of ensuring that the industry meets the standards, the use of efficient heating equipment, reasonable pipe layout, and the selection of reliable quality materials to ensure the stable operation of the heating system under various working conditions.

In addition, the Group engages external designers with senior business experience to provide professional planning and design services for large-scale heating projects. Each link of the engineering design plan is jointly reviewed and checked by the Group’s internal and external heating experts, and the level and scientificity of the heating project design are continuously optimized to better meet the local heating standards and customer expectations.

Chapter VI Guarantee Centralized Heating and Warm Thousands of Households

Construction of Heating Engineering

Wise Living has established a complete construction quality management system. We implement construction technical specifications and engineering quality standards with respect to technology and implement the engineering quality responsibility system with respect to management, laying a solid foundation for the official operation of the heating business.

In accordance with *the Construction Law of the PRC, the Code for the Construction and Acceptance of Urban Heating Pipe Network Engineering, the Code for the Acceptance of Construction Quality of Building Foundation Engineering*, and other laws and regulations, the Group formulates and implements *the Construction Quality Management System* (《工程質量管理制度》), *Project Management Measures* (《工程管理辦法》), *Construction Organization Plan* (《施工組織方案》), *Thermal Pipe Network Engineering Construction Enterprise Standards* (《熱力管網工程施工企業標準》), *Station Engineering Construction Enterprise Standards* (《站類工程施工企業標準》), *Construction Quality Acceptance Management System* (《建築工程施工質量驗收管理制度》) and other heating engineering construction and acceptance standards. The quality system document standardizes the project quality of the construction unit. At the same time, Wise Living has established a project supervision department, which is responsible for the overall quality control of the project in the early stage of the project, and strengthens the Group's own responsibility for the supervision of the project quality, and controls the project quality in three stages: before, during and after the project.

- Pre-control: Make preparations before construction, such as drawing review, review of construction organization design, handover of control pile points, welder examination, etc.; It also requires that the construction unit shall carry out construction in strict accordance with the construction technical specifications, engineering quality standards and design drawings, and do a good job in construction organization design and technical disclosure;
- In-process control: Strictly control the important nodes of each project, such as the measurement and pay-off, trench excavation, trench bottom sand laying, pipeline welding, non-destructive testing, interface insulation, trench backfill and other nodes, all of which need to be inspected in accordance with the internal enterprise standards of the Group to ensure quality; at the same time, the construction unit is required to organize a series of activities and meetings on a regular basis, such as excellent projects, quality evaluations, regular quality meetings, project quality inspection, etc.;
- Post-control: Organize completion acceptance and review completion data. The completion data must be handed over in a timely manner in accordance with the standards proposed by the Engineering Supervision Department. After completion, it must be accepted in strict accordance with the internal standards of the Group, and the construction unit should be rated and ranked for acceptance as a reference for project bidding in the next year.

With the above efforts, Wise Living's construction quality management system has achieved strict management of all aspects of construction and effective control of construction quality of heating engineering.

Chapter VI Guarantee Centralized Heating and Warm Thousands of Households

Stable Heat Sources

Wise Living regards ensuring the stability of heat sources as the foundation of its business. Under the clean heat services, the Group strives to ensure the reliability and stability of heat sources such as heat procurement from cogeneration plants, residual heat collection, clean boiler and geothermal extraction.



Chapter VI Guarantee Centralized Heating and Warm Thousands of Households



Chapter VI Guarantee Centralized Heating and Warm Thousands of Households

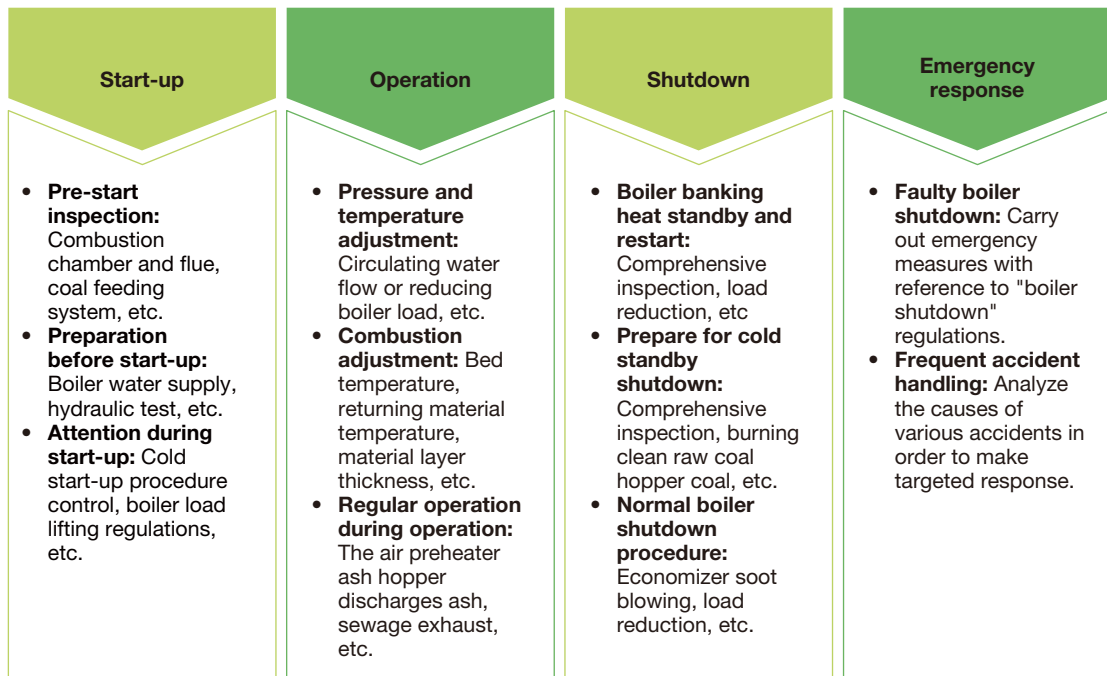
Heating Facilities

The heating facilities of Wise Living mainly involve boiler system, heating pipe network and heat exchange station. Its stable operation ensures the efficiency of heating facilities and is also one of the key points of heating quality assurance. The Group has formulated management systems such as *Production and Operation Management System* (《生產運行管理制度》), *Operation Procedures* (《運行操作規程》), *Production Inspection Requirements* (《生產巡檢要求》), *Maintenance Action Plan* (《檢修行動方案》), *Maintenance Operation Instructions* (《檢修作業指導書》), *Production Emergency Plan* (《生產應急預案》) etc., to clarify the management responsibilities of each post on the production site and standardize the actual operation and maintenance management requirements of heating facilities.

Wise Living mainly adopts management measures such as daily operation and maintenance of facilities and optimal dispatch and maintains the efficient operation of heating facilities in an all-round way from the dimensions of operation, maintenance and inspection, emergency response, and optimization.

- *Maintenance of Boiler System*

The Group strictly implements the preparations for start-up, operation and shutdown of boilers, adjusts parameters in a timely manner, and pays attention to precautions in each production link. By standardizing the operation management of each boiler process, the boiler working condition is guaranteed to provide stable heating.



Chapter VI Guarantee Centralized Heating and Warm Thousands of Households

Lanzhou New Area Shuangliang Thermal Power Company Limited (蘭州新區雙良熱力有限公司) (“**Lanzhou Shuangliang**”), a subsidiary of the Group, actively implements boiler optimization projects, such as optimization of boiler water replenishment system, improvement measures of slag cooler inlet structure, etc., to ensure boiler safety and enhance boiler system flexibility.



CASE: IMPROVE SLAG COOLER INLET STRUCTURE TO ENSURE BOILER SAFETY

In order to avoid the risk of slag feeding and ash leakages of slag cooler, in addition to the original sealing structure of the slag cooler, Lanzhou Shuangliang added fully sealed bellows free retracting sealing structure, including boiler slag discharge pipe, bellows retracting sleeve and slag discharge pipe, reduced boiler ash and slag leakage area and increased resistance, effectively solving ash and slag leakage and related safety problems. At the same time, the middle chamber of the corrugated expansion sleeve is filled with high-temperature resistant thermal insulation materials, which can effectively avoid the waste of heat.

- *Transformation of Heating Pipe Network*

In terms of daily management of the heating pipe network, the operation department of the production plant conducts a daily investigation of hidden dangers, and rectifies hidden dangers such as water or leakage of the pipeline and aging of the pipe network in a timely manner. During the Year, Wise Living actively promoted the transformation project of the old heating pipe network. Through the renewal of the pipe network, a series of heating problems such as pipeline leakage, frequent maintenance and inspection, and heat loss were solved, effectively improving the heating efficiency and ensuring the heating temperature for residents.



CASE: TRANSFORMATION OF OLD PIPE NETWORK IN HEATING ENGINEERING

In 2023, Shanxi Shuangliang completed 33 renovations for old pipe networks in the special project of energy-saving renovation of heating engineering involving 19 communities, which significantly alleviated the situation of severe water loss, frequent maintenance and shutdown of the heating pipe network in old communities. At the same time, the transformation of the old pipe networks has also improved the private connection and disorderly changes in the heating pipe network, and effectively rectified the problem of illegal use of heat.

- The 126-meter badly corroded heating pipes were replaced at shops along the street at Mayi Station in Shanxi Shuozhou. The transformation can save at least eight tonnes of recycling water and 0.3 GJ of heat every day, equivalent to 1,440 tonnes of water and 57.6 GJ of heat for a whole year.
- The 560-meter old heating pipe was replaced in two residential areas of Shanxi Shuozhou Junyuan Station, completely solving the problem of user heating and greatly saving energy consumption. The renovation can save about 39,000 kWh of electricity, 10 tonnes of water per day or about 1,800 tonnes of water per year, and a total of 72 GJ of heat.

Chapter VI Guarantee Centralized Heating and Warm Thousands of Households

- *Heating Pipe Network Emergency*

At the same time, the Group attaches great importance to the emergency management of pipe network leakage. In the production emergency repair plan, the pipe network failure category has been identified, the accident level has been classified, and the emergency measures for different failures have been clearly stipulated. On this basis, the Group has specially formulated the *Emergency Drill Plan for Leakage of Heating Trunk Pipeline Network* (《供熱主幹管網洩露應急搶險演練方案》), and set up an emergency team in each production area. The Group clarifies the responsibilities of each team member and the emergency drill steps. Emergency teams quickly carry out emergency rescue work, evaluate and summarize after drills, analyze reasons for deficiencies and rectification items in drills, and take corrective and optimization measures to maximize the response to emergencies and mitigate adverse effects.



CASE: NETWORK EMERGENCY REPAIR ON YIXI ROAD

In September 2023, Shanxi Shuangliang Emergency Team for Maintenance and Rescue found a water leakage in the pipe network at the intersection of Yixi Road and Yibei Street during the inspection, and the repair personnel quickly made preparations for excavating the road. After confirming the cause of the accident, the engineering technical team and the maintenance management office immediately formulated the emergency repair plan and safety operation instructions on the spot, the safety supervision department carried out on-site inspection, successfully implemented the pipe network leak-blocking operation, and subsequently, the glue injection mold reinforcement was carried out for the water seepage part of the pipe wall. After successfully sealing the leakage point, we took 30 minutes of on-site observation to ensure no water leakage; afterwards, the emergent repair personnel used on-site pouring process to carry out the thermal insulation, completing the emergency repair efficiently.

Chapter VI Guarantee Centralized Heating and Warm Thousands of Households

- *Heat Exchange Station Optimization*

In order to ensure the safe, stable, economical and efficient operation of the heating facilities, the Operation Department of the factory area regularly conducts comprehensive inspection and maintenance of the heat exchange station and its configured heat exchangers, circulation pumps, make-up water pumps, valve, meters and other equipment during the non-heating season, such as derusting and touch-up painting, lighting and cleaning. In addition, in order to promote lean production, the Operation Department of the factory area conducts annual mapping and upgrading of the heat exchange station, tries its best to eliminate hidden dangers in the station, and improves the safety and cleanliness of the heat station.



CASE: HEAT EXCHANGE STATION MAINTENANCE AND OPTIMIZATION



City Station 75KW circulation pump of a network, replace the aniseed cushion

The maintenance personnel carried out a comprehensive inspection and maintenance on the circulation pump of a network and replaced the aniseed cushion, successfully ensuring the normal operation of the equipment.



Maintenance personnel repaired welding, turned and re-installed the second grid pump rotor, completely solving the water leakage problem of mechanical seal, prolonging its service life, and saving the cost of pipe pump replacement.



CASE: RE-ROUTING AND TRANSFORMATION OF HEATING STATION AFTER WATER AND GAS LEAKAGE

The exhaust pipe of a heating station was found to have potential safety dangers after investigation, and water was easily accumulated in the station. In response to this situation, the Operation Department formulated a transformation plan, and the staff laid the exhaust pipe and sewage pipe overhead. The former leaned against the wall as a water collector to lead to the outside of the station, and the latter introduced the water collection pit outside the station and set up a floor drain to solve the problem of difficult cleaning of stagnant water in the station. This not only deals with the safety dangers in the station, but also improves the aesthetics of the station.



Transformation in Heating Station

Chapter VI Guarantee Centralized Heating and Warm Thousands of Households

6.2 TECHNOLOGICAL INNOVATION AND SMART OPERATION

6.2.1 Technology and Innovation

Wise Living always regards technological innovation as one of the sustainable development policies, strives to comprehensively enhance its independent innovation capabilities, endeavors to achieve technological leadership in the field of heating, improve core competitiveness, and create more value for customers and society. The Group has independent research and development capabilities and advanced heating technology and carries out technical exchanges with industry peers to jointly promote the high-quality development of the heating industry.



Lanzhou Shuangliang was awarded “High-tech Enterprise”

Adhering to the R&D style of “learning leads to advancement, innovation leads to eternity”, the Group has established a R&D center in Taiyuan City, Shanxi Province, and set up its own R&D team, the relevant R&D personnel of which have rich industry experience in heating service design and technology, continuing to strengthen the research, innovation and application of the technology with respect to traditional energy and new energy heating services.

In recent years, the Group has produced many outstanding innovative technologies and application achievements in heat sources, pipe networks and heat exchange stations, such as new energy heating technology development, boiler system heat collection, etc.

CASE: NEW ENERGY HEATING TECHNOLOGY DEVELOPMENT OF “SOLAR ENERGY + AIR SOURCE”

Lanzhou Shuangliang started to implement the dual-energy (solar energy + air source) heat pump clean energy heat services project of South Station in July 2022, and the heating area amounting to 20,625.83 m²:

- Solar energy adopts non-freezing, no leakage, no corrosion, no hidden danger air solar equipment;
- Air energy uses an ultra-low temperature of -45℃ two-stage superimposed heat pump;
- The system control adopts environment adaptive variable temperature control technology, and has its own remote data module, which can realize unattended and remote control.

The operation of the high-speed railway South Station in the last heating season shows that the heating system of “solar energy and air source” is stable and has a good heating effect. The energy saving for the whole heating season is equivalent to approximately 334.4 tonnes of standard coal.

Chapter VI Guarantee Centralized Heating and Warm Thousands of Households



CASE: HEAT RECOVERY OF FLUE GAS WASTE HEAT AND SLAG OF BOILER

➤ Recover of Flue Gas Waste Heat

In order to improve the utilization efficiency of boiler flue gas, Lanzhou Shuangliang has newly installed a heat pump type waste heat recovery unit, which is used to recover the waste heat of flue gas at the outlet of the desulfurization tower to heat the heating return water, and the heat of low-quality latent heat waste hot water is recovered and utilized, so as to heat up the high-quality hot water (heating water) for user use. When the waste hot water temperature has reduced, it is recycled back to the reheater to re-absorb the heat.

After the implementation of the project, not only the waste heat of flue gas can be recovered, the coal consumption of the boiler can be reduced, but also the white smoke and rain of coal-fired boiler can be eliminated, the content of gypsum rain (dust) in the exhaust gas can be reduced, and the water vapor in the flue gas can be condensed out for desulfurization and other processes, so as to achieve energy saving, water saving, environmental protection, and improve the four benefits of heating capacity.

In 2023, Lanzhou Shuangliang recovered flue gas waste heat approximately 160,000 GJ in total for heating season, saving 6,142 tonnes of standard coal, and recovered approximately 50,000 tonnes of condensed water, greatly improving heating capacity and energy utilization efficiency.

➤ Slag Heat Recovery

By using the roller type slag cooler, subsidiaries make the slag convection with circulation water for heat exchange to absorb and discharge the slag heat, and reduce the slag temperature, thereby reducing the boiler heat loss and recovering the slag heat. In 2023, the heat of hot slag of approximately 12,500 GJ at the bottom of the boiler were recovered.

While building its own excellent technical capabilities, the Group also actively cooperates with excellent industry research institutions and educational institutions to jointly promote the technical standardization of the heat industry, including collaborating with multiple parties to draft provincial technical specifications for the heat service industry, such as *Technical Code for Shallow Ground-source Heat Pump System* (《淺層地源熱泵系統工程技術規範》) and *Technical Code for Middle and Deep Geothermal Heating Engineering* (《中深層地熱供熱工程技術規範》), etc., contributing Wise Living's technology and experience to promote the progress of the industry.

Chapter VI Guarantee Centralized Heating and Warm Thousands of Households



CASE: LI BAOSHAN BEING APPOINTED AS A MEMBER OF THE TECHNICAL COMMITTEE OF THE NATIONAL GEOTHERMAL ENERGY DEVELOPMENT AND UTILIZATION RESEARCH AND APPLICATION TECHNOLOGY PROMOTION CENTER

In November 2023, at the second plenary meeting of the Organizational Committee of the Seventh World Geothermal Congress and the 2023 annual working meeting of the National Geothermal Energy Center, Li Baoshan, the general manager of Wise Living Technology, was appointed as a member of the Technical Committee of the National Geothermal Energy Development and Utilization Research and Application Technology Promotion Center. The deputy director of the party team of the National Energy Administration issued his letter of appointment in person.



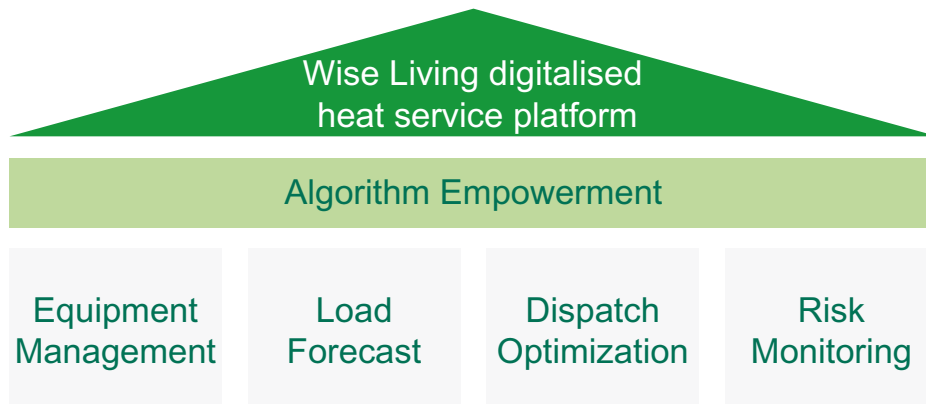
Appointment Ceremony

The National Geothermal Energy Development and Utilization Research and Application Technology Promotion Center (the “Center”) is a national geothermal energy development and utilization research and application technology promotion center established by the National Energy Administration relying on SINOPEC, focusing on geothermal energy development strategic planning, key technology research and development, talent training and international exchanges. At the same time, the Center cooperates with domestic and foreign scientific research institutes and universities to carry out research and development of geothermal core technologies and major project cooperation.

6.2.2 Smart Heating System

Wise Living uses algorithms to empower the heating system, and applies a “digitalised heat service platform” that integrates equipment management, load forecasting, dispatch optimization, risk monitoring and other functions. The smart heating cloud platform combines advanced digital means such as geographic information technology (GIS) and artificial intelligence technology to conduct comprehensive real-time monitoring of the operating parameters, control effects and energy consumption of the heating system, and conduct operational monitoring, analysis and smart dispatch of heat services and use.

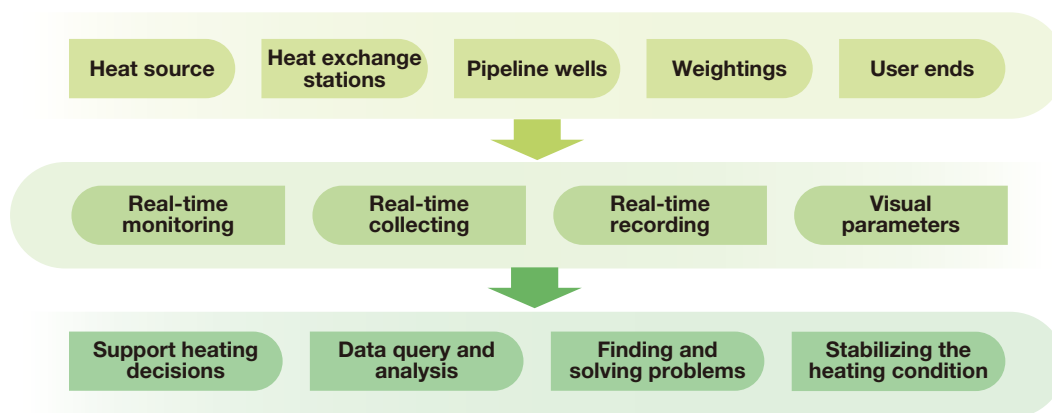
In terms of function realization, the digitalised heat service platform can adjust the control of the heat exchange station and the heat source in a timely manner according to the changes in the heat used at the end, accurately regulate the balance between supply and demand of the heating system, effectively avoid excess heating and heat waste, reduce heat imbalance, and realize the whole process control of heating production, and greatly reduce the comprehensive energy consumption of the heating system.



Chapter VI Guarantee Centralized Heating and Warm Thousands of Households

Equipment Management

The digitalised heat service platform can monitor and manage heat sources, heat exchange stations, pipeline wells, weightings, and user ends. As of the end of 2023, it has been connected to 3 boilers, 2 heat pumps, 136 heat exchange stations, 223 units, several pipeline wells, weightings and users of the heat source factory. Fully realize the visualization, automation and digitization of the operation status of the thermal system, and improve the speed and level of the operation dispatch decision of the heating system.



Load Forecast

In view of the lag problem of heat supply and demand, Wise Living digitalised heat service platform can establish a prediction model for heat supply under different meteorological conditions based on load prediction algorithm, so as to make real-time prediction of the heating load of each thermal unit in the next period. Combined with historical data, weather changes, secondary hydraulic balance, room temperature monitoring and other working conditions, make rolling forecasts of the thermal load in the next 48 hours, as well as the supply and demand trend of the full heat network, accurately locate areas with significant load forecast deviations.

Dispatch Optimization

Wise Living digitalised heat service platform has a balance control algorithm to provide strategies for the whole network balance control. Based on load prediction and simulation model technology, the platform adopts model prediction control method to analyze the online hydraulic balance of the entire network according to real-time data, judge the operation situation and safety margin of the heat network, and calculate the optimal balance control plan under the target conditions with intelligent algorithm, determine the parameters of each thermal station, and automatically send the control data to each controller. So that, it can achieve automatic balance control and optimal operation scheduling of pipe network.

Chapter VI Guarantee Centralized Heating and Warm Thousands of Households

Risk Monitoring

Wise Living digitalised heat service platform uses the analysis and simulation function of GIS to store, manage, retrieve, maintain and update the basic data of various equipment, and provides scientific and reliable basis for the inspection, analysis, statistics and risk warning of the heating pipe network through the visual management of GIS maps.

The digitalised heat service platform builds a heating system model, including large facilities and structures such as heat sources, pipe networks, heat exchange stations, buildings, etc., and refines them to pipelines, valves and other equipment or parts. It can dynamically monitor and diagnose the operating parameters of heating units and equipment online. Statistics and analysis grasp the operating status of the entire network and gives early warning and alarm reminders for abnormal fluctuations of key parameters, so as to facilitate rapid detection of operational risks.

For example, the Group uses distributed optical fiber temperature sensing technology for real-time temperature monitoring. When there is a local leak in the pipeline, the digitalised heating system can capture these abnormal signals in time, and locate and mark the location of the accident point in the electronic map, which is convenient for pipeline maintenance personnel to overhaul and handle in time and avoid the occurrence of major accidents.



CASE: MANAGEMENT AND CONTROL OPTIMIZATION OF HEAT EXCHANGE STATION

In response to the challenges of long-distance pipeline transmission and data acquisition difficulties, the Group developed its own software and hardware to establish accurate pipe network simulation models and load prediction systems, which can penetrate the pipe network to measure blind spots and supplement pipe network information.

Due to the lagging of traditional heating system's perception of dangerous working conditions and the lack of operational accident prevention methods, the Group has formed a digitalised heating system through multi-dimensional system integration methods such as meteorological analysis, early warning, geographic information technology (GIS) map, etc., which realizes the comprehensive danger perception function of the heating system and greatly enhances the sensitivity of the heating system.

Chapter VI Guarantee Centralized Heating and Warm Thousands of Households

6.2.3 Intellectual Property Management

Wise Living attaches great importance to scientific research achievements and intellectual property management, has formulated system documents such as *the Intellectual Property Management System* (《知識產權管理制度》), clarified intellectual property management norms, and strengthened its own intellectual property operation level. In terms of prevention of infringement, the Group regularly searches the patent items with infringement risk of Wise Living's patent on the inquiry website for reviewing patent information every quarter, and conducts infringement risk analysis and confirmation for specific items to protect the Group's patent security. In terms of awareness enhancement, the Group also conducts intellectual property protection exchange training to enhance the patent application skills and intellectual property protection awareness of its employees.




CASE: COMMUNICATION OF INTELLECTUAL PROPERTY APPLICATION

In September 2023, Wise Living cooperated with third-party institutions to carry out an intellectual property seminar. Relevant leaders and technicians of heat source branches and heat network branches participated in the seminar, discussed and sorted out other patentable technologies and equipment, and assisted participants in improving technology and equipment patent application process, matters needing attention, data editing and other skills so as to smoothly submit the patent application during the Year.

The Group has continued to improve the relevant regulations on intellectual property protection, and encouraged technology research and development innovation and intellectual property protection. After years of production practice and technological innovation accumulation, Wise Living owns 121 intellectual property patents, including 15 key core technology patents, including 5 invention patents related to cogeneration service systems, 28 software copyrights, 6 domain names and 6 trademarks.

Wise Living Key Core Patent

1	A heating device for central heating	8	an industrial heat exchanger
2	A central heating device that can utilise waste heat	9	An energy-saving and environmentally friendly central heating device
3	A kind of thermal insulation pipeline for central heating	10	A kind of equipment for comprehensive utilization of waste heat of coal slag
4	An energy-saving central heating control device	11	A regenerative industrial waste heat recovery equipment
5	A central heating desulfurisation and dust removal device	12	Low temperature flue gas waste heat recovery and utilisation technology
6	A distillation device for waste heat utilisation	13	Fully sealed free expansion high temperature pellet conveying device
7	A waste heat utilization device for flue gas pipeline	14	A multi-module assembly heat extraction device
		15	A starting pole piece processing and positioning device



Chapter VII

Practice Clean Heating and Protect Green Homeland

Wise Living Technology adheres to environment-friendly heating, and attaches great importance to its own environmental protection responsibilities, plans in an orderly manner and takes multiple measures to reduce or avoid the adverse effects on the environment in any operating process. The Group is committed to becoming a pioneer and leader in the heat service to implement the concept of green development. At the same time, the Group analyzes and assesses the business' climate resilience, and seizes with forward-looking climate opportunities and makes Wise Living contributions to the response to climate change.



INDICATOR RESPONSE

- A1 Emissions
- A2 Use of Resources
- A3 The Environment and Natural Resources
- A4 Climate Change

ISSUE RESPONSE

- Energy Management
- Water Resources Management
- Waste Management
- Management of Air Pollutants
- Response to Climate Change

HIGHLIGHTS PERFORMANCE

Lanzhou Shuangliang was awarded certificate of “**A-level** Enterprise of Environmental Protection Standardization”

Using 2023 as the base year, non-renewable energy consumption, water consumption and greenhouse gas emission intensity will be reduced by **5%** respectively in 2025

Wastewater discharge compliance: 100%

Shanxi Transformation and Comprehensive Reform Demonstration Zone “Energy Island No. 1 ” project can achieve heating area: approximately **1.06** million square meters

Chapter VII Practice Clean Heating and Protect Green Homeland

7.1 SEIZING OPPORTUNITIES FOR CLIMATE CHANGE

Recognizing that climate change is a common challenge facing the world, Wise Living has incorporated response to climate change into its overall sustainable development plan and planned climate governance and engagement in an orderly manner.

In terms of strengthening the climate governance framework, the Group has established the basic ideas for managing top-down response to climate change, with the Board assuming primary responsibility. With the support of the ESG working group, the Board regularly reviews the risks and opportunities of climate change and comprehensively assesses the direct or indirect impact of climate change on the Group's short-term and long-term business growth to incorporate it into the Group's overall ESG strategy. At the same time, the Group focuses on improving its ability to judge and respond to climate change and provides climate-related training to the Board to ensure that it has the expertise and ability to monitor and manage climate matters, so as to grasp climate-related policies, markets, technology and other trends.

During the Year, the Group formulated the *Response to Climate Policy for Wise Living Technology* (《慧居科技應對氣候政策》), clarified the relevant guidelines and measures requirements for setting the Group's climate change-related strategies and goals, and worked with customers, suppliers and other internal and external stakeholders to implement climate change governance.

7.1.1 Climate Change Risks and Countermeasures

In order to avoid the impact of climate change as much as possible, Wise Living refers to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), identifies, analyzes and assesses the impact of climate-related risks on its own business, operations and finances, formulates countermeasures in a targeted manner, and seizes the industry opportunities that climate change may bring, which will promote the work on response to climate change.

The Group continues to identify and update short-term (1–3 years), medium-term (4–10 years) and long-term (over 10 years) climate-related risks and potential impacts. To this end, the Group is also synchronizing the planning and implementation of countermeasures for climate change-related risks:

Risk Categories		Duration	Climate-related Risks	Potential Impact	Countermeasures
Physical Risks	Acute	Medium and Long	Extreme weather events such as extreme cold, high temperature, strong wind, heavy rain, sand and dust occur frequently	<ul style="list-style-type: none"> Destruction of production or office equipment, resulting in loss of assets or energy shortages, disrupting the normal conduct of production activities 	<ul style="list-style-type: none"> Pay close attention to weather forecasts and take early measures against extreme weather
	Chronic	Long	Changes in climate patterns	<ul style="list-style-type: none"> Employee safety issues due to extreme weather conditions 	<ul style="list-style-type: none"> Formulate emergency plan for extreme weather and do a good job in ensuring safety in advance

Chapter VII Practice Clean Heating and Protect Green Homeland

Risk Categories		Duration	Climate-related Risks	Potential Impact	Countermeasures
		Long	Average temperature rise	<ul style="list-style-type: none"> Impact on workforce management, e.g. reduced operational efficiency due to employee absence Extreme cold leads to a surge in heat demand Generally higher temperatures lead to longer non-heating periods 	<ul style="list-style-type: none"> Purchase insurance for heat exchange equipment and machinery, take effective temperature control measures to prevent equipment failure Through the smart heating cloud platform, control the heating system in time, to ensure the user's heating temperature under extreme cold weather Simultaneously develop refrigeration business to enhance business climate resilience
Transformation Risk	Policies and Laws	Short	Higher GHG emission pricing	<ul style="list-style-type: none"> Increased costs for compliance 	<ul style="list-style-type: none"> Strengthen legal compliance management, pay close attention to policy updates, efficiently manage environmental performance in accordance with compliance requirements, and formulate "the Measures for Energy Conservation Review of Fixed Asset Investment Projects"
		Short	Stricter disclosure obligations for emissions		<ul style="list-style-type: none"> Control the operating parameters of heating system in real-time, conduct maintenance and optimization of heating facilities, improve heating efficiency and reduce heat loss
		Short and Medium	Stricter regulation on pollutant emissions, products and services		<ul style="list-style-type: none"> Plan to trade carbon credits and generate additional revenue with clean heating business model through CCER (China Certified Emission Reduction) mechanism

Chapter VII Practice Clean Heating and Protect Green Homeland

Risk Categories		Duration	Climate-related Risks	Potential Impact	Countermeasures
	Technology	Medium and Long	R&D and investment in low-carbon transformation technologies	<ul style="list-style-type: none"> Facilities and equipment such as coal-fired boilers are scrapped in advance Increased costs of adopting new technologies, new heat sources and new processes 	<ul style="list-style-type: none"> Continue to explore new technologies to ensure long-term sustainable development Geothermal energy, biomass energy, etc. have been explored and developed to achieve low-carbon heat source combinations
	Market	Short	Raw material cost	<ul style="list-style-type: none"> Coal mining and electronic costs or prices fluctuate, affecting production costs and stability 	<ul style="list-style-type: none"> The signing of procurement agreements guarantees a stable supply Implement multiple heat sources combination for heating
		Medium and Long	Increased attention or negative feedback from stakeholders	<ul style="list-style-type: none"> Rising investor expectations for green, low-carbon, renewable energy technologies 	<ul style="list-style-type: none"> Actively respond to stakeholders' needs and disclose information related to climate change response

7.1.2 Opportunities from Climate Change

The Group firmly believes that taking the lead in mitigating or adapting to climate change will bring many opportunities for corporate development. While addressing climate change risks, we will grasp the opportunities brought by climate change to the Group's business development and operation management.

Opportunity Category	Climate-related Opportunities
Resource Utilization Efficiency	<ul style="list-style-type: none"> Improve resource utilization and "three wastes" management efficiency, recycle water resources and reduce enterprise operating costs
Energy Use	<ul style="list-style-type: none"> Renovate old heating facilities to improve heating efficiency and reduce energy consumption Increase the use of clean energy, and create the "Energy Island No.1" project in the Shanxi Transformation and Comprehensive Reform Demonstration Zone through the comprehensive utilization of a number of new energy technologies
Market	<ul style="list-style-type: none"> Gain market recognition, implement green technology and enterprise green low-carbon transformation, ensure sustainability of business development Explore CCER mechanisms to help society reduce carbon emissions and achieve dual-carbon goals, while increasing business revenue

Chapter VII Practice Clean Heating and Protect Green Homeland

7.2 GREEN DEVELOPMENT AND LOW CARBON OPERATIONS

Wise Living continues to improve the management of energy conservation and consumption reduction, improves efficiency of resource utilization, and strives to reduce the possible negative impact of exhaust gas, wastewater and waste on the environment, and integrates green environmental protection throughout the entire operation link to build an environment-friendly enterprise, ensuring the harmonious coexistence of the Group's business development and natural ecology.

The Group strictly abides by the relevant laws and regulations on environmental protection such as *the Environmental Protection Law of the PRC and the Regulations on Environmental Protection Management of Construction Projects*, formulates relevant internal policies to standardize the Group's environmental protection related work, and continuously improves the internal environmental management system and optimizes the environmental management system.



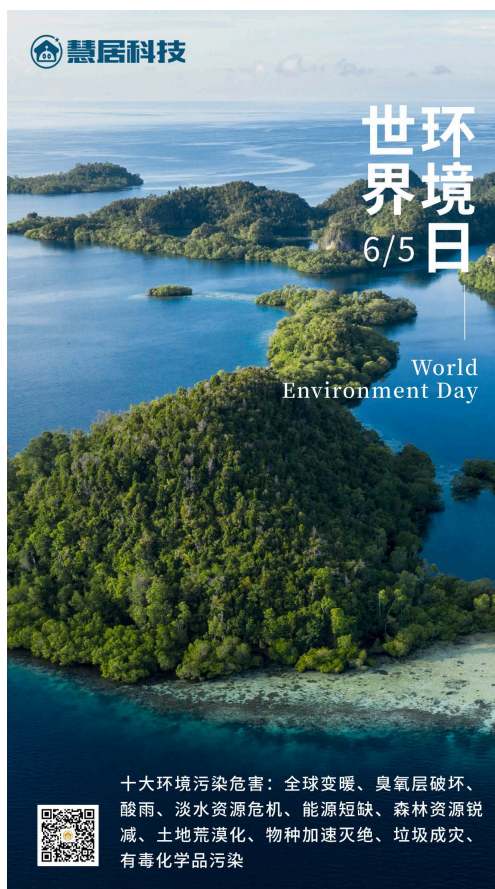
Lanzhou Shuangliang was Awarded
the certificate of "A-level" Enterprise Certificate of Environmental Protection Standardization

Chapter VII Practice Clean Heating and Protect Green Homeland

7.2.1 Environmental Goals and Performance

Wise Living actively practices technological innovation and management process optimization, and strives to achieve a win-win situation of environmental benefits and economic benefits through upgrading equipment, technical energy-saving and other measures. In order to achieve excellent management results, the Group has committed to quantitative targets in terms of resource consumption and emissions of environmental management by 2023 as the baseline, and adjusted and reviewed the targets in a timely manner by monitoring the completion degree and progress of the targets.

Resource Consumption Targets		Emission Targets
Energy Target	Water Target	GHG Emission Target
<ul style="list-style-type: none"> Reduce non-renewable energy use intensity by 2025 	<ul style="list-style-type: none"> Reduce water intensity by 2025 	<ul style="list-style-type: none"> Greenhouse gas (Scope 1, 2) emissions intensity reduction by 2025
5%	5%	5%



Strengthen Environmental Propaganda and Protect Our Earth

Chapter VII Practice Clean Heating and Protect Green Homeland

7.2.2 Energy and Resource Management

Adhering to the concept and principle of green development, Wise Living takes multiple measures to rationally use resources and optimize community pipe network maintenance, so as to reduce unnecessary resource and energy consumption. The Group regularly inspects the operation status of boilers, pipe networks and heat stations, timely discovers and rectifies the failure of the heating system, and assists other enterprises to save energy through EMC services, so as to reduce the waste of internal and external resources and energy of the Group.



CASE: UPDATE THE COMMUNITY NETWORK TO REDUCE THE POWER CONSUMPTION OF HEAT SUPPLY

During the operation in 2022, as the secondary heating pipeline in Zongjialiang Community of Lanzhou City was relatively small, resulting in high power consumption of the heat station. The operation department of the operation center of Lanzhou New Area Shuangliang Thermal Power Company Limited ("**Lanzhou New Area**"), a subsidiary of the Group, actively communicated with the government, and assisted the developer to carry out a comprehensive upgrade of the secondary heating pipe network of Zongjialiang Community in August 2023, and made every effort to solve the problem of power consumption at the heat station.

After the renovation, approximately 412.2KWh of electricity is saved every day, and the annual electricity saving is expected to be 71,310.6KWh.



CASE: OBSOLETE PIPELINE RENOVATION TO REDUCE WASTE OF WATER

In response to the winter operation period, the second network of Shuozhou City Renewable Energy Thermal Company Limited (朔州市再生能源热力有限公司) ("Shanxi Shuangliang Shuozhou"), a subsidiary of the Group, Junyuan Station implemented a comprehensive replacement of the pipelines in August 2023 for problems such as obsolescence and serious corrosion.

After completing the renovation, the area served can save about 10 tonnes of water per day, and the annual estimated water saving is about 1,800 tonnes.



CASE: PROVIDE EMC SERVICE TO ASSIST ENTERPRISES TO COLLECT RESIDUAL HEAT FOR ENERGY SAVING

Gansu Shuangliang Smart Energy Management Company Limited (甘肃双良智慧能源管理有限公司) signed an EMC contract with a power plant in Gansu to install a number of equipment and machinery for collecting residual heat, operate and maintain related facilities, and assist it in achieving energy conservation benefits through the collection and utilization of residual heat generated by circulation water.

With EMC services, the plant can save up to 311,320 GJ of heat per month with a residual heat collecting unit.

Chapter VII Practice Clean Heating and Protect Green Homeland

Energy Management

Under the guidance of the energy consumption target in 2025, the Group guides and encourages its subsidiaries to plan for energy consumption rationally with the annual energy consumption target and helps communities to maintain the heating network and improve energy utilization efficiency. At the same time, the Group establishes an abnormal energy consumption inspection and assessment mechanism, and actively improves the supervision and regulation of total energy consumption and intensity through the digitalised heat service platform.



DIGITALISED HEAT SERVICE PLATFORM MANAGEMENT SYSTEM

Based on changes in outdoor weather, the digitalised heat service platform management system strategic control module can set time-sharing temperature control for the unit, reasonably adjust the temperature curve, further improve the energy and water loss management of the heat station and reduce energy consumption while ensuring the heat demand of users.

- In terms of power consumption management, the digitalised heat service platform management system can strictly control the operating parameters of the circulation pump. In the initial and final stages of heating, the number of circulation pumps or the frequency of the inverter is appropriately reduced; and the frequency of the circulation pump of the heating station is reduced at night or on holidays to ensure the end circulation of the secondary network and reduce the power consumption of the heat exchange station.
- In terms of water loss management, for heat stations with large water loss in production and operation, the digitalised heat service platform management system analysis module takes in the water replenishment curve of the unit and analyzes the law of changes in water replenishment in the heat station. While confirming the time period for water loss, targeted investigation and timely repair are carried out to reduce the water loss in the heat station.

Shanxi Shuangliang actively practices the concept of three-dimensional energy extraction from the sky, ground and underground in the clean energy heating system. It has basically formed a number of key advanced technology matrices for energy extraction and consumption, including photovoltaic power generation and heating, solar thermal power generation and solar boilers, air sources, sewage sources, reclaimed water sources, shallow geothermal energy, medium geothermal energy and deep dry heating.

Wise Living takes root in clean heating, continues to explore renewable energy utilization opportunities, and continues to move towards green transformation with better energy structure and advanced clean technology advantages. In 2023, the heat services provided by Wise Living used geothermal energy which generated heat equivalent to that by 8.76 tonnes of coal, amounting to reducing approximately 17.22 tonnes of greenhouse gas emissions.

Chapter VII Practice Clean Heating and Protect Green Homeland

As one of the typical representatives, the “Energy Island No. 1” project in Shanxi Transformation and Comprehensive Reform Demonstration Zone has produced good demonstration effects and domestic and foreign influence. In the future, Wise Living will continue to work on the technology research and development and application of geothermal energy in the support for people’s livelihood and the improvement of the ecological environment, increase the development and investment of geothermal technology, innovate business models, drive the upgrading of the industry, expand geothermal energy application scenarios, and help geothermal energy develop in an all-round way.



“ENERGY ISLAND NO. 1” PROJECT IN SHANXI TRANSFORMATION AND COMPREHENSIVE REFORM DEMONSTRATION ZONE

The Science and Technology Innovation City Energy Island No. 1 project is located in the Shanxi Transformation and Comprehensive Reform Demonstration Zone, which integrates four national development zones and three provincial development zones, with a total planning area of about 600 square kilometers.

The project was independently designed and constructed by Shanxi Shuangliang. Since its commencement of official operation in 2019, it has been a demonstration project for the comprehensive use of green energy, as well as the largest “geothermal + multi-energy” joint energy heating project in China.

The project integrates 13 kinds of clean energy utilization technologies such as shallow geothermal energy, medium and deep geothermal energy, solar photovoltaic, solar thermal, air source heat pump, wind power generation, energy storage, etc., with three-dimensional energy extraction, cascade utilization, and multi-energy complementarity, and the heating scale reaches one million energy levels, which can achieve a heating area of about 1.06 million square meters and a cooling area of 200,000 square meters.

The “Energy Island No. 1” project in Shanxi Transformation and Comprehensive Reform Demonstration Zone has four major highlights in the national clean energy heating industry:

- Comprehensive utilization of new energy types;
- Advanced technology in energy complementary optimization;
- High degree of intelligent management of heating system;
- Single heating area of over million.

Comprehensive Utilization of Several New Energy Technologies

"Energy Island No.1" realizes the scientific matching and multi-energy complementary heating (cooling) technology route of various energy sources under different climatic conditions. During the heating operation in winter, according to the different conditions of the initial cold period, the final cold period and the severe cold period, the Energy Island strictly controls and reasonably matches each use technology to achieve the most economical and most efficient operation.

70%

The integrated wells are authorized to jointly bear the responsibility of supplying 70% of the heat source of the Energy Island. From water intake to refill, the geothermal water system adopts a closed cycle, taking only heat but not water, therefore the whole process is featuring zero pollution, zero discharge and zero loss, thus realizing both development and protection of geothermal resources.

30%

In order to cope with emergencies, the remaining 30% of the heating adopts new energy technologies such as air source heat pumps, solar photovoltaics, solar thermal energy, and phase change heat storage, and two condensing heat collection boilers are also configured as backup heat sources for peak shaving, which are multi-energy complementary and more stable than a single heat source for traditional heating.



Digital Empowerment of Green Energy

"Energy Island No. 1" not only serves as the National Thermal Power Regulation and Command Center, the Data Analysis Center, and the Emergency Response and Disaster Backup Center of Wise Living, but also shoulders the responsibility of ensuring the safety, stability, economy and wisdom of all heating companies under Wise Living.

Achieving Comprehensive Environmental Governance

Xiaohu Industrial Park and Wusu Comprehensive Bonded Zone are all planned for geothermal heating, with a total planned heating area of 200 million square meters. Geothermal energy is expected to play a bigger role in air pollution control.

Advantages and Characteristics of Clean Heating of "Energy Island No. 1" Project in Shanxi Transformation and Comprehensive Reform Demonstration Zone

Chapter VII Practice Clean Heating and Protect Green Homeland



Leaders of the Management Committee for Shanxi Transformation and Comprehensive Reform Demonstration Zone Visited Shanxi Shuangliang "Energy Island No. 1"

Chapter VII Practice Clean Heating and Protect Green Homeland



CASE: SCIENTIFIC RESEARCH DELEGATION OF WORLD GEOTHERMAL CONGRESS VISITED ENERGY ISLAND NO. 1 PROJECT

In September 2023, a scientific research delegation composed of experts and scholars from more than 20 countries including the United States, the United Kingdom, France, the Netherlands, Switzerland, and New Zealand visited the “Energy Island No. 1” project.

In this investigation and research, through the all-round informatization, diversification and three-dimensional presentation, the scientific research delegation intuitively and comprehensively deepened the understanding of the joint application of green energy from different dimensions. The delegation believes that the world vigorously advocates green, environment-friendly and low-carbon production and lifestyle, and Shanxi is an important comprehensive energy base, undertaking the major mission of the comprehensive reform pilot of the energy revolution. Shanxi Shuangliang has advanced concepts, advanced technology and broad prospects for future development, providing experience and making positive contributions to the promotion of the international geothermal industry.



Delegation Experts Visited “Energy Island No. 1” Project

Water Resources Management

Wise Living abides by the Law on *Water Pollution Prevention Control of the PRC* and other laws and regulations and the management requirements of the place where the operation is located and attaches great importance to the management and protection of water resources. The Group actively implements water resource conservation measures in all aspects, strictly follows industrial water treatment design norms, transforms and improves industrial water efficiency, and deepens water conservation optimization measures to reduce waste of water.

The Group uses a flue gas residual heat collection system to collect the condensate generated and then transport it to the raw water tank of the melting workshop for storage and reuse, and recovers approximately 50,000 tonnes of condensate per year, which can be softened to meet part of the water needs of the Group’s production. At the same time, the Group comprehensively optimizes the equipment for condensate and softened water, and adjusts the PH value of water to neutral by setting up an automatic dosing device to reduce the hardness of water production, prolonging the time for water producing, reduce the number of regeneration, and effectively reducing the water consumption for regeneration. The two heat pumps operated by the Group have been retrofitted with these measures to save approximately 1,000 tonnes and 2,000 tonnes of water per year, respectively.

Chapter VII Practice Clean Heating and Protect Green Homeland

Wise Living's water sources mainly come from the municipal network, and there is no problem in obtaining suitable water sources. The total water consumption and intensity of the Group for the Year are as follows:

Water Resources	Unit	2023
Total water consumption	m ³	1,739,612.95
Water consumption intensity	m ³ /thousand of revenue	1.134

7.2.3 Emissions Management

Wise Living strictly abides by *the Law on the Prevention and Control of Atmospheric Pollution of the PRC*, *the Law on Water Pollution Control of the PRC*, *the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and other laws and regulations, and regards exhaust gas, wastewater and waste management as the top priority in environmental protection. The Group practices clean heating, reduces air pollution through equipment transformation, puts wastewater and waste under professional management, and minimizes the possible impact on the environment during operation.

The Group focuses on promoting the use of diversified clean heat sources in its heating business. As of the end of 2023, Wise Living has 4 heat sources for heat service projects, and each heat source is classified as a clean heat source according to the national emission standards stipulated by the Ministry of Ecology and Environment.

Exhaust Gas Emissions

In order to reduce the impact of exhaust gas emissions on the environment, Wise Living actively promotes prevention and control measures, continuously improves processes for air pollution control, actively conducts pollutant monitoring, and regularly entrusts qualified third parties and local environmental protection bureaus to sample and monitor. The boilers in the Lanzhou area, which mainly use coal-fired heat, have completed the ultra-low emission renovation engineering in accordance with *the Plan for Winter Clean Heating in the Northern Region (2017-2021)*《北方地區冬季清潔取暖規劃(2017-2021)》, and have passed the completion acceptance of the local ecological environment bureau project in 2019.

Chapter VII Practice Clean Heating and Protect Green Homeland



CASE: RENOVATION FOR ULTRA-LOW FLUE GAS EMISSIONS IN CIRCULATION FLUIDIZED BED HOT WATER BOILER

The project renovated and upgraded the existing dust collector cloth bag, added mist eliminators and trays in the desulfurization tower, used limestone or gypsum wet flue gas desulfurization process to transform the existing desulfurization tower, and added 3 sets of SCR (Selective Catalytic Reduction) denitrification devices for the flue gas of the existing 3 boilers, and equipped two sets of online monitoring systems. After the completion of the project, the nitrogen oxides, sulfur dioxide and particulate matter emitted by the boiler flue gas can meet the special emission limits of air pollutants set by the *Air Pollution Emission Standard for Thermal Power Plants* (GB 13223–2011).



Publicity for Air Pollution Prevention and Control

Exhaust emissions	Unit	2023
Nitrogen oxides	Kg	45,703.90
Sulphur dioxide	Kg	7,660.76
Particulate matter	Kg	1,421.94
Total exhaust emissions	Kg	54,786.60
Total density of exhaust emissions	Kg/thousand of revenue	0.036

Wastewater Management

The Group strictly manages all aspects of wastewater treatment, and it provides professional sewage treatment equipment, formulates testing standards, and conducts dynamic testing to ensure that nitrogen, Chemical Oxygen Demand, Biochemical Oxygen Demand, etc. meet the first-class standard limits and are discharged into the municipal drainage pipe network in compliance with regulations. At the same time, in strict accordance with the standard of *Urban Sewage Recycling – Urban Miscellaneous Water Quality* (《城市污水再生利用—城市杂用水水质》) (GB/T 18920–2002), the Group reuses part of the wastewater for plant greening and dust reduction.

Taking Lanzhou Shuangliang as an example. The subsidiary organizes the testing of PH value, chemical oxygen demand, ammonia nitrogen, suspended solids, total phosphorus, petroleum, fluoride, sulfide, volatile phenols, total dissolved solids – total salt and flow indicators for the total discharge of sewage in strict accordance with the requirements of the *Technical Guidelines for Self-monitoring of Pollutant Discharging Units – Thermal Power Generation and Boilers* (HJ 820–2017) (《排污单位自行监测技术指南—火力发电及锅炉(HJ 820–2017)》), and discharges it into the municipal pipe network and into the sewage treatment plant in compliance after meeting the three-level standard of the *Comprehensive Sewage Discharge Standard* (GB8978–1996).

Chapter VII Practice Clean Heating and Protect Green Homeland

Waste Management

In accordance with the *Law of the People's Republic of China on the Prevention of Solid Waste Pollution* (《中華人民共和國固體廢棄物污染防治法》) and other laws and regulations, Wise Living formulates and implements relevant pollution prevention and control management systems and operating procedures for each subsidiary, adopts targeted professional treatment of industrial solid waste based on coal ash and slag in the production process, and identifies domestic garbage and toxic and hazardous waste for garbage classification management, and fills in the solid waste combing list.

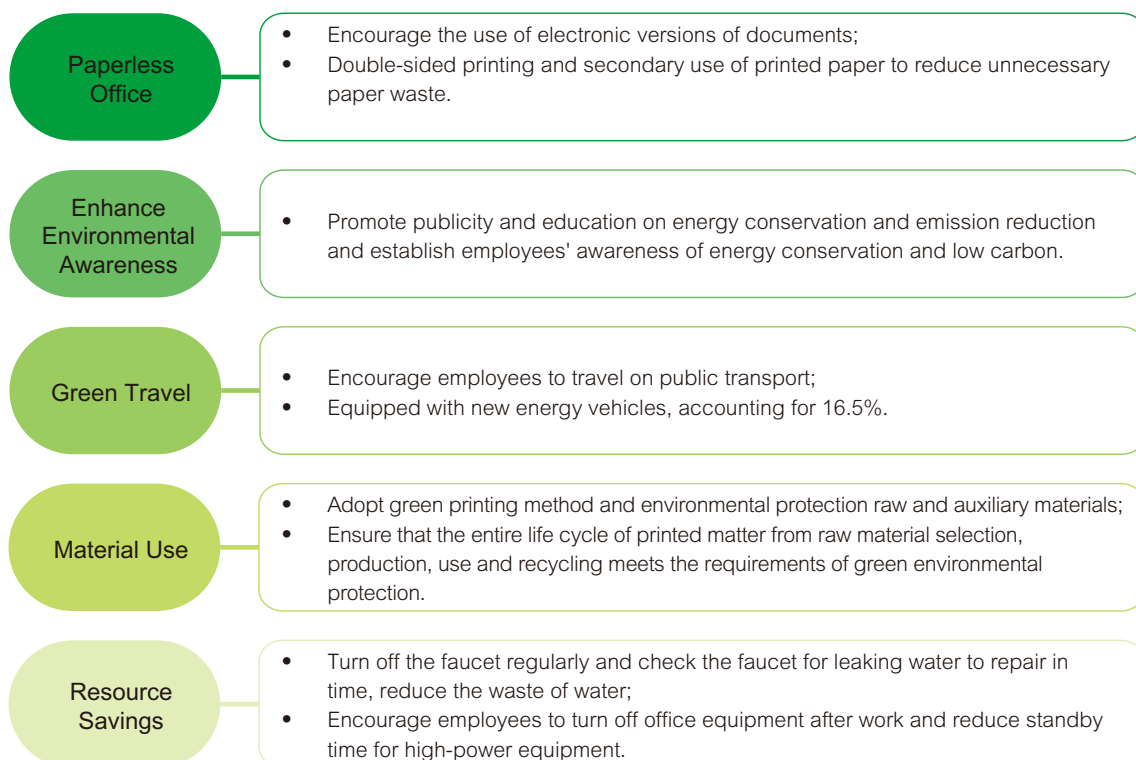
The Group always adheres to source reduction to maximize the reduction of landfills, actively promotes waste reduction and recycling, and continues to explore technology and management paths for waste reduction, recycling and harmlessness to enhance employees' environmental awareness.

In 2023, the Group's waste generation is as follows:

Waste	Unit	2023
General office waste	Tonne	10.11
Kitchen waste	Tonne	5.77
Fly ash after safe treatment	Tonne	14,628.84
Slag after safe treatment	Tonne	19,796.46
Desulphurized gypsum after safe treatment	Tonne	3,969.14
Total amount of non-hazardous waste	Tonne	38,410.33
Intensity of non-hazardous waste	Tonne/thousand of revenue	0.025

7.2.4 Green Office

Wive Living actively explores the green office model, implements digital office to improve energy efficiency, advocates the concept of environmental protection and energy saving, consolidates employees' awareness of environmental protection, and continuously improves the Group's green operation and management level.





Chapter VIII

Optimizing Customer Service to Drive Industry Development

Wise Living sets standards for user heating network access and payment, continuously optimizes the heating service management system, listens to user feedback and strives to improve user satisfaction. The Group also integrates ESG requirements into the entire supply chain management process and actively engages in communication and training with suppliers, and simultaneously strengthens the upstream and downstream management of the heating business to promote the prosperity and development of the industry.



INDICATOR RESPONSE

B5 Supply Chain Management
B6 Product Responsibility

ISSUE RESPONSE

Excellent service
Supply chain management

PERFORMANCE HIGHLIGHTS

Ensure that the average indoor temperature of residents is not lower than **18** degrees Celsius

Complaint resolution rate of **100%** and customer satisfaction rate of **99%**

24h all-day heating, all-day monitoring and all-day business acceptance

In 2023, there was no major ESG negative impact or serious violation of laws and regulations among the suppliers of the Group

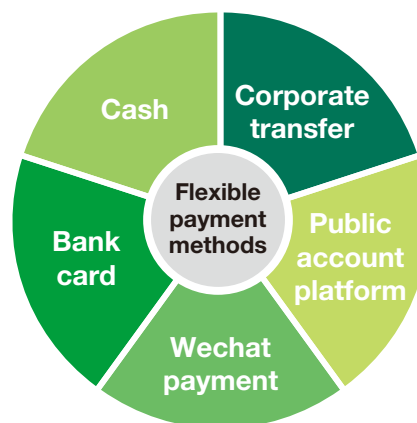
8.1 WHOLE NETWORK HEATING AND COMPREHENSIVE SERVICE

8.1.1 Heating network access and payment management

The Group is deeply engaged in the heating service industry in the “Three North Region”, expanding the use of clean energy through the construction of a huge heating network, laying the foundation for improving the regional environment. The Group standardizes the heating network access process and provides diversified heating cost payment methods to enhance customers’ heating experience.

The Group is committed to improving the process and service of network access and has implemented the *Heating Network Access Management System* (《供熱入網管理制度》) to promote the standardization, normalization and institutionalization of heating network access services. Before carrying out heating network access, the Group companies will conduct a thorough investigation of the region, understand the demand for heat, evaluate the market potential, and compile the annual network access plan. After accepting the customer’s demand for access to the network, the engineering and technical department shall carry out the construction survey and prepare the preliminary design proposal. After the preliminary proposal is jointly reviewed, the Group leaders will further consider and approve the construction proposal and project budget and arrange to sign the heating network access contract with the users. After the signing of the contract, the heating customer service department will take the lead in launching the project start-up meeting to ensure adequate material supply and appropriate personnel arrangements, providing high-quality service experience throughout the process.

On the basis of strictly abiding by laws and regulations and industry service standards, the Group is committed to providing convenient and transparent heating payment services. The Group has clear guidelines on all aspects of heating payment management, pays attention to communicating with customers in terms of contract terms, notifies users of price adjustments and other changes in a timely manner, and handles service requests efficiently. At the same time, the Group provides different settlement methods and flexible payment options for heating services. When taking legal measures against overdue payments, the Group will also take into account the financial situation of customers and strive to ensure that the whole process of service is responsible, and revenue is in compliance with the law.



Flexible payment methods

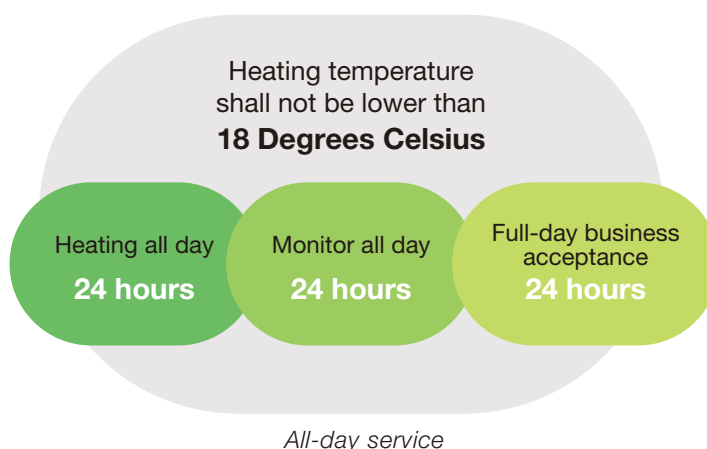
Chapter VIII Optimizing Customer Service to Drive Industry Development

8.1.2 Customer Service Management System

The Group's resident customers are mainly household customers, while non-resident customers include property companies, commercial operators, government agencies, educational institutions, hospitals, airports, stations, etc. The Group continuously improves the *Customer Service Manual* (《客戶服務手冊》), fulfills specific work requirements such as heating responsibilities, service commitments and fault handling, and attaches importance to customer feedback. By improving the workflow, the Group creates a warm and efficient heating experience for millions of households.

All-day service

The Group regards "urban heating is no trivial matter, house heating must be ensured" as its service purpose and promises to provide 24-hour uninterrupted heating service during the heating period stipulated by the government, and to ensure that the average indoor temperature of residents is not less than 18 degrees Celsius. In addition, the Group monitors the whole heating process 24 hours a day, and the staff on duty will conduct spot checks on the heating area and adjust the flow of the heating network in time. In case of facility failure, emergency repairmen on standby will arrive at the scene in time for equipment maintenance. Wise Living provides users with business consultation, information inquiry, business complaints and fault repair services 24 hours a day, and with timely feedback. Depending on the severity of the fault, minor repairs are guaranteed to be completed on the same day, while major and medium repairs will not exceed three days.



Customer Complaint Handling

Wise Living pays attention to customer experience and builds a perfect customer complaint handling mechanism for this purpose and uses heating service management software to improve service efficiency, facilitating timely responses and replies to customer needs and inquiries, thereby providing solutions and clarifications.

In 2023, the Group received a total of 4,559 service feedback and 10,440 customer return visits. The complaints raised by customers were mainly related to minor technical problems. For complaints, the Group followed up and handled them in accordance with relevant procedures and systems, with a handling rate of 100%, and no major complaints related to the quality of heating services were received.

Chapter VIII Optimizing Customer Service to Drive Industry Development

In addition, the Group has established a data archiving and storage mechanism to sort out and archive all kinds of video, paper and other data fed back by staff, so as to minimize the possibility of disputes and provide a reasonable basis for handling user complaints.

The Group responds to the user's questions in a timely manner, and the user can call the customer service telephone directly or go to the business hall of the heating company for consultation. It will take no more than 3 working days for customer service to receive the inquiry and reply to the question. Questions that cannot be answered online will be transferred to the relevant departments for consultation and processing.

The Group has formulated maintenance specifications, requiring staff to verify the maintenance content before maintenance, patiently answer users' questions, ensure that the work site is orderly during maintenance, and do not destroy existing facilities without the permission of users. Maintenance personnel strive to improve the quality and efficiency of maintenance as much as possible. For substandard maintenance, the Group will arrange door-to-door maintenance services again.

The Group has set up a complaint hotline. When users have objections to heating quality, service attitude, payment and other matters, they can call the hotline 24 hours a day to complain and report.

Customer Service Training

Customer service professional training is an important part of improving the service quality of enterprises. The Group carries out targeted customer service training every year, including basic etiquette, business knowledge, communication skills, sales skills, etc. For the Year, the Group conducted structured service process training for customer service personnel, involving hotline dispatch complaint handling and user direct complaint handling, to ensure rapid response and assistance to user opinions.



CASE: SPECIAL CUSTOMER SERVICE TRAINING CONDUCTED BY LANZHOU SHUANGLIANG

In 2023, Lanzhou Shuangliang conducted 8 training sessions for customer service personnel and toll collectors, with a total training duration of more than 10 hours. The training contents included the Administrative Measures for *Urban Heat Services and Use in Lanzhou New Area* (《蘭州新區城市供熱用熱管理辦法》), the *Customer Service Response Skills* (《客服應答話術》), the *Resident Heating Supply Contract* (《居民供用熱合同》), the *Service Skills* (《服務技巧》), the *Customer Service Operating Rules* (《客服操作規程》), the *Charging Notes for Each Community* (《各小區收費注意事項》) and so on. Training can improve the problem-solving ability of customer service personnel, so that they can quickly and accurately respond to problems from customers and provide satisfactory solutions to customers.

Chapter VIII Optimizing Customer Service to Drive Industry Development

8.1.3 Improvement of Customer Satisfaction

The Group practices the service concept of “warm people, warmer hearts”, and attaches great importance to the satisfaction of users. In order to strengthen the relationship with users, the Group goes into various communities to listen to the users, keeps users’ opinions in mind, and serves every user wholeheartedly by strengthening communication and publicity and standardizing data archiving.

In 2023, customer satisfaction reached



Communication and Coordination

The Group is stationed in the community within its jurisdiction, deeply understands the user’s evaluation of the service and actively solicits suggestions. For issues of special concern to users, such as heating price and heating time, the Group will reach consensus with administrative units, residents’ representatives, property management companies and other parties through the mechanism of discussion and consultation.



CASE: PROPER RESPONSE TO HEATING PRICE ADJUSTMENT BY LANZHOU SHUANGLIANG

Since the heating season from 2022 to 2023, the government has raised the heating price, which has caused dissatisfaction among some local owners who need to pay the difference. In this regard, Lanzhou Shuangliang actively coordinated with the Construction Bureau, community officials, and other government workers to organize a face-to-face meeting with the property owners committee. At the same time, in the process of user service, the Group’s service personnel patiently explain, actively listen to users’ opinions, and promise to continuously improve the quality of service. After understanding the context of the price increase and the Group’s service guarantee, users have paid the difference one after another. Lanzhou Shuangliang’s proper response has effectively resolved contradictions and misunderstandings.



Heating Issue Coordination Meeting

Chapter VIII Optimizing Customer Service to Drive Industry Development

Publicity and promotion

The Group regularly sends people to distribute brochures in the community, and shares heating knowledge with users in the form of short videos through social platforms, so that users can understand heating safety knowledge, investigate potential safety hazards, and further reduce the incidence of accidents.



CASE: INTERACTION BETWEEN LANZHOU SHUANGLIANG AND COMMUNITY RESIDENTS

Lanzhou Shuangliang carried out a publicity campaign on heating knowledge in the community, and guided residents to use heat scientifically and safely by distributing leaflets. This activity not only enhances the users' awareness of heating problems, but also narrates the distance between the Company and residents, so that heating can better serve the vast community.



Instructions are Being Provided by Our Staff

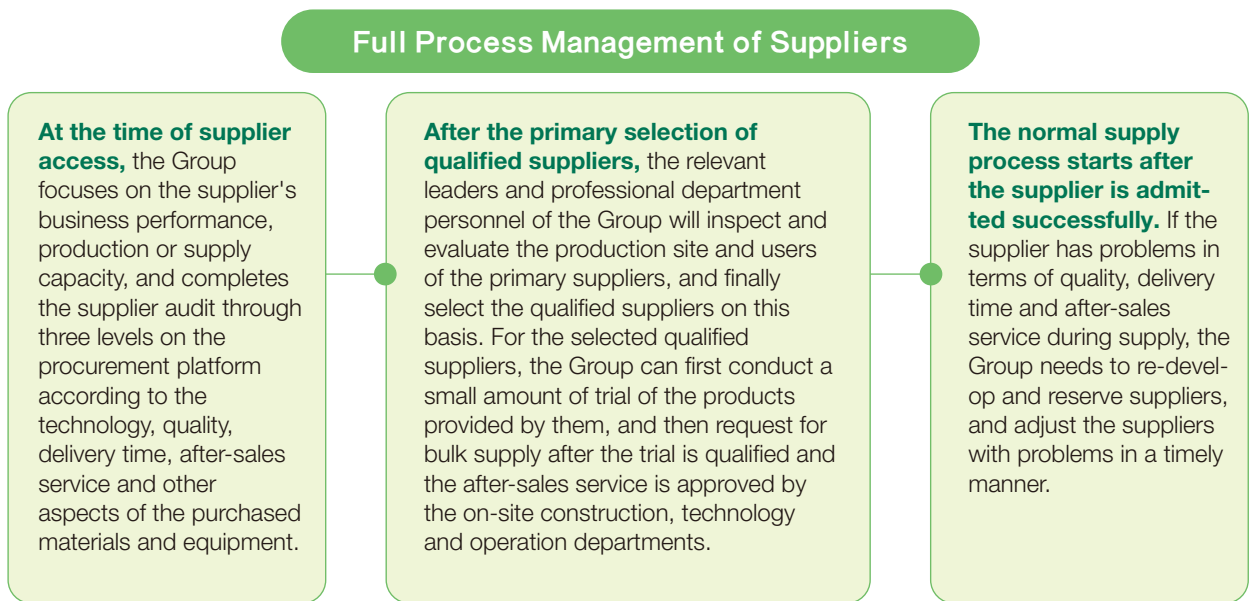
Chapter VIII Optimizing Customer Service to Drive Industry Development

8.2 INDUSTRY-DRIVEN AND WIN-WIN COOPERATION

8.2.1 Whole Process Management of Supply Chain

The high-quality development of the Group is inseparable from the support of partners. Wise Living regards suppliers as important partners, integrates the concept of sustainable development into supplier management, builds a responsible supply chain system, and achieves win-win cooperation with suppliers to create a better future.

The Group always adheres to the procurement policy of “fairness, openness, quality and quantity”, and determines at least three suppliers for fair evaluation of each type of materials and equipment. The Group has formulated a series of supplier management systems, such as *the Supplier Management Measures* (《供應商管理辦法》) and *the Procurement and Supply Business Management System* (《採供業務管理制度》), to strictly control the whole process of supplier access, selection, review and evaluation, manage supply chain risks, improve the transparency and standardization of procurement, and fully protect the interests of both parties. In 2023, the Group launched the “Youyuncai” (友雲採) bidding and procurement platform, through which the whole process information management of suppliers can be realized.



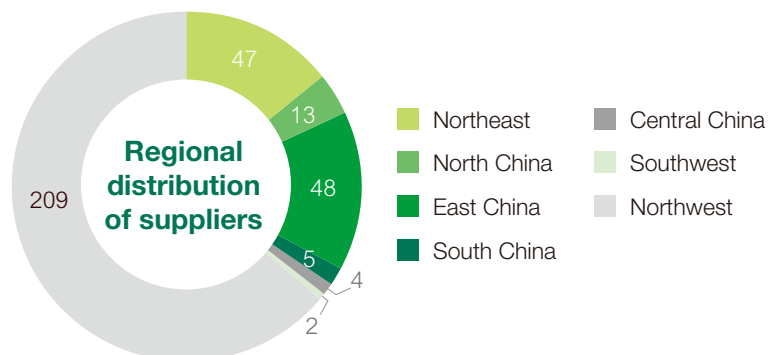
Chapter VIII Optimizing Customer Service to Drive Industry Development

For supplier process management, the Group mainly carries out annual “qualified suppliers” evaluation and “excellent suppliers” evaluation from five aspects of quality level, contract performance, delivery capacity, after-sales service and price level.



Qualified suppliers	Excellent suppliers
<p>In the evaluation of qualified suppliers, the Group conducts evaluations of the suppliers it has collaborated with over the past year in a face-to-face manner, assessing their brand, scale, qualifications, production capacity, service, and financing capabilities. Suppliers who pass the evaluation are awarded the “Annual Qualified Supplier Certificate”.</p>	<p>On the basis of qualified suppliers, the Group further selects excellent suppliers, conducts annual thematic evaluation on qualified suppliers mainly according to the performance in terms of product qualification rate, price, on-time delivery rate and after-sales service in supply cooperation, selects excellent suppliers of the Year and awards the honorary certificate of “Excellent Supplier of the Year”.</p> <p>For suppliers who have won the title of “Excellent Supplier of the Year”, the Group will give priority to the procurement of relevant aspects in the next year’s supply cooperation.</p>

During the Year, the number of suppliers of the Group by region is as follows:



Chapter VIII Optimizing Customer Service to Drive Industry Development

8.2.2 Supply Chain ESG Management

Wise Living also pays attention to ESG management of suppliers and tends to cooperate with suppliers with excellent ESG performance. The Group incorporates ESG issues such as environmental protection, protection of employee rights and interests, occupational health and safety, business ethics and anti-corruption into the supply chain management system and sets ESG-related requirements in all aspects of procurement and supplier management to ensure the effective implementation of sustainable development requirements in supply chain management. In addition, the Group prioritizes cooperation with suppliers in the province to reduce greenhouse gas emissions caused by transportation and ensure on-time delivery.

In 2023, there were no major ESG negative impacts or serious violations of laws and regulations by suppliers of the Group.

Group Supply Chain ESG Management Requirements	
Environmental protection	<ul style="list-style-type: none"> • Procurement standard formulation: In terms of the procurement contracts of production equipment, we set the terms of equipment energy-saving indicators to implement the requirements of green production, energy saving and emission reduction. For coal purchase contracts, we set coal quality requirements such as low sulfur content, moisture content and volatile content to control the emission of waste gas from coal-fired boiler heating; • Supplier access: We inspect the environmental protection qualification of suppliers, and require them to provide certification documents such as ISO 14001 Environmental Management System Certificate; • Supplier process management: We implement category management, carry out environmental protection capability audits on suppliers providing environmental protection equipment/services, and regularly check the validity period of waste gas, wastewater and other pollutants treatment qualification of environmental protection service providers. For construction units, we urge them to implement pollution prevention measures during the infrastructure phase in accordance with national environmental protection laws and regulations. These measures include centralized stacking and unified removal of construction waste, implementation of noise protection methods, etc. Additionally, we conduct regular on-site inspections of construction projects. Should any violations be found, immediate corrective action is demanded.
Protection of employees' rights and interests	<ul style="list-style-type: none"> • Contract signing: When signing contracts with all bidding construction units, we will require them to sign <i>the Agreement on Guaranteeing the Payment of Migrant Workers' Wages</i> (《保障農民工工資支付協議》), supervise their employment management, and prevent and stop the contractors of the project from defaulting on the wages of migrant workers; • In case of any violation of the above agreement, the corresponding liquidated damages shall be deducted from the project payment to effectively protect the legitimate rights and interests of the supplier's employees.

Group Supply Chain ESG Management Requirements	
Occupational health and safety	<ul style="list-style-type: none"> • Supplier access: We inspect the production license and occupational health qualification of suppliers, and require them to provide documents such as production license and ISO 45001 Occupational Health Management System Certification; • Supplier process management: In the construction process of the project, <i>the Construction Organization Plan</i> (《施工組織方案》) formulated by the construction unit of the project stipulates measures to ensure safe and civilized construction, such as requiring the construction party to equip and properly wear necessary labor protection supplies, setting up safety enclosure, safety signs and safety propaganda slogans on the site, and conducting regular on-site inspection. At the same time, a full-time safety officer is specially appointed to be responsible for the safety management of the project site, and also to carry out safety training and education for the construction party to improve its safety production awareness.
Business ethics and anti-corruption	<ul style="list-style-type: none"> • Procurement bidding: “Youyuncai” bidding and procurement platform features an anti-corruption monitoring function. The system backend monitors the bidding management dynamics of bidders during the admission, bid quoting and other processes through the bidder’s IP address, so as to effectively prevent the occurrence of collusive bidding. Once collusive bidding is found, the involved supplier is immediately blacklisted, and no further collaboration will occur; • Supplier access: Suppliers are required to provide proof of their integrity qualifications and their performance in terms of business ethics. For example, suppliers should not be listed on websites such as the “National Enterprise Credit Information Publicity System” as severely illegal and untrustworthy enterprises. Additionally, the heads of suppliers should not have any record of bribery or criminal behavior on the “China Judgments Online” website; • Contract signing: All suppliers are required to sign an integrity procurement agreement, namely the <i>Integrity Responsibility Statement</i> (《廉政責任書》), to regulate the activities between business parties, prevent any illegal or disciplinary actions aimed at gaining improper benefits, thereby protecting the rights and interests of all parties involved in the contract. In 2023, the Group achieved a 100% signing rate for the <i>Integrity Responsibility Statement</i> (《廉政責任書》) among suppliers.

Chapter VIII Optimizing Customer Service to Drive Industry Development

8.2.3 Supplier Communication and Training

For the Year, Wise Living has actively engaged in business discussions and communications with supplier partners. Not only have we exchanged technical insights and conducted training sessions in our day-to-day operations, but we have also participated in industry forums organized by suppliers. By continuously deepening our exchanges up and down the value chain, we aim to promote the collective development of the heating industry.

In terms of daily technical exchanges and training, the Group invites suppliers to give on-site equipment explanations from time to time according to business needs or organizes suppliers to carry out safety production education and training together.



CASE: TECHNICAL EXCHANGE AMONG SUPPLIERS OF SHANXI SHUANGLIANG

Shanxi Shuangliang contacted leak detection equipment manufacturers to visit the companies in Shuozhou City, where they provided on-site explanations on how to quickly locate leak points at the maintenance management department and four subsidiaries. They also conducted equipment usage demonstrations and technical hands-on teaching, effectively enhancing the operational skills of supplier partners.



Communication between Suppliers



CASE: SAFETY PRODUCTION TRAINING FOR SUPPLIERS OF LANZHOU SHUANGLIANG

In February 2023, division staff of Lanzhou Shuangliang and construction units watched the safety education propaganda film “Life is More Important than Everything” (《生命重於泰山》) and studied *the Work Safety Law and the Gansu Province Safety Production Regulations* attentively. After the training, the subsidiary conveyed and learned the essence of the Emergency Management Bureau’s general instructions on production safety, which enhanced the safety awareness of employees and suppliers and deepened their understanding of the importance of production safety.



Organizing Occupational Health and Safety Training for Suppliers



Chapter IX

Care for Employees and Grow Together

Wise Living adheres to the management concept of “people-oriented”, and builds a unique talent view of “recruiting people attentively, employing people earnestly and retaining people with good benefits, feelings and environment” to guide talent management. The Group respects each employee, advocates mutual assistance among employees, fully protects their rights and interests, attaches importance to the training of talents, pays attention to their health and safety, and is committed to strengthening the construction of “family-oriented” cohesion to jointly promote the development of the enterprise.



INDICATOR RESPONSE

- B1 Employment
- B2 Health & Safety
- B3 Development and Training
- B4 Labor Standards

ISSUE RESPONSE

- Employment Practices
- Diversity, Equality and Inclusion
- Employee Rights Protection
- Occupational Health and Safety
- Development and Training

HIGHLIGHTS PERFORMANCE

Total number of employees: **816**

Training hours per capita: **20.54**

Number of safety inspections during the year: **991**

Number of potential safety hazards inspected during the year: **435**

Chapter IX Care for Employees and Grow Together

9.1 COMPLIANT EMPLOYMENT AND EQUAL TREATMENT

9.1.1 Compliant Employment

Wise Living strictly abides by the *Labor Law of the People's Republic of China* and *Provisions on the Prohibition of Using Child Labor* and other employment and labor-related laws and regulations, formulates the *Basic System of Human Resources* (《人力資源基本制度》) and *Employees' Code of Conduct* (《員工行為規範》), sticks to the bottom line of compliant employment, signs labor contracts with employees in accordance with the law and provides employees with such working conditions and benefits as agreed in the contracts. The Group explicitly prohibits the use of child labor and forced labor, and strengthens the verification of employee information. The Human Resources Department checks employee information and certificates, once it finds that the information submitted by an employee is materially inaccurate, the labor contract will be terminated immediately according to the system, and the serious circumstances will be dealt with in accordance with the law. In daily work, the Group requires each department to arrange work tasks reasonably and strictly control employees' work and overtime hours to prevent illegal employment of forced labor. In 2023, there was no child labor and forced labor in the Group.

9.1.2 Inclusive Workplace

Guided by the talent policy of “respecting and attracting talents, employing talents in an unconventional manner, and pursuing the best possible use of talents”, Wise Living creates a diverse workplace environment, actively supports the *Universal Declaration of Human Rights and the International Covenants on Human Rights*, adheres to the requirements of international conventions such as the *Discrimination (Employment and Occupation) Convention* of International Labour Organization and the *United Nations Global Compact*, advocates diversity and equal opportunities, prohibits any forms of discrimination and prejudice, and treats employees of different nationalities, races, genders, religious beliefs and cultural backgrounds fairly. In 2023, the Group received 0 complaints about human rights issues and no major labor disputes occurred.

As at 31 December 2023, the Group had a total of 816 employees, divided by gender, age, employment type and employment rank as follows:

	Wise Living Technology's employment data in 2023									
	By gender		By age			By employment type		By employment rank		
	Male	Female	Below 30 years old	30-50 years old	Over 50 years old	full-time	Senior management	Middle management	Grass-roots employee	Ordinary staff
Number of employees	621	195	219	546	51	816	35	105	585	91
Employment rate (%)	76.10	23.90	26.84	66.91	6.25	100	4.29	12.87	71.69	11.15

During the reporting period, the Group did not have any major layoffs, with the employee turnover rate of 2.57% in 2023. The employee turnover rate by gender, age, region, and employment rank is as follows:

	Wise Living Technology's turnover rate data in 2023										
	By gender		By age			By region		By employment rank			
	Male	Female	Below 30 years old	30-50 years old	Over 50 years old	Mainland China	Hong Kong, Macau and Overseas	Senior management	Middle management	Grass-roots employee	Ordinary staff
Overall turnover rate	2.09%	4.10%	3.65%	2.20%	1.96%	2.57%	0.00%	0.00%	0.95%	1.71%	10.99%

9.1.3 Talent Recruitment

Wise Living has established a comprehensive talent recruitment system and an internal competition mechanism. Based on the principles of openness, fairness and impartiality, internal competition creates a growth environment for the Group to compete on an equal footing by selecting outstanding employees with good professional qualities, strong business skills and enterprising spirit to join the management team. External competitive recruitment of the Group recruits social talents through various channels, such as social recruitment and school-enterprise cooperation, to promote the continuous growth of the talent team.

- **Social recruitment:** Wise Living recruits talents through online channels such as third-party recruitment platforms and the official website of the Group. For the recruitment of heating station staff in remote areas, Wise Living actively cooperates with the local village committees to recruit suitable personnel through on-site job fairs.
- **School-enterprise cooperation:** In order to strengthen the talent pool, Wise Living actively opens up the channels for choosing jobs with colleges and vocational colleges. During the year, Wise Living has launched school-enterprise cooperation programs together with Lanzhou University of Technology, Lanzhou Jiaotong University, Lanzhou University of Information Science and Technology, Taiyuan University of Technology, etc. Such schools focus on the key areas of Wise Living's concern such as clean energy technology to train outstanding talents and recommend outstanding graduates to Wise Living. Based on the goal of industry-education integration, Wise Living's school-enterprise cooperation aims to build an industry-education integration platform that integrates talent cultivation, scientific research and development, innovation and entrepreneurship, and vocational training.

9.2 TALENT DEVELOPMENT AND WORKING TOGETHER

9.2.1 Employee Compensation and Performance Management

In terms of remuneration, Wise Living regulates remuneration management based on the principle of "distribution according to labor". The *Remuneration System* (《薪酬體系》) sets clear remuneration standards for all levels and positions to ensure equal remuneration for equal work, without the discriminatory effects of gender, ethnicity, disability, etc. Employees' remuneration mainly consists of basic salary, performance payroll, seniority allowance and academic allowance. The remuneration committee of Wise Living is responsible for regularly evaluating the overall remuneration standard according to national policies, price levels, industry and regional competition, combined with the overall effectiveness of the Group, to ensure that employees are provided with remuneration standards that have a competitive edge in the region and the industry, so as to fully demonstrate the recognition of the value of the employees and their contribution to the Group.

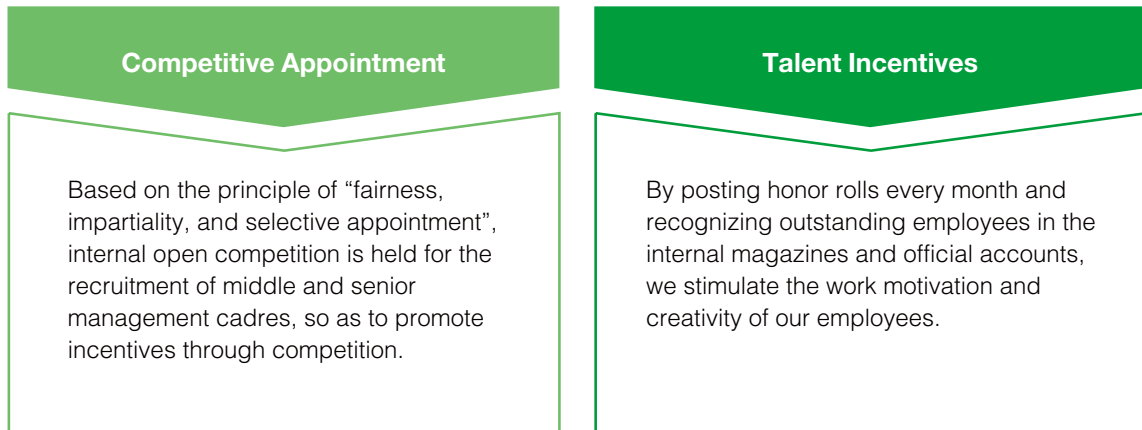
In terms of performance, the Group sets up different appraisal plans for supervisors and grass-roots employees in accordance with the *Performance Appraisal Measures* (《業績考核辦法》), and organizes monthly, annual and specialized performance appraisals, to reasonably evaluate the work effectiveness of employees.

9.2.2 Employee Development and Training

The personal development of employees is also an important part of the growth of Wise Living. During the year, Wise Living focused on formulating the *Talent System Building* (《人才體系建設》) program and conducting regular talent inventory, assessing typical talent standards through horizontal comparisons of employees in various business segments, and building a talent pool in order to select reserve talents for key positions and strengthen the construction of the talent team. Wise Living continuously optimizes the mechanism of selecting, educating, employing and retaining staff.

Chapter IX Care for Employees and Grow Together

In 2023, the Group's key talent management projects are as follows:



At the same time, Wise Living has established the *Training Manual* (《培訓大手冊》) to guide the systematic construction of the talent training mechanism of the Group, and has developed systematic training programs, covering employees at the grass-roots level, middle and senior managers. The annual employee training coverage rate was 100%, with the per capita training hours reached 20.54 hours, and the per capita training expenditure was RMB516. The types of regular employee training are diverse and comprehensive, including new employee induction training, party building thematic training, reading and learning, and specialized business training. Wise Living has also invited external experts from time to time to give lectures on professional knowledge, so as to fully enhance the basic quality of our employees.

- ***New hire orientation helps employee quickly adapt to job needs***

During the year, Wise Living produced online course for new hire orientation as one of their standardized measures to assist the new employee for their onboarding, which includes code of conduct, foundation of safety management, etc., and also conducted training tests and training satisfaction surveys for employee.

- ***Business-specific training to enhance the professionalism of staff***

In April, the Group completed High-tech Enterprise Patent Training, the total number of participants in training amounted to 91;

In October, the Group conducted online and offline training on Digital Transformation of Organizations, with 59 employees participated in training.



CASE: TRAINING ON FINANCIAL KNOWLEDGE

Lanzhou Shuangliang created Lanzhou Shuangliang Lecture Hall (蘭州雙良大講堂) during the year with the aim to improve operational skills of its staff. In 2023, the total amount of training amounted to 8, covering space user manuals, management board, information system service operations, etc.

In June 2023, in order to further improve the theoretical foundation of the Group's employees' business, employees were organized to participate in financial knowledge related training. Lanzhou Shuangliang invited the Group's the chief financial officer to give lectures to employees. The chief financial officer gave a detailed explanation and Q&A on the knowledge of financial income and expenditure from the Group's heating business. This training provides employees with certain financial management theory help in practical work, enhances employees' understanding of the Group's financial management, and helps the high-quality development of the workforce.



Training on Financial Knowledge



CASE: ANNUAL ESG TRAINING

In August 2023, Wise Living organized a 3-hour special online training on sustainable development and internal control for the senior management of the Group's headquarters and the main heads of all subsidiaries, with a total of 47 participants. At the training meeting, the representatives fully studied and exchanged views on Wise Living's corporate development philosophy, ESG concepts and important topics, external markets, policies and investment trends, which greatly enhanced their understanding of the Group's ESG values and concepts, and gradually internalized them into the various business activities of the Group and its subsidiaries to build a consensus on sustainable values.

Chapter IX Care for Employees and Grow Together

Average training hours of Wise Living Technology's employees in 2023

Employee Type		Training rate (%)	Average training hours completed (Hours/Person)
By gender	Men	100	20.99
	Women	100	19.09
By employee category	Senior management	100	22.31
	Middle management	100	20.35
	Grass-roots staff	100	17.69
	General employees	100	38.34

We encourage employees to take the initiative to learn professional knowledge, actively support all employees to participate in various certificate certification examinations, obtain relevant professional qualifications, and provide reimbursement of professional qualifications and other examination fees, to help employees continue to improve professional strength and comprehensive literacy. In 2023, a total of 28 people in the Group have obtained professional qualification certificates, 87 people have obtained professional titles, including 9 senior titles, 40 intermediate titles and 38 junior titles.

9.3 SAFETY PRODUCTION AND HEALTH PROTECTION

9.3.1 Safety Management System

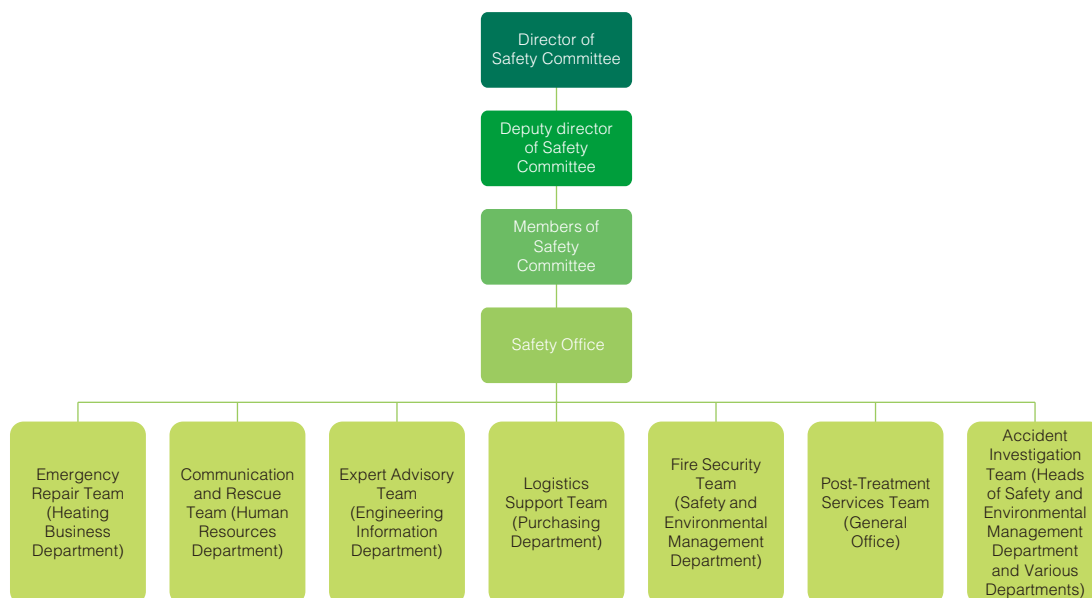
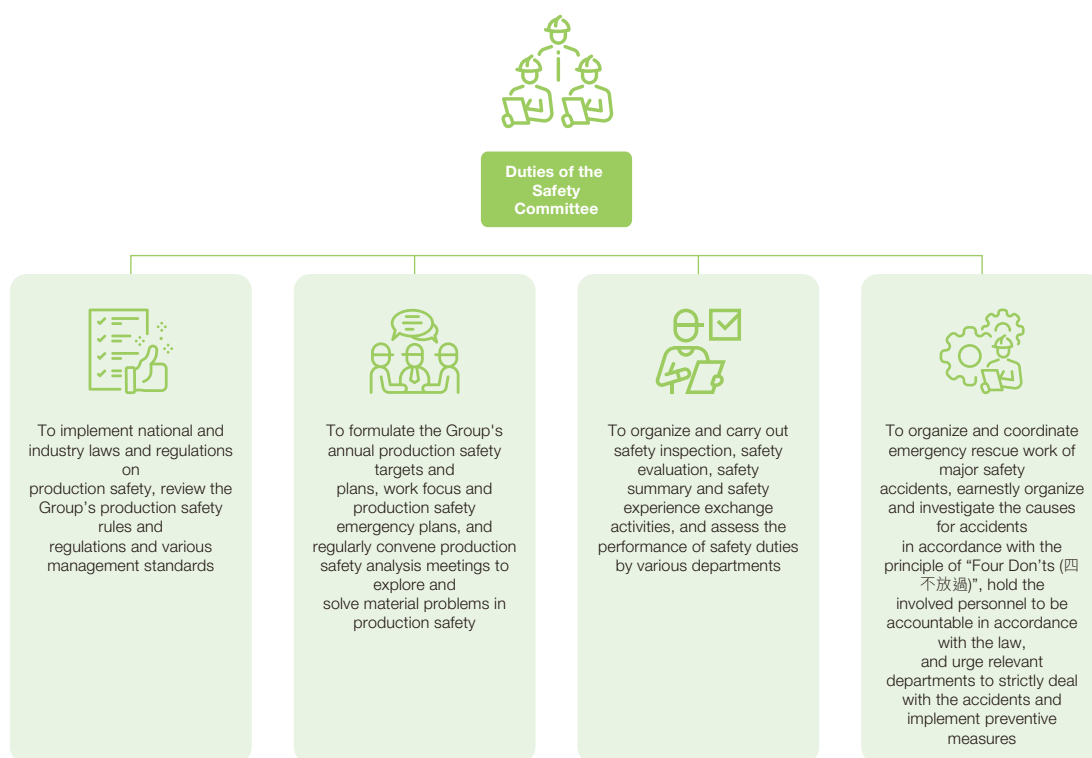
Wise Living regards production safety as the top priority of operation and management, innovatively puts forward the production safety management concept of “seven ones”, and has maintained the safety production goal of “seven zeros” over the years. On the basis of strictly abiding by the laws and regulations including *Work Safety Law of the PRC*, the Group has established and improved rules and regulations in respect of production safety and a safety standardization management system with reference to ISO 45001 occupational health and safety management system certification.

In terms of system construction, the Group has formulated specialized systems such as *Production Safety Laws and Regulations* (《安全生產法律法規》), *Production Safety Management System* (《安全生產管理制度》) and *Production Safety Operation Rules* (《安全生產操作規程》) to ensure specific management and implementation work such as safety risk assessment, production safety supervision and investigation and management on potential hazards, special operation management and occupational health management are standardized, and production safety defense is well in place.

Production Safety Management Concept	Production Safety Objectives
<p>“Seven Ones” for Production Safety</p> <ul style="list-style-type: none"> One report on safety status on a daily basis One-to-one file for entire employees One elimination of potential hazards on a weekly basis One risk assessment on a monthly basis One production safety report on a quarterly basis One benchmarking for safety work on a semi-annually basis One safety work appraisal on a yearly basis 	<p>“Seven Zeros” for Production Safety</p> <ul style="list-style-type: none"> “Zero” serious injuries to personnel “Zero” fatality “Zero” major equipment damage “Zero” severe fires “Zero” explosion accidents “Zero” malignant and improper operation accidents “Zero” serious safety traffic accidents

Chapter IX Care for Employees and Grow Together

In terms of organizational construction, the headquarter of the Group has set up a safety committee fully responsible for the work arrangement in relation to production safety of the Group. In particular, the chairman of the Group serves as the director of the safety committee, each vice general chairman charge serves as the deputy director, and the members are composed of the heads of various departments and subsidiaries of the Group. A safety office has been established under the safety committee, which is mainly undertaken by the safety and environmental management departments of the headquarter and each subsidiary and headed by the department manager as the office director, providing assistance to the heating business department, human resources department, engineering information department and other departments on construction of the production safety management system.



Safety Organization Structure of the Group

Chapter IX Care for Employees and Grow Together

9.3.2 Protection of Safety Operation

Wise Living practically establishes the principle of “safety first” and attaches great importance to ordinary and specialized production safety inspection to ensure operational safety. The Group regulates and directs the investigation of potential safety hazards:

- The ordinary inspection activities are conducted with a focus on the investigation of potential safety hazards. Professional evaluation methods and tools for potential safety hazards are adopted to inspect fire security, limited space operations, aerial work, hazardous chemicals, electric shock etc. Wise Living conducts ordinary inspection at least once a week. In response to matters such as water leakage of valves, aging equipment, insufficient fire-fighting equipment and non-standard production by personnel discovered in the course of inspection, the relevant persons in charge have implemented rectification measures in a timely manner by means of replacement, maintenance, purchase and training, etc. The Group has managed to eliminate potential accident hazards on a weekly basis and minimize such hazards. During the year, a total of 991 safety inspections were conducted, and 435 potential safety hazards in aggregate were investigated for the year.
- Special safety inspections are mainly conducted on a seasonal and professional basis. In view of the seasonal characteristics and the geographical conditions and climatic characteristics, Wise Living focuses on the seasonal safety inspections with emphasis on lightning prevention, flood control, winter protection and fire prevention. Professional safety inspections are carried out on special equipment, safety equipment, dangerous goods and other equipment at the start and stop of installations and the completion of new installations. This year, Wise Living launched major safety activities such as safety production inspection “100-day Action” and safety production month to escort operation safety.



Safety Inspection Modules



CASE: REAL-TIME MONITORING OF SAFETY OPERATIONS USING THE SMART PRODUCTION PLATFORM

In order to ensure the operation safety of heating stations, Wise Living used the management and control distribution diagram on the smart production platform to remotely monitor each heating station. The staff could scan the QR code on the management and control distribution diagram to check the specific situation of each heat exchange station, including its name, address, introduction, principle, safety operation procedures, equipment, person in charge, etc., and use 360° HD cameras at each heat exchange station with remote monitoring software, to continuously monitor the safety of people, machines and objects at the heat exchange station and pay attention to potential safety hazards in real time.



Real-time Monitoring from Smart Production Platform

Chapter IX Care for Employees and Grow Together



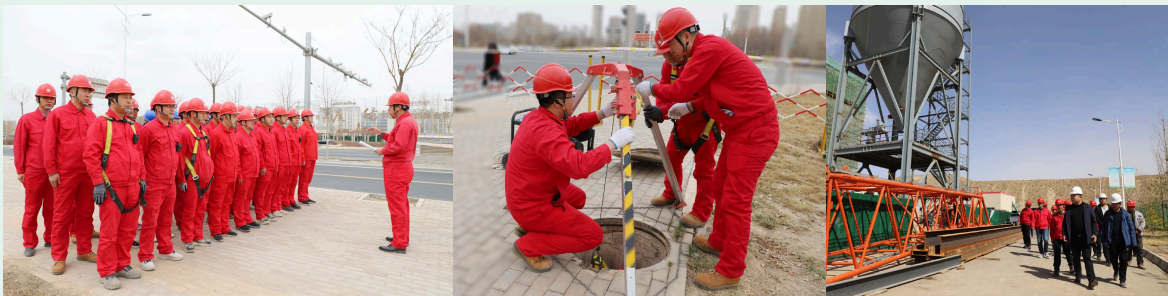
CASE: 100-DAY ACTION OF SAFETY PRODUCTION, UNIFIED DEPLOYMENT TO SECURE STABILITY

At the beginning of 2023, in order to do a good job in the safety production of heating, strengthen the safety red line, and prevent the occurrence of all kinds of safety production accidents, Wise Living launched the safety production inspection “100-day Action” for “Fighting Severe Cold and Ensuring Heat Supply” and conducted a major inspection of more than 100 days from January to April.

By upholding the earnest implementation by all employees of the policy of “safety first with prevention and comprehensive management”, at the mobilization meeting, the general manager of Wise Living clarified the significance of action from four main aspects and gathered strength:

- In strict accordance with the 100-day Action plan for the safety production inspection, we shall solidly promote various tasks, carry out an all-round and carpet screening for hidden dangers without dead ends and special rectification activities, and supervise the handling of every hidden danger identified;
- Strengthen the principle of responsibility implementation, leaders shall take the lead in setting an example, personally deploy, command from the front, and dispatch on the front line for important inspections;
- Improve the emergency response mechanism, carry out in-depth emergency drills, improve the actual combat level, and ensure at least one drill a week;
- Implement pre-job safety production training and education, strengthen on-site safety management, and various safety operation skills shall be fully mastered by newly recruited operators and front-line employees before they can take up their posts.

Under the unified arrangement and deployment of Wise Living, all subsidiaries and departments worked together to successfully conclude the “100-day Action” of the “Fighting the Severe Cold and Ensuring Heat Service” safety production inspection, consolidating the foundation for the safe and stable operation of heat service and continuing to write a new chapter in safety production.



Safety Production Inspection “100-day Action”

Occupational health and safety management performance

	Unit	2023	2022	2021
Number of work-related fatalities	Person	0	0	0
Rate of work-related fatalities	%	0	0	0
Number of working days lost due to work injury	Day	0	0	0

9.3.3 Occupational Health and Safety Training

“Production safety is everyone’s responsibility” is the safety standard of Wise Living. According to the *Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases, Provisions on the Supervision and Administration of Occupational Health at Worksites* and other national and industry regulations, Wise Living has formulated and strictly implemented the *Occupational Health Management System* (《職業健康管理制度》), etc., to prevent and protect workers from the health impact caused by occupational harmful factors. During the Year, Wise Living invested RMB787,500 in protecting the health and safety of its employees. The main initiatives in occupational safety and security are as follows:

Equipped with labor protection supplies

- According to the actual work features of the posts, the Group provided our employees with high-level labor protection products, such as safety helmets, work clothing, gas masks, dust-proof masks, anti-dust masks sets, etc., and provided the training of correct use methods to ensure the safety of employees’ work and operations.

Creating health records

- In order to track the health of the employees, the Group established occupational health monitoring records for the employees, and conducted daily monitoring of workplaces with toxic and harmful risks, and realized dynamic management of employee health. The Group organized occupational health examinations for employees exposed to occupational disease hazard every year, and the testing items were identified according to the occupational hazard factors, including coal dust, noise, other dust, carbon monoxide, sulfur dioxide and nitrogen oxides, etc., to prevent occupational diseases for the employees.

Conducting safety trainings

- The Group has developed the *Management Approach of Safety Production Education and Training* (《安全生產教育與培訓制度》) covering all employees to standardize safety education work, improve the safety production awareness of all employees, enhance the safety knowledge of all employees, and master the necessary safety skills. During the year, the Group actively organized and carried out three-level safety education for new employees or various safety training or drills (such as fire protection, occupational health, special equipment, limited space and special operations, etc) for 124 times. The number of participation of training amounted to 1,570 people.

Chapter IX Care for Employees and Grow Together



CASE: FIRE EXTINGUISHER HANDS-ON TRAINING AND EMERGENCY EVACUATION AND ESCAPE DRILLS

In June 2023, for the purpose of improving the fire safety emergency and self-defense and self-rescue capabilities of employees, Shanxi Shuangliang Shuozhou, a subsidiary of the Group, carried out fire extinguisher hands-on operation trainings and emergency evacuation and escape drills. The head in charge of the safety supervision department first explained the inspection and use method of the fire extinguishers and presented the on-site use. The on-site personnel took turns to conduct the operations to ensure that everyone can master the use method of the fire extinguishers. Subsequently, it carried out the fire escape simulation. After the fire alarm alerting, the staff covered their mouths and noses, bent over, evacuated and escaped floor by floor according to the escape diagrams. The whole escape process was in sound order, and thus greatly improved the escape skills and efficiency of the employees.



Fire Escape Drill



CASE: SPECIAL TRAINING ON OCCUPATIONAL HEALTH AND SAFETY EDUCATION

For the purpose of efficiently implementing the 2023 safety production month activity scheme and effectively strengthening employees' awareness of occupational health self-awareness, in June 2023, Lanzhou Shuangliang, a subsidiary of the Group, organized all employees to participate in special training on occupational health and safety education. Professional lecturers explained the relevant occupational health-related safety laws and regulations, the nature and characteristics of occupational hazard factors in the workplace and the identification methods, the prevention and treatment of common occupational diseases, and the correct use of occupational disease prevention products, etc. The training had effectively improved employees' attention to health and protection skills so as to protect employees' occupational health.



Lecture on Occupational Health and Safety

9.4 EMPLOYEE'S INTERESTS AND HARMONIOUS WORKPLACE

9.4.1 Employee activities and care

Wise Living focused on enhancing employees' sense of work happiness and belonging by striving to provide comprehensive protection for employees' work life and enriching employees' spiritual and cultural life. The Group paid "five social insurances and one housing provident fund" for all employees in accordance with the laws, provided statutory holidays and actively cooperated with the relevant policies of the local government to help impoverished employees and migrant employees apply for rental subsidies and registration of collective residence. In addition, according to the *Employee Manual* (《員工手冊》), the Group provided employees with various kinds of benefits such as commercial insurance, holiday gifts, physical examination, high-temperature subsidy, shuttle bus, etc., so that employees can feel the care and warmth of the Group.



CASE: CREATIVE FLOWER ARRANGEMENT ACTIVITY ON WOMEN'S DAY

On 8 March 2023, Shanxi Shuangliang Shuozhou, a subsidiary of the Group, organized a creative flower arrangement activity "Flowers Bloom to Welcome Spring and Gifts Contributing to Shuangliang" on Women's Day to enrich the cultural life of female employees and allow them to have a warm and pleasant holiday. At the event venue, colleagues first learned flower arrangement skills and composition and color matching, and then arranged, pruned, trimmed and bunched the flowers to turn the colorful flowers into clusters of pleasing works of art.



Creative Flower Arrangement Activity

"Her power" was always an integral part of the development of Wise Living, and Wise Living had taken the opportunity of the thematic flower arrangement activity to send blessings to female employees with flowers and gather the power of forging ahead together.



CASE: “STEPS TO HEALTH · STARTING FOR THE FUTURE” EMPLOYEES HEALTH RUNNING ACTIVITY

In June 2023, Lanzhou Shuangliang held a healthrunning activity at Qixia Lake (棲霞湖), where more than 120 employees ran around the bank of Qixia Lake. The whole course was about 4.2 kilometers along the Qixia Lake trail, with beautiful scenery and the enthusiasm of all employees. With the athletic posture and running pose, they demonstrated the enterprising spirit with their feet, running like the wind, with picturesque scenery, and became a beautiful scenery on the lakeside walkway. During the health running activity, all employees enjoyed the joy of running, creating a healthy atmosphere that the company's employees “love sports”, with a healthy body, full of enthusiasm, optimistic attitude.



Employees Health Running Activity

9.4.2 Communication with Employees

In order to understand the status of the operation and management, Wise Living conducted regular employee satisfaction surveys and collected employees' opinions and needs from the perspectives of work environment, work position, training and development opportunities and remuneration packages. The Human Resources Department assessed the effectiveness of human resources management, identified potential problems and formulated improvement plans in a timely manner based on the results of the surveys. In 2023, the overall employee participation rate of the Group remained at a relatively high level, with employee satisfaction score of 99 points.

Wise Living wished to establish a harmonious labour relationship to effectively resolve the conflicts arising from the employment. For this purpose, Wise Living continued to improve the internal communication mechanism of employees so as to listen to suggestions and requests in a timely manner and built a diversified communication channel for employees:

- The employees may submit feedback directly to the head of department, the person in charge and the manager of the human resources department, and the relevant departments may promptly investigate and resolve the matter;
- The Group set up employee mailbox and complaint mailbox to listen to the employees' concerns;
- The human resources department regularly reviewed the employees' situation through telephone communication, including their recent work arrangements, issues that need to be coordinated to address and training needs, to pay attention to the growth and livelihood of employees.



Labour Union Construction



The Group placed great emphasis on the labour union construction. In accordance with the relevant requirements of the *Constitution of Trade Unions of China*, the *Trade Union Law of the People's Republic of China* and the *Regulations on the Work of Trade Unions of Enterprises (Trial)*, The Group had formulated the *Trade Union Committee Management System* (《工會委員會管理制度》) to protect the rights and interests of employees. All employees are automatically become union members upon entry, and the independent trade union represents 5% of all employees. We actively organize employees to participate in the Group's democratic elections, negotiations, decisions, management, and supervision, and organize learning and educational activities as required by the union.



Chapter X

Devote Ourselves to Public Welfare Undertakings and Fulfill Social Responsibilities

Wise Living Technology always adheres to the original intention of serving people's livelihood, takes the initiative to participate in social welfare undertakings, and insists on giving back to the society with professional heating services and enthusiastic service attitude. The Group strives to organically integrate its core business, service network and corporate social responsibility, mobilize Wise Living employees to participate in person, actively shape the Group's humanistic care concept, and build dreams and promote goodness for the grassroots services in the PRC.



INDICATOR RESPONSE

B8 Community Investment

ISSUE RESPONSE

Engage in Social Welfare

HIGHLIGHTS PERFORMANCE

Donation projects and activities for public welfare since inception: **11**

Accumulated amount of various donations: **174,000**

Number of volunteers during the year: **150**

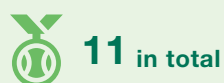
Hours for voluntary services during the year: **5,402**

Chapter X Devote Ourselves to Public Welfare Undertakings and Fulfill Social Responsibilities

10.1 SOCIAL CO-CONSTRUCTION WARMS PEOPLE'S HEARTS

Wise Living Technology adheres to public welfare and good deeds, and advocates and promotes the construction of community infrastructure by carrying out community public welfare activities and charitable activities. Since its establishment, the Group has participated in a total of 11 public welfare donation projects and activities which involved cash, materials and other forms, with an actual donation amount of nearly RMB174,000. Our responsibility and commitment have been recognized by the society. During the Year, the Group carried out 11 social welfare activities, with a total of 150 employees participating in voluntary services for a total of 5,402 hours, shouldering social responsibilities on their own.

Public welfare projects and activities



Number of volunteers



In 2023, in order to plan the development of various public welfare undertakings in an orderly manner, Wise Living specially formulated the *Community Management Policy* (《社區管理政策》) and established an inspection group for community services to standardize budget management of public welfare funding projects and the landing and implementation of community projects.

While making use of the professional and technical advantages and resources of heat services in various places to deliver warmth to thousands of households, the Group has developed public welfare activities with the theme of community construction and community care such as environmental protection, elderly care and child care, and organizes employees to go deep into the community every year, so that the acts of kindness and righteousness can be approached and reach the hearts of the people.



CASE: COOL OFF IN SUMMER

Wise Living sends warmth in winter and coolness in summer. This summer, while the traffic police, fire fighters and community service workers were working in the scorching summer heat, in order to alleviate their hard work, Lanzhou Shuangliang, a subsidiary of the Group, took the initiative to contact the 8 community units it served and provided delicious summer cool drinks. The activity covered a wide range, with a total investment of RMB23,000.



Care for Sanitation Workers in Hot Summer

Chapter X Devote Ourselves to Public Welfare Undertakings and Fulfill Social Responsibilities



CASE: PLANT TREES TO MAKE ZONGJIALIANG GREEN

Under the leadership of the Party branch, Lanzhou Shuangliang, a subsidiary of the Group, cooperated with the Qixia Central Community of Lanzhou City to carry out the “Co-residence and Co-construction” tree planting activity in Zongjialiang Community. All party members and comrades joined the ranks of tree planting in high spirits based on the labor division and cooperation: digging pits, supporting seedlings, filling soil and watering, etc.

While planting trees, everyone learned about the growth cycle and survival rate of the trees planted and green plant varieties. All links were connected in an orderly manner. With earnest and diligent efforts, they planted green hope on the earth. After an afternoon of hard work, the planting of green saplings and green plants in Zongjialiang Community was completed. During the activity, all party members and comrades made their contributions to the construction of a green Zongjialiang community, a beautiful new area, and an ecological civilization with their sweat.



Tree Planting in Zongjialiang Community of Lanzhou City

Appendix 1: 2023 ESG Key Performance Indicators

ENVIRONMENTAL PERFORMANCE

Classification	ESG Key Environmental Performance Indicators	Unit	2023
Economy	Operating income	RMB'000	1,534,035.00
Business	Total heat supply	GJ	25,297,002.95
	Total heat supply intensity	GJ/thousand of revenue	16.490
Exhaust gas	NO _x emissions	kg	45,703.90
	SO ₂ emissions	kg	7,660.76
	Particulate matter	kg	1,421.94
	Total emission of exhaust gas	kg	54,786.60
	Total emission intensity of exhaust gas	kg/thousand of revenue	0.036
Greenhouse Gas	Greenhouse gas emissions (Scope 1)	tCO ₂ e	251,437.51
	Greenhouse gas emissions (Scope 2)	tCO ₂ e	60,239.15
	Total GHG emissions (Scope 1 + Scope 2)	tCO₂e	311,676.67
	Total GHG emission intensity	tCO₂e/thousand of revenue	0.203
Non-renewable energy	Direct energy-coal	MWh	706,469.80
	Direct energy-gasoline	MWh	907.21
	Direct energy-diesel	MWh	576.64
	Direct energy-natural gas	MWh	2,051.97
	Total direct energy consumption	MWh	710,005.62
	Total direct energy consumption intensity	MWh/thousand of revenue	0.463
	Purchased energy-electricity	MWh	105,627.13
	Total purchased energy consumption	MWh	105,627.13
	Total consumption intensity of purchased energy	MWh/thousand of revenue	0.069
	Total non-renewable energy consumption	MWh	815,632.75
	Total non-renewable energy consumption intensity	MWh/thousand of revenue	0.532

Appendix 1: 2023 ESG Key Performance Indicators

Classification	ESG Key Environmental Performance Indicators	Unit	2023
Renewable energy	Geothermal energy mining (heating)	MWh	60,166.31
	Geothermal energy mining intensity	MWh/thousand of revenue	0.04
	Photovoltaic power generation	MWh	214.56
	Photovoltaic power generation intensity	MWh/thousand of revenue	0.00014
	Total renewable energy consumption	MWh	60,380.87
	Total renewable energy consumption intensity	MWh/thousand of revenue	0.039
Comprehensive energy consumption	Total comprehensive energy consumption	MWh	876,013.62
	Total comprehensive energy consumption intensity	MWh/thousand of revenue	0.571
Solid waste	General office waste	Tonne	10.11
	Kitchen waste	Tonne	5.77
	Fly ash after safe treatment	Tonne	14,628.84
	Slag after safe treatment	Tonne	19,796.46
	Desulfurized gypsum after safe treatment	Tonne	3,969.14
	Total non-hazardous waste	Tonne	38,410.33
	Total non-hazardous waste intensity	Tonne/thousand of revenue	0.025
Water resources	Government water supply	m ³	1,739,612.95
	Total water consumption	m³	1,739,612.95
	Water consumption intensity	m³/thousand of revenue	1.134

Appendix 1: 2023 ESG Key Performance Indicators

DESCRIPTION OF ENVIRONMENTAL DATA AND COEFFICIENTS

1. The time span of environmental data is from 1 January 2023 to 31 December 2023; The scope of data collection covers the headquarters office of Wise Living Technology and its 11 project subsidiaries with actual business activities (Shanxi Shuangliang Renewable Energy Industry Group Company Limited, Taiyuan City Renewable Energy Heat Supply Company Limited, Datong City Renewable Energy Heating Company Limited, Shanxi Transformation and Comprehensive Reform Demonstration Zone Heat Supply Company Limited, Shuozhou City Renewable Energy Thermal Company Limited, Lanzhou New Area Shuangliang Thermal Power Company Limited, Gansu Shuangliang Smart Energy Management Company Limited, Hulunbuir Shuangliang Energy System Company Limited, Zhengzhou Wise Living Thermal Power Company Limited, Wise Living Tech-Thermal Power (Zhengzhou)Limited and Wise Living Energy (Baotou) Limited).
2. The exhaust gas emissions are mainly from coal-fired boilers and official vehicles. The specific types of exhaust gas include NO_x, SO₂ and particulate matter. The source of exhaust gas emission data of coal-fired boilers is Lanzhou New Area Shuangliang Thermal Power Company Limited; the emission coefficient of exhaust gas of official vehicles refers to the *Reporting Guidance on Environmental KPIs* issued by the Hong Kong Stock Exchange.
3. Greenhouse gas emissions (Scope 1) mainly come from the fuel consumption of coal-fired boilers and official vehicles, and greenhouse gas emissions (Scope 2) mainly come from the consumption of purchased electricity. The data sources are the payment bills of related expenses and the administrative statistical ledger. The 2023 Scope 1 direct energy emission coefficient refers to the *Reporting Guidance on Environmental KPIs* issued by the Hong Kong Stock Exchange; the greenhouse gas emission coefficient of Scope 2 purchased electricity refers to the *Notice on Doing a Good Job in the Reporting and Management of Greenhouse Gas Emissions of Enterprises in the Power Generation Industry from 2023 to 2025* issued by the Ministry of Ecology and Environment of the PRC.
4. The types of energy consumed by the Group include non-renewable energy and renewable energy. The direct energy involved in non-renewable energy is coal for heating boilers, natural gas, and fuel for official vehicles; the purchased energy involved in non-renewable energy is electricity, and the data are from relevant cost documents and administrative statistical ledgers. Renewable energy includes geothermal energy mined from heating business and photovoltaic power generation from projects. The energy consumption conversion factors in 2023 refer to the *Reporting Guidance on Environmental KPIs* issued by the Hong Kong Stock Exchange, the conversion factors provided by the International Energy Agency, and the calorific value of coal self-tested due to the needs of the Group's heating business.
5. All solid wastes are non-hazardous wastes, including general office waste, kitchen waste, fly ash after safe treatment, slag after safe treatment and desulphurized gypsum after safe treatment.
6. The Group's water supply comes from the municipal pipe network, including recycled water in the heating pipe network and office and domestic water. The sources of data are financial records and administrative statistical ledgers.

Appendix 1: 2023 ESG Key Performance Indicators

SOCIAL PERFORMANCE

Classification	ESG Social KPIs		Unit	2023
Number of employees	Total number of employees		Person	816
By gender	Female	Person	195	
	Male	Person	621	
By age	Below 30 years old	Person	219	
	30–50 years old	Person	546	
	Over 50 years old	Person	51	
By region	Mainland China	Person	816	
	Hong Kong, Macau and overseas	Person	0	
By employee type	Senior management	Person	35	
	Middle management	Person	105	
	Grass-roots employees	Person	585	
	General employees	Person	91	
By employment contract type	Full-time	Person	816	
	Part-time	Person	0	
By function type	Operation	Person	74	
	Administration	Person	105	
	Finance	Person	22	
	Procurement	Person	7	
	R & D	Person	20	
	Others	Person	588	
Number of senior management	Total number of senior management personnel		Person	35
By gender	Female	Person	3	
	Male	Person	32	
By age	Below 30 years old	Person	0	
	30–50 years old	Person	21	
	Over 50 years old	Person	14	
Proportion of senior management hired locally	Mainland China	Person	35	
	Hong Kong, Macau and overseas	Person	0	

Appendix 1: 2023 ESG Key Performance Indicators

Classification	ESG Social KPIs	Unit	2023	
Number of new employees	Total number of new hires	Person	60	
	By gender	Female	Person	20
		Male	Person	40
	By age	Below 30 years old	Person	35
		30–50 years old	Person	23
		Over 50 years old	Person	2
	By region	Mainland China	Person	60
		Hong Kong, Macau and overseas	Person	0
	By employee type	Senior management	Person	0
		Middle management	Person	2
		Grass-roots employees	Person	35
		General employees	Person	23
Employee turnover	Total number of resigned employees	Person	21	
	By gender	Female	%	4.10
		Male	%	2.09
	By age	Below 30 years old	%	3.65
		30–50 years old	%	2.20
		Over 50 years old	%	1.96
	By region	Mainland China	%	2.57
		Hong Kong, Macau and overseas	%	0
	By employee type	Senior management	%	0
		Middle management	%	0.95
		Grass-roots employees	%	1.71
		General employees	%	10.99

Appendix 1: 2023 ESG Key Performance Indicators

Classification	ESG Social KPIs	Unit	2023	
Compliant Employment	Coverage rate of labor contracts signed	%	100	
	Coverage rate of social insurance payment	%	100	
	Increase in basic salary	%	10.00	
	Percentage of employees covered by human rights due diligence to total employees	%	100	
Employee wellbeing	Parental leave days	days	180	
	Parental leave retention	%	100	
	Paid leave implementation	%	100	
Development and Training	Total number of employees trained		Person	816
	Number of employees trained by gender	Female	Person	195
		Male	Person	621
	Number of employees trained by employee type	Senior management	Person	35
		Middle management	Person	105
		Grass-roots employees	Person	585
		General employees	Person	91
	Training hours per employee		Hour	20.54
	Average training hours per employee by gender	Female	Hour	19.09
		Male	Hour	20.99
	Average training hours per employee by employee type	Senior management	Hour	22.31
		Middle management	Hour	20.35
		Grass-roots employees	Hour	17.69
General employees		Hour	38.34	

Appendix 1: 2023 ESG Key Performance Indicators

Classification	ESG Social KPIs	Unit	2023	
Supply Chain Management	Total number of suppliers	Units	328	
	Number of suppliers by region	Northeast China	Units	47
		Northern China	Units	13
		Eastern China	Units	48
		South China	Units	5
		Central China	Units	4
		Southwest China	Units	2
		Northwest China	Units	209
		Hong Kong, Macau and overseas	Units	0
Product Responsibility	Product recall	Time	0	
	Number of products and service related complaints received	Case	4,559	
	Complaint resolution rate	%	100	
Anti-corruption	Number of concluded legal cases regarding corrupt practices	Case	0	
Health and Safety	Number of work-related fatalities	Person	0	
	Rate of work-related fatalities	%	0	
	Number of working days lost due to work injury	days	0	

Appendix 2: The Content Index of Environmental, Social and Governance Reporting Guide of HKEX

ESG Indicator		Disclosure	Section
A1 Emissions General Disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	7.1 SEIZING OPPORTUNITIES FOR CLIMATE CHANGE 7.2 GREEN DEVELOPMENT AND LOW CARBON OPERATIONS
A1.1	The types of emissions and respective emissions data.	Disclosed	Appendix 1 Environmental Performance
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix 1 Environmental Performance
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	7.2.3 Emissions Management Appendix 1 Environmental Performance
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	7.2.3 Emissions Management Appendix 1 Environmental Performance
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Disclosed	7.2.1 Environmental Goals and Performance
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	7.2.3 Emissions Management

Appendix 2: The Content Index of Environmental, Social and Governance Reporting Guide of HKEX

ESG Indicator		Disclosure	Section
A2 Use of Resources General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	7.2.2 Energy and Resource Management
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (MWh) and intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix 1 Environmental Performance
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	7.2.2 Energy and Resource Management Appendix 1 Environmental Performance
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	7.2.2 Energy and Resource Management
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	7.2.2 Energy and Resource Management
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable.	Wise Living does not involve the use of packaging material for finished products.
A3 Environment and Natural Resources General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Disclosed	7.2 GREEN DEVELOPMENT AND LOW CARBON OPERATIONS
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	7.2.2 Energy and Resource Management 7.2.3 Emissions Management 7.2.4 Green Office

Appendix 2: The Content Index of Environmental, Social and Governance Reporting Guide of HKEX

ESG Indicator		Disclosure	Section
A4 Climate Change General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Disclosed	7.1 SEIZING OPPORTUNITIES FOR CLIMATE CHANGE
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Disclosed	7.1.1 Climate Change Risks and Countermeasures 7.1.2 Opportunities from Climate Change
B1 Employment General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity and discrimination, and other benefits and welfare.	Disclosed	9.1 COMPLIANT EMPLOYMENT AND EQUAL TREATMENT 9.4 EMPLOYEE'S INTERESTS AND HARMONIOUS WORKPLACE
B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Disclosed	9.1.2 Inclusive Workplace Appendix 1 Social Performance
B1.2	Employee turnover rate by gender, age group and geographical region	Disclosed	9.1.2 Inclusive Workplace Appendix 1 Social Performance
B2 Health and Safety General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Disclosed	9.3 SAFETY PRODUCTION AND HEALTH PROTECTION
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	9.3.2 Protection of Safety Operation
B2.2	Lost days due to work injury.	Disclosed	9.3.2 Protection of Safety Operation
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	9.3.1 Safety Management System 9.3.2 Protection of Safety Operation 9.3.3 Occupational Health and Safety Training

Appendix 2: The Content Index of Environmental, Social and Governance Reporting Guide of HKEX

ESG Indicator		Disclosure	Section
B3 Development and Training General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	9.2 TALENT DEVELOPMENT AND WORKING TOGETHER
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	9.2.2 Employee Development and Training Appendix 1 Social Performance
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	9.2.2 Employee Development and Training
B4 Labour Standards General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Disclosed	9.1 COMPLIANT EMPLOYMENT AND EQUAL TREATMENT
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	9.1.1 Compliant Employment
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	9.1.1 Compliant Employment
B5 Supply Chain Management General Disclosure	Policies on managing environmental and social risks of the supply chain	Disclosed	8.2 INDUSTRY-DRIVEN AND WIN-WIN COOPERATION
B5.1	Number of suppliers by geographical region.	Disclosed	8.2.1 Whole Process Management of Supply Chain Appendix 1 Social Performance
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	8.2.1 Whole Process Management of Supply Chain 8.2.3 Supplier Communication and Training
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	8.2.2 Supply Chain ESG Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	8.2.2 Supply Chain ESG Management

Appendix 2: The Content Index of Environmental, Social and Governance Reporting Guide of HKEX

ESG Indicator		Disclosure	Section
B6 Product Responsibility General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Disclosed	6.1 QUALITY HEAT SERVICES WITH STRICT QUALITY CONTROL 6.2 TECHNOLOGICAL INNOVATION AND SMART OPERATION 8.1 WHOLE NETWORK HEATING AND COMPREHENSIVE SERVICE
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable. Wise Living does not involve products that need to be recycled	
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	Appendix 1 Social Performance
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	6.2.3 Intellectual Property Management
B6.4	Description of quality assurance process and recall procedures.	Disclosed	6.1.1 Heating Quality Management System
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	5.1.4 Information Security and Privacy Protection
B7 Anti-corruption General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	5.1 RESPONSIBLE ENTERPRISE WITH SOUND MANAGEMENT
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	5.1.3 Anti-corruption and Anti-fraud Appendix 1 Social Performance
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Disclosed	5.1.3 Anti-corruption and Anti-fraud
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	5.1.3 Anti-corruption and Anti-fraud

Appendix 2: The Content Index of Environmental, Social and Governance Reporting Guide of HKEX

ESG Indicator		Disclosure	Section
B8 Community Investment General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	10.1 SOCIAL CO-CONSTRUCTION WARMS PEOPLE'S HEARTS
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	10.1 SOCIAL CO-CONSTRUCTION WARMS PEOPLE'S HEARTS
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	10.1 SOCIAL CO-CONSTRUCTION WARMS PEOPLE'S HEARTS



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