
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR BUSINESS HISTORY AND DEVELOPMENT

We were ranked No. 9 in terms of the aggregate actual heat service area in Shanxi Province, Gansu Province and Inner Mongolia Autonomous Region in 2022, according to the Frost & Sullivan Report. The history of our business can be traced back to 2010 when the State Council promulgated Several Opinions of the State Council on Encouraging and Guiding the Healthy Development of Private Investment (《國務院關於鼓勵和引導民間投資健康發展的若干意見》) to encourage and guide private capital to participate in the construction of municipal utilities, such as urban water supply, gas supply, heat supply, sewage and garbage disposal, public transport, urban landscaping and other urban areas. Eyeing the substantial room for the development of heat services, Shuangliang Eco-Energy found our Company. Established in the PRC on 5 October 1995, Shuangliang Eco-Energy (stock code: 600481.SH) is a joint stock limited company, the shares of which have been listed on Shanghai Stock Exchange since 22 April 2003. The principal business of Shuangliang Eco-Energy is the manufacturing and sales of products of (i) energy-saving and water-saving systems; and (ii) new energy systems (新能源系統).

Motivated by the favourable policies encouraging private capital to participate in the heat service industry, our Company actively sought for potential acquisition target to explore our markets in the “Three North” region. On 10 October 2010, our Company and Shanxi Shuangliang Renewable Energy entered into a capital increase agreement, pursuant to which our Company became a new shareholder of Shanxi Shuangliang Renewable Energy and agreed to inject approximately RMB25.5 million into Shanxi Shuangliang Renewable Energy. Such capital increase was completed and settled on 25 October 2010. Shanxi Shuangliang Renewable Energy therefore became an indirect non wholly-owned subsidiary of Shuangliang Eco-Energy since 25 October 2010 and up to 22 October 2015 when Shuangliang Eco-Energy transferred its entire interest in our Company to Shuangliang Technology. Following the completion of the capital increase, Shanxi Shuangliang Renewable Energy became one of our major subsidiaries, focusing mainly on the business of provision and distribution of heat, particularly utilising heat from local cogeneration plant. Leveraging on the experiences of the staff of our Group in sales and marketing of the heat service industry and the deep industry insight of our management team, we have gradually developed our experience, expertise and know-how to operate the heat services business through our experienced management team. In January 2012, Shanxi Shuangliang Renewable Energy obtained the first concession right for heat services for our Group by entering into the Shuozhou Concession Agreement. Between 2012 and 2014, implementing opinions and guiding opinions were issued by various government authorities in the PRC to encourage private capital to invest in the construction and operation of municipal heat services and other municipal infrastructure projects, such as municipal heat services through concession. Under such favourable environment, we applied for and was granted the concession rights of a number of projects and further expanded our business of heat services in various cities in Shanxi Province, including Taiyuan and Shanxi Transformation and Comprehensive Reform Demonstration Zone. We also expanded our heat service to other cities in the PRC, such as Hulunbuir of Inner Mongolia, Lanzhou of Gansu Province and Xinmi of Henan Province.

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For the purpose of streamlining the operation of Shuangliang Eco-Energy Group, in September 2015, Shuangliang Eco-Energy decided to transfer the entire equity interest in our Company to Shuangliang Technology, one of the shareholders of Shuangliang Eco-Energy. Such transfer was completed and settled on 22 October 2015. The transfer led to a clear separation of operations and management between Shuangliang Eco-Energy Group and our Group. Upon completion of the said transfer, Shuangliang Eco-Energy Group remained as one of our suppliers to supply materials and equipment for the construction of the infrastructure for our heat services business. For details of the transactions between our Group and Shuangliang Eco-Energy Group, see “Connected transactions” in this document.

In light of the growing opportunities and for the purpose of business expansion, upon the registration by our shareholders with Wuxi Administration for Industry and Commerce (無錫市工商行政管理局), our Company was converted into a joint stock limited company on 29 December 2015. In July 2016, we obtained approval from the NEEQ for the listing of our Company on the NEEQ (stock code: 839023) on 17 August 2016. We voluntarily delisted from the NEEQ in April 2018. See “Corporate history of our Company” in this section for further details.

Development of heat service area

Since the establishment of our Company, we have been principally focusing on the business of heat services. We have been expanding our heat services business to numerous geographical areas. As at the Latest Practicable Date, our total Concession Area and our total actual heat service area were approximately 419.9 million sq.m. and 41.9 million sq.m., respectively.

The following table sets out the key development of our heat service projects under concession rights.

Project name	Commencement of concession period	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
		heat service area as at 31 December 2014	heat service area as at 31 December 2015	heat service area as at 31 December 2016	heat service area as at 31 December 2017	heat service area as at 31 December 2018	heat service area as at 31 December 2019	heat service area as at 31 December 2020	heat service area as at 31 December 2021	heat service area as at 31 December 2022
		(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)
Shouzhou Project	18 January 2012	13,000,000	20,000,000	15,500,000	15,208,000	16,309,100	17,452,000	17,852,100	18,115,000	18,117,400
Taiyuan Project	21 November 2012	2,300,000	3,200,000	3,032,400	2,910,000	3,310,000	4,500,000	5,430,000	5,688,000	6,700,000
Lanzhou New Area Project	29 June 2013	106,000	688,000	2,217,000	4,650,000	5,510,000	6,500,000	5,920,000	7,030,000	8,490,000
Hulunbuir Project	20 September 2013	465,000	2,165,000	3,250,600	5,250,000	6,340,000	7,150,000	7,970,000	8,540,000	8,210,000
Shanxi Demonstration Zone Project	18 September 2018	_(Note 1)	_(Note 1)	_(Note 1)	_(Note 1)	_(Note 1)	165,800	205,000	391,500	352,400
Xinmi Project	7 December 2021	_(Note 2)	_(Note 2)	_(Note 2)	_(Note 2)	_(Note 2)	_(Note 2)	_(Note 2)	_(Note 2)	_(Note 2)
Total actual heat service area:		15,871,000	26,053,000	24,000,000	28,018,000	31,469,100	35,767,800	37,377,100	39,764,500	41,869,800

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Notes:

- (1) Shanxi Demonstration Zone Project commenced actual heat service operation in 2019, with an initial actual heat service area of approximately 165,800 sq.m..
- (2) Xinmi Project had yet to commence actual heat service operation as at the Latest Practicable Date.

DEVELOPMENT MILESTONES

Year	Events
September 2010	The establishment of our Company
October 2010	Investing in Shanxi Shuangliang Renewable Energy Development and Utilisation Company Limited* (山西雙良再生能源開發利用有限公司), i.e. subsequently known as Shanxi Shuangliang Renewable Energy by capital injection of approximately RMB25.5 million, and the commencement of heat service business in Shanxi Province, the PRC
January 2012	Concession right was granted to Shanxi Shuangliang Renewable Energy for heat services within the Concession Area of Shuozhou, Shanxi Province, the PRC for 30 years pursuant to the Shuozhou Concession Agreement
November 2012	Concession right was granted to Taiyuan Renewable Energy for heat services within the Concession Area of Taiyuan, Shanxi Province, the PRC for 25 years pursuant to the Taiyuan Concession Agreement
June 2013	Concession right was granted to Lanzhou Shuangliang for heat services within the Concession Area of Lanzhou New Area, Gansu Province, the PRC for 30 years pursuant to the Lanzhou New Area Concession Agreement
September 2013	Concession right was granted to Hulunbuir Shuangliang for heat services within the Concession Area of Hulunbuir, Inner Mongolia, the PRC for 30 years pursuant to the Hulunbuir Concession Agreement
October 2013	Shentou Second Power Station, to which we provided engineering construction services, involving the installation of condensing heat-recycling technology and recovery of waste heat into electricity system in Shuozhou, Shanxi Province, the PRC, was accredited as 'Power Top Plant' by Power Magazine

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<u>Year</u>	<u>Events</u>
August 2016	Our Company became listed on NEEQ ^(Note)
September 2018	Concession right was granted to Shanxi Demonstration Zone Heat Supply for heat services within the Concession Area in Shanxi Transformation and Comprehensive Reform Demonstration Zone Xiaohu Industrial Park and Science and Technology Innovation City* (山西轉型綜合改革示範區瀟河產業園區和科技創新城), Shanxi Province, the PRC for 30 years pursuant to the Shanxi Demonstration Zone Concession Agreement
December 2021	Concession right was granted to Tech-Thermal (Zhengzhou) for heat services within the Concession Area of Xinmi, Henan Province, the PRC for 30 years pursuant to the Xinmi Concession Agreement

Note: Delisted from NEEQ in April 2018.

CORPORATE HISTORY OF OUR COMPANY

On 3 September 2010, our Company was established by Shuangliang Eco-Energy and initially named as Jiangsu Shuangliang Contract Energy Management Company Limited* (江蘇雙良合同能源管理有限公司), with an initial registered capital of RMB50 million. On 25 August 2014, the then sole shareholder resolved, among other things, that the name of our Company shall be changed to Shuangliang Energy Saving System (Jiangsu) Company Limited* (雙良節能系統(江蘇)有限公司), which became effective on 1 September 2014.

On 16 September 2015, Shuangliang Eco-Energy and Shuangliang Technology entered into an equity transfer agreement, pursuant to which the entire registered capital of our Company would be transferred to Shuangliang Technology at the consideration of approximately RMB50.96 million. The consideration of such transfer was determined after arm’s length negotiations between the parties with reference to the valuation of the net asset value of our Company as at the date of the transfer. Such transfer was completed and settled on 22 October 2015.

On 17 November 2015, Shuangliang Technology resolved that the registered capital of our Company be increased from RMB50 million to RMB226 million, which was legally completed on 3 December 2015. While Shuangliang Technology contributed an amount of RMB100 million, the remaining RMB76 million was subscribed by Jiangsu Lichuang (which was owned by our Controlling Shareholders) and ten individual shareholders who were, prior to the subscription of the share capital of our Company, the then employees of Shuangliang Eco-Energy Group including our Directors and employees. The aforementioned shareholders of Jiangsu Lichuang had fully paid up the registered in accordance with their respective shareholdings.

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In anticipation to the conversion of our Company into a joint-stock company, our Company changed its name to Wise Living Technology Co., Ltd* (慧居科技股份有限公司), being the current name of our Company. The change of our Company's name was legally completed on 18 December 2015.

On 18 December 2015, the shareholders resolved that our Company be converted from a company with limited liability into a joint stock company with limited liability in preparation for the listing on the NEEQ. The registered capital of our Company was RMB226 million with issued shares of 226,000,000 Shares in total. The conversion was legally completed on 29 December 2015, and the shareholders' respective shareholding in our Company remained unchanged. Following such conversion, our Company applied for the listing on the NEEQ. Approval was granted on 29 July 2016, and subsequently the shares of our Company were open for transfer on the NEEQ on 17 August 2016.

On 22 March 2018, the shareholders resolved to voluntarily delist from the NEEQ. Our Company decided to delist from the NEEQ taking into consideration, amongst others, our Company's long term development strategy and our Company's preparation for the [REDACTED] in Hong Kong. The listing of our Company on the NEEQ ceased on 4 April 2018. There was no change in our registered capital, no trading of our Shares, and no transfer of Shares by our Shareholders during the period when our Company was listed on the NEEQ. There was no repurchase of Shares from our Shareholders at the time when we delisted on the NEEQ.

As advised by our PRC Legal Advisers, during the period that our Company was listed on the NEEQ, it had complied in all material respects with all applicable laws, including the Business Rules of the National Equities Exchanges and Quotations System (for Trial Implementation), and it had not been subject to any administrative penalty by any relevant law enforcement or regulator. Our Directors believe that there is no other matter in relation to the prior listing on the NEEQ of our Company that requires to be brought to the attention of the Stock Exchange.

The table below sets forth the shareholding structure of our Company immediately upon completion of the aforementioned delisting:

<u>Shareholders</u>	<u>Shares</u>	<u>Equity interest</u> (%)
(1) Shuangliang Technology	150,000,000	66.38
(2) Jiangsu Lichuang	51,000,000	22.58
(3) Mr. Li Baoshan (李寶山先生)	6,000,000	2.66
(4) Mr. Gu Dongsheng (顧東升先生)	2,500,000	1.11
(5) Mr. Liu Jiansheng (劉建生先生)	2,500,000	1.11
(6) Mr. Liu Jing (劉竟先生)	2,000,000	0.88
(7) Mr. Shan Yulin (單昱林先生)	2,000,000	0.88

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	<u>Shareholders</u>	<u>Shares</u>	<u>Equity interest</u> (%)
(8)	Mr. Li Fenglin (李峰林先生)	2,000,000	0.88
(9)	Mr. Liu Guoyin (劉國銀先生)	2,000,000	0.88
(10)	Mr. Wang Xiaosong (王曉松先生)	2,000,000	0.88
(11)	Mr. Geng Ming (耿鳴先生)	2,000,000	0.88
(12)	Mr. Jiang Shaojun (蔣少軍先生)	2,000,000	0.88
	Total	<u>226,000,000</u>	<u>100.00</u>

OUR MAJOR SUBSIDIARIES

We have nine major subsidiaries, six out of which have been granted with concession rights to provide heat services under our Concession Agreements. For details, see “Business – Heat services – Heat service projects under concession operation” in this document. Details of these subsidiaries are set out below:

(1) Wise Living Energy

Wise Living Energy (formerly known as Wise Living Technology Jiangsu Energy System Investment Company Limited* (慧居科技江蘇能源系統投資有限公司)) was established by our Company under the laws of the PRC as a limited liability company on 29 November 2016. Since the establishment of Wise Living Energy, it has been wholly owned by our Company. Wise Living Energy is principally engaged in investment holding.

(2) Shanxi Shuangliang Renewable Energy

Shanxi Shuangliang Renewable Energy (formerly known as Shanxi Shuangliang Renewable Energy Development and Utilisation Company Limited* (山西雙良再生能源開發利用有限公司), Shanxi Kelai Renewable Energy Development and Utilisation Company Limited* (山西科萊再生能源開發利用有限公司) and Shanxi Kelai Technology Company Limited* (山西科萊科技有限公司)) was established under the laws of the PRC as a limited liability company on 15 February 2006, with an initial registered capital of RMB1,000,000.

On 10 October 2010, our Company and Shanxi Shuangliang Renewable Energy entered into a capital increase agreement, pursuant to which our Company agreed to inject approximately RMB25.5 million into Shanxi Shuangliang Renewable Energy, out of which approximately RMB10.41 million was included as registered capital of Shanxi Shuangliang Renewable Energy with the remaining RMB15.09 million being included as capital reserves of Shanxi Shuangliang Renewable Energy. The investment amount was determined at arm’s length negotiations between the parties having considered the net asset value of Shanxi Shuangliang Renewable Energy as at the date of the capital increase. Following the completion of the capital increase, our Company became a shareholder of Shanxi Shuangliang Renewable Energy and held 51% of the equity interest in Shanxi Shuangliang Renewable Energy, the registered capital of which was increased from RMB10.0 million to RMB20.41 million. The capital increase was completed and settled on 25 October 2010.

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On 14 February 2012, the then shareholders of Shanxi Shuangliang Renewable Energy resolved that the registered capital of Shanxi Shuangliang Renewable Energy be increased from RMB20.41 million to RMB30 million by way of conversion of capital reserve. The increased registered capital was contributed by the then shareholders in proportion to their respective shareholdings in Shanxi Shuangliang Renewable Energy. Our Company, Mr. Li Baoshan (李寶山先生), Mr. Chen Xibao (陳喜報先生), Mr. Duan Guochen (段國臣先生), Mr. Hou Futang (侯富堂先生) and Mr. Wang Yuan (王源先生) subscribed for the increased registered capital in the amount of approximately RMB4.89 million, RMB2.42 million, RMB0.80 million, RMB0.77 million, RMB0.48 million and RMB0.23 million respectively.

On 29 November 2016, our Company entered into a share transfer agreement to transfer 51% of the equity interest in Shanxi Shuangliang Renewable Energy to Wise Living Energy, being our direct wholly-owned subsidiary, at the consideration of approximately RMB15.30 million. The consideration was determined after arm's length negotiations between the parties with reference to the amount of registered capital of Shanxi Shuangliang Renewable Energy at the time of transfer. The transfer was completed and settled on 14 December 2016.

Shanxi Shuangliang Renewable Energy is principally engaged in the business of provision of heat services. Pursuant to the Shuozhou Concession Agreement, Shanxi Shuangliang Renewable Energy obtained the concession right for the heat services within the Concession Area of Shuozhou, Shanxi Province, and the actual construction, management and operation of such heat service was designated to Shuozhou Renewable Energy.

With the exception of Shuozhou Concession Agreement, all of the Concession Agreements are operated by our subsidiaries being the party to the respective Concession Agreements.

(3) Hulunbuir Shuangliang

Hulunbuir Shuangliang was established by our Company and Mr. Gu Dongsheng (顧東升先生) under the laws of the PRC as a limited liability company on 11 March 2013, with an initial registered capital of RMB10 million.

Upon the establishment of Hulunbuir Shuangliang, our Company and Mr. Gu Dongsheng held 85% and 15% of its registered capital respectively. Since the establishment, Mr. Gu Dongsheng has been a director of Hulunbuir Shuangliang responsible for the management and supervision over the operation of Hulunbuir Shuangliang.

On 11 September 2014, Mr. Gu Dongsheng transferred 15% of the equity interest in Hulunbuir Shuangliang to Hulunbuir Dongsheng Energy Investment Company limited* (呼倫貝爾市東升能源投資有限公司), 70% of the registered capital of which is held by Mr. Gu Dongsheng. The transfer was completed and settled on 10 September 2014.

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On 29 November 2016, our Company entered into a share transfer agreement to transfer 85% of the equity interest in Hulunbuir Shuangliang to Wise Living Energy, being our direct wholly-owned subsidiary, at the consideration of RMB8.5 million. The consideration was determined after arm's length negotiations between the parties with reference to the amount of registered capital of Hulunbuir Shuangliang at the time of transfer. The transfer was completed and settled on 30 November 2016.

Hulunbuir Shuangliang is principally engaged in the business of provision of heat services. Hulunbuir Shuangliang is the holder of the concession right for the heat services within the Concession Area of Hulunbuir, Inner Mongolia, pursuant to the Hulunbuir Concession Agreement.

(4) Gansu Shuangliang

Gansu Shuangliang was established by our Company and Mr. Yang Koulin (楊扣林先生), a director of Gansu Shuangliang and Lanzhou Shuangliang, under the laws of the PRC as a limited liability company on 27 February 2013. Since the establishment of Gansu Shuangliang and up to 26 December 2016, its registered capital had been held as to 80% and 20% by our Company and Mr. Yang Koulin respectively.

On 27 December 2016, our Company, Mr. Yang Koulin, Wise Living Energy (our direct wholly-owned subsidiary) and Lanzhou Hanhai Trading Company Limited* (蘭州瀚海商貿有限公司) ("Lanzhou Hanhai") (a company which was held as to 60% by Mr. Yang Koulin and 40% by his family members and relatives) entered into share transfer agreements, pursuant to which 80% and 20% equity interest in Gansu Shuangliang were transferred to Wise Living Energy and Lanzhou Hanhai at the consideration of RMB8 million and RMB2 million, respectively. Upon completion of the transfers, Gansu Shuangliang was held as to 80% and 20% by Wise Living Energy and Lanzhou Hanhai, respectively. The considerations were determined after arm's length negotiations between the parties with reference to the amount of registered capital of Gansu Shuangliang at the time of the transfers. The transfers were completed and settled on 27 December 2016. Gansu Shuangliang is principally engaged in investment holding.

(5) Lanzhou Shuangliang

Lanzhou Shuangliang was established by Gansu Shuangliang and Lanzhou New District Thermal Power Co., Ltd.* (蘭州新區熱力有限責任公司) (a company wholly owned by Lanzhou Housing and Urban-Rural Development Bureau* (蘭州市住房和城市建設局)) under the laws of the PRC as a limited liability company on 31 July 2013, with an initial registered capital of RMB20 million. On 19 February 2014, Lanzhou New District Thermal Power Co., Ltd.* (蘭州新區熱力有限公司) entered into a share transfer agreement to transfer 30% of the registered capital in Lanzhou Shuangliang to Gansu Shuangliang at the consideration of approximately RMB6 million. The consideration was determined after arm's length negotiations between the parties with reference to the amount of registered capital of Lanzhou Shuangliang at the time of transfer. After the share transfer, Lanzhou Shuangliang became a wholly owned subsidiary of Gansu Shuangliang. Lanzhou Shuangliang is principally engaged in the business of provision of heat services. Lanzhou Shuangliang is the holder of the concession rights for the heat services within the Concession Area of Lanzhou New Area, Gansu Province, the PRC pursuant to the Lanzhou New Area Concession Agreement.

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(6) Shuozhou Renewable Energy

Shuozhou Renewable Energy was established by Shanxi Shuangliang Renewable Energy and Taiyuan Renewable Energy under the laws of the PRC as a limited liability company on 23 May 2011, with an initial registered capital of RMB50 million. Shuozhou Renewable Energy is principally engaged in the business of provision of heat services. Pursuant to the Shuozhou Concession Agreement, Shanxi Shuangliang Renewable Energy obtained the concession right for the heat services within the Concession Area of Shuozhou, Shanxi Province, the PRC, and the actual construction, management and operation of such heat service was designated to Shuozhou Renewable Energy.

(7) Taiyuan Renewable Energy

Taiyuan Renewable Energy was established by Shanxi Shuangliang Renewable Energy (our indirectly non wholly-owned subsidiary), under the laws of the PRC as a limited liability company on 22 May 2009, with an initial registered capital of RMB5 million. Taiyuan Renewable Energy is principally engaged in the business of provision of heat services, and is the holder of the concession rights for the heat services within the Concession Area of Taiyuan, Shanxi Province, the PRC pursuant to the Taiyuan Concession Agreement.

(8) Shanxi Demonstration Zone Heat Supply

Shanxi Demonstration Zone Heat Supply was incorporated on 19 September 2018 by Taiyuan Renewable Energy as a limited liability company under the laws of the PRC with an initial registered capital of RMB100 million. Shanxi Demonstration Zone Heat Supply is principally engaged in the provision of heat services. Pursuant to the Shanxi Demonstration Zone Concession Agreement, Shanxi Demonstration Zone Heat Supply is the holder for the concession rights for heat services within the Concession Area of Taiyuan, Shanxi Province, the PRC.

(9) Tech-Thermal (Zhengzhou)

Tech-Thermal (Zhengzhou) was established by Wise Living Energy and Zhengzhou Qindu Thermal Power Limit* (鄭州溱都熱力有限責任公司) under the laws of the PRC as a limited liability company on 10 December 2020. Since the establishment of Tech-Thermal (Zhengzhou), its registered capital was held as to 80% by Wise Living Energy and 20% by Zhengzhou Qindu Thermal Power Limit* (鄭州溱都熱力有限責任公司). Tech-Thermal (Zhengzhou) is principally engaged in the business of provision of heat services. Tech-Thermal (Zhengzhou) is the holder of the concession rights for the heat services within the Concession Area of Xinmi, Henan Province, the PRC, pursuant to the Xinmi Concession Agreement.

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DEREGISTRATION AND DISPOSAL DURING THE TRACK RECORD PERIOD

To streamline our Group’s organisational structure, during the Track Record Period, seven subsidiaries of our Company had been deregistered. Details of such deregistrations are set out below:

<u>Name of subsidiaries</u>	<u>Interest held directly or indirectly by our Company before deregistration</u>	<u>Principal business</u>	<u>Reason of deregistration</u>	<u>Date of deregistration</u>
Wise Living Environmental Energy* (慧居環能科技(北京)有限公司)	80%	Engagement of various projects in relation to heat service (generated by natural gas) and the development and promotion of energy saving technologies	No commencement of operation since its establishment on 11 April 2019	24 March 2020
Shanxi New Energy Equipment* (山西雙良新能源裝備製造有限公司)	100%	Production of mechanical equipment, electronic devices, air-conditioning equipment, valves and water pumps	Only maintain minimal operation since its establishment on 8 January 2018	26 May 2020
Southern Taiyuan Heat Supply* (太原市南部供熱有限公司)	100%	Construction, operation and management of transformation projects relating to renewable energy resources, clean energy resources and energy saving technologies	No commencement of operation since its establishment on 28 April 2013	9 March 2020
Hohhot Wise Living* (呼和浩特慧居清潔能源有限公司)	100%	Heat services and development of clean resources	No commencement of operation since its establishment on 17 May 2019	1 November 2021

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Name of subsidiaries	Interest held directly or indirectly by our Company before deregistration	Principal business	Reason of deregistration	Date of deregistration
Shuozhou Shiji New Energy Thermal Power Co., Ltd* (朔州市世紀新能源熱力有限公司)	100%	Heat services	No commencement of operation since its establishment on 1 September 2021	31 December 2021
Shuozhou Dongyu New Energy Heating Co., Ltd.* (朔州市東宇新能源熱力有限公司)	100%	Heat services	No commencement of operation since its establishment on 3 September 2021	31 December 2021
Shuozhou Jincheng New Energy Thermal Power Co., Ltd.* (朔州市金誠新能源熱力有限公司)	100%	Heat services	No commencement of operation since its establishment on 2 September 2021	31 December 2021

Our Directors confirm that (i) none of the aforementioned deregistered companies was involved in any material claims, litigations or non-compliance incidents during the Track Record Period and up to its respective date of deregistration; and that (ii) the deregistration of the aforementioned companies had no material adverse impact on our Group’s financial performance, financial position and cash flows during the Track Record Period because all these companies carried out minimal operation or no operation since their respective establishments.

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Further, we also disposed of Shuozhou Electricity Sales during the Track Record Period, details are set out below:

Name of subsidiary	Interest held directly or indirectly by our Company before disposal	Principal business	Transferee	Reason of disposal	Date of disposal
Shuozhou Electricity Sales	100%	Sale of electricity	Shanxi Ouke Material Technology Co. Limited* (山西歐可材料科技有限公司), an Independent Third Party	Shuozhou Electricity Sales only had minimal operation since its establishment on 20 July 2017, and its business differs from our business	23 June 2020

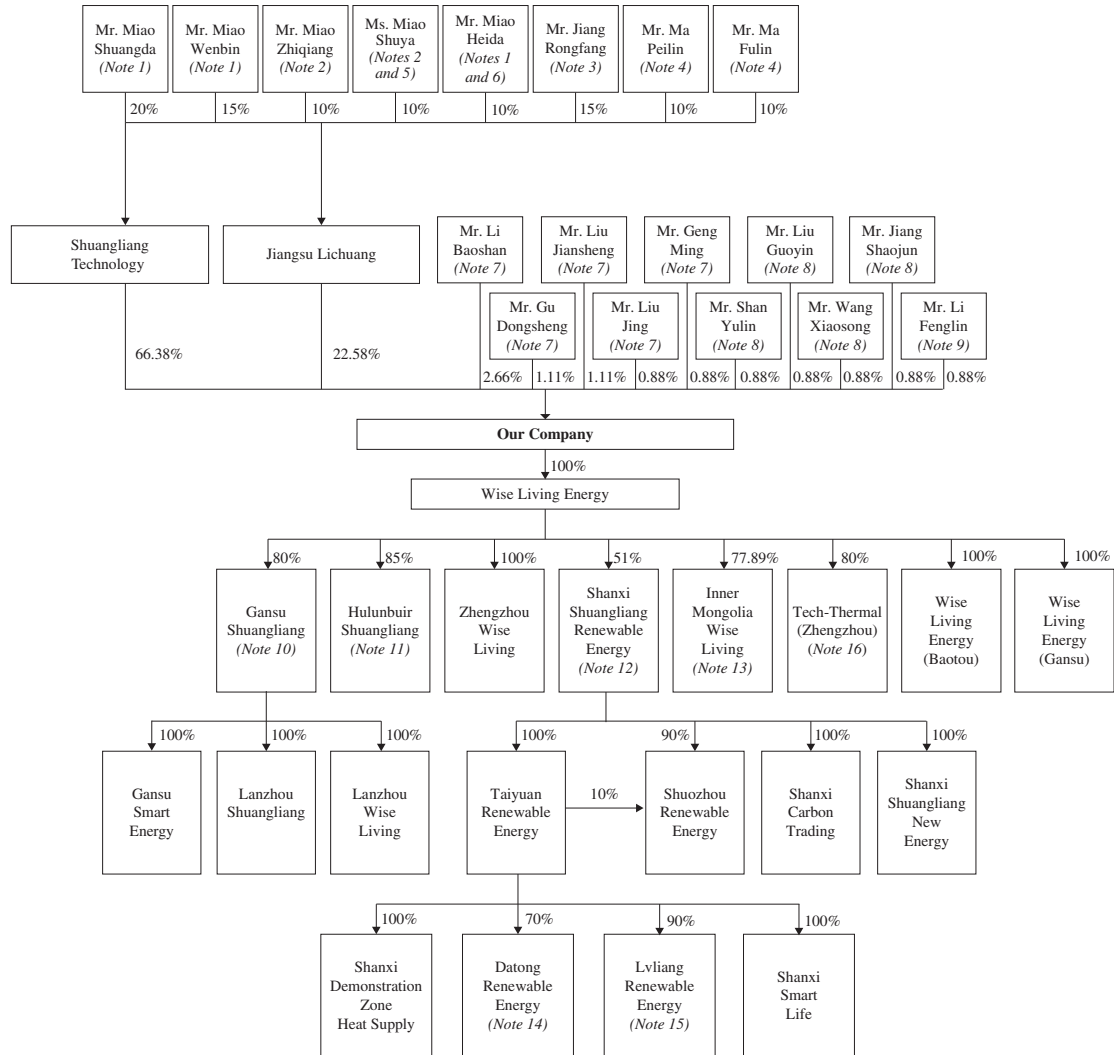
Our Directors confirm that (i) Shuozhou Electricity Sales was not involved in any material claims, litigations or non-compliance incidents during the Track Record Period and up to its date of disposal, (ii) the disposal of Shuozhou Electricity Sales had no material adverse impact on our Group’s financial performance, financial position and cash flows because Shuozhou Electricity Sales carried out minimal operation since its establishment on 20 July 2017; and (iii) Shuozhou Electricity Sales was disposed of by our Group at nil consideration because we had not made payment for its registered capital since its establishment. The disposal of Shuozhou Electricity Sales was completed on 23 June 2020.

Our PRC Legal advisers confirmed that the above-mentioned deregistrations or disposal of our subsidiaries were lawful, valid and in compliance with the relevant PRC legal requirements.

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2 Our corporate structure before the [REDACTED]

The following chart sets out the shareholding and simplified corporate structure of our Group as at the Latest Practicable Date:



Notes:

1. Mr. Miao Shuangda (繆雙大先生) and Mr. Miao Heida (繆黑大先生) are siblings. Mr. Miao Shuangda (繆雙大先生) is the father of Mr. Miao Wenbin (繆文彬先生).
2. Mr. Miao Zhiqiang (繆志強先生) and Ms. Miao Shuya (繆舒涯女士) are cousins of Mr. Miao Wenbin (繆文彬先生).
3. Mr. Jiang Rongfang (江榮方先生) has extensive experience in lithium bromide cooling technology and is an expert entitled to government special allowance by the State Council. Mr. Jiang Rongfang is one of the founders of Shuangliang Group Co. and a shareholder of Shuangliang Eco-Energy. He acted as a director of Shuangliang Eco-Energy between 27 March 2004 and 22 September 2021. Save for his shareholdings in Shuangliang Technology and Jiangsu Lichuang, Mr. Jiang Rongfang (江榮方先生) has no other relationship with our Company and the other Controlling Shareholders.
4. Mr. Ma Peilin (馬培林先生) and Mr. Ma Fulin (馬福林先生) are siblings. Mr. Ma Fulin (馬福林先生) is the spouse of the sister of Mr. Miao Zhiqiang (繆志強先生), a cousin of Mr. Miao Wenbin (繆文彬先生).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

5. As part of a family succession plan on 11 December 2019, Ms. Miao Shuya (繆舒涯女士) received the respective 10% of registered capital in Shuangliang Technology and Jiangsu Lichuang from her father Mr. Miao Minda (繆敏達先生), who is a sibling of Mr. Miao Shuangda and Mr. Miao Heida, at nil consideration.
6. As Mr. Miao Heida (繆黑大先生) was at the age of 76 in 2021 and concerned about his health, on 9 August 2021, Mr. Miao Heida (繆黑大先生) transferred his investment in Shuangliang Technology and Jiangsu Lichuang, which held 66.38% and 22.58% equity interests in our Company respectively as at the Latest Practicable Date to his sons, Mr. Miao Shuyan (繆舒炎先生) and Mr. Miao Shuyang (繆舒揚先生) equally at nil consideration. Mr. Miao Shuyan (繆舒炎先生), Mr. Miao Shuyang (繆舒揚先生) and Mr. Miao Heida (繆黑大先生) entered into a nominee arrangement, whereby Mr. Miao Shuyan (繆舒炎先生) and Mr. Miao Shuyang (繆舒揚先生) agreed to act as nominees for and on behalf of Mr. Miao Heida (繆黑大先生) in accordance with the instructions of Mr. Miao Heida (繆黑大先生) in managing, handling and dealing with the matters (including but not limited to the exercise of relevant voting rights in general meetings) in relation to his investment in Shuangliang Technology and Jiangsu Lichuang. On 1 March 2022, the nominee arrangement was terminated as Mr. Miao Heida’s (繆黑大先生) health had been improved, and the registered capital in each of Shuangliang Technology and Jiangsu Lichuang was transferred back to Mr. Miao Heida (繆黑大先生) at nil consideration on the same day.
7. Mr. Li Baoshan (李寶山先生) is one of our executive Directors. Mr. Geng Ming (耿鳴先生) is one of our executive Directors. Mr. Gu Dongsheng (顧東升先生) (“**Mr. Gu**”) is the chairman of the board of directors of Hulunbuir Shuangliang, one of our subsidiaries. Mr. Liu Jiansheng (劉建生先生) is the director of Wise Living Energy (Gansu), Gansu Smart Energy and Lanzhou Wise Living, which are our subsidiaries. Mr. Liu Jing (劉竟先生) is the vice chairman of the board of directors in Tech-Thermal (Zhengzhou), one of our subsidiaries.
8. Mr. Shan Yulin (單昱林先生) is one of the vice presidents of Shuangliang Group Co.. Mr. Liu Guoyin (劉國銀先生) is a member of the management team of a subsidiary of Shuangliang Group Co.. Mr. Jiang Shaojun (蔣少軍先生) is one of the vice presidents of Shuangliang Group Co., and Mr. Wang Xiaosong (王曉松先生) is the investment director of Shuangliang Group Co..
9. Mr. Li Fenglin (李峰林先生) is a director of a subsidiary of Shuangliang Technology.
10. The remaining 20% of the registered capital of Gansu Shuangliang is held by Lanzhou Hanhai, the registered capital of which is held as to 60% by Mr. Yang Koulin (楊扣林先生) (“**Mr. Yang**”), a director of Gansu Shuangliang and Lanzhou Shuangliang, 30% by Ms. Ding Yue’e (丁月娥女士), the spouse of Mr. Yang and 10% by Ms. Zhu Huijuan (朱慧娟女士), the daughter in law of Mr. Yang. Lanzhou Hanhai is considered a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of it being a substantial shareholder of Gansu Shuangliang which is an indirect subsidiary of our Company). The principal business of Lanzhou Hanhai is (among others) wholesale and retail of water heating materials and maintenance of related equipment. Gansu Shuangliang benefited from the business resources provided by Lanzhou Hanhai when exploring its heat services market in Gansu Province. Mr. Yang, being a controlling shareholder of Lanzhou Hanhai, is appointed as a director of Gansu Shuangliang and participates in the management and operation of Gansu Shuangliang. He is also appointed as a director of Lanzhou Shuangliang (a direct wholly-owned subsidiary of Gansu Shuangliang) and participates in the management and operation of Lanzhou Shuangliang.

Wise Living Energy (a direct wholly-owned subsidiary of our Company), by virtue of holding 80% equity interest in Gansu Shuangliang and enjoying 80% voting rights in the shareholders’ meetings of Gansu Shuangliang, has the power over Gansu Shuangliang as it has the ability to direct the activities that significantly affect Gansu Shuangliang’s returns. As such, our Group has the rights to variable returns and is able to affect shareholders’ returns from its involvement with Gansu Shuangliang. Therefore, our Group was able to consolidate the results of Gansu Shuangliang under IFRS 10.

Save for his equity interest in Lanzhou Hanhai, Mr. Yang holds 80% equity interest in Jiayuguan Sanjin Commerce and Trade Development Company Limited* (嘉峪關市三金商貿發展有限公司) (“**Jiayuguan Sanjin CTDC**”) which is a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of it being an associate of Mr. Yang, who is a substantial shareholder of Gansu Shuangliang (an indirect subsidiary of our Company)). Mr. Yang has also served as a director of Jiayuguan Sanjin CTDC, the principal business of which is wholesale and retail of metal materials, chemical materials, hardware and electrical equipment, agricultural and side products, articles of daily use and tea, retail of gold, silver and copper products.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

11. The remaining 15% of the registered capital of Hulunbuir Shuangliang is held by Hulunbuir Dongsheng Energy Investment Company Limited* (呼倫貝爾市東升能源投資有限公司) (“**Hulunbuir Dongsheng Energy**”), the registered capital of which is held as to 70% by Mr. Gu, the chairman of the board of directors of Hulunbuir Shuangliang, and 30% by Ms. Jin Shuhua (金淑華女士), the spouse of Mr. Gu. Hulunbuir Dongsheng Energy is considered a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of it being a substantial shareholder of Hulunbuir Shuangliang which is an indirect subsidiary of the Company). The principal business of Hulunbuir Dongsheng Energy is investment in energy industry and provision of consulting services. Hulunbuir Shuangliang benefited from the business resources provided by Hulunbuir Dongsheng Energy when exploring its heat services market in Hulunbuir City. Mr. Gu, being a controlling shareholder of Hulunbuir Dongsheng Energy, is appointed as the chairman of the board of directors of Hulunbuir Shuangliang and is primarily responsible for the management and supervision over the operation of Hulunbuir Shuangliang. Mr. Gu has approximately 10 years of experience in the heat services and new energy industries. In respect of public office, Mr. Gu was appointed as a representative of the fifth National People’s Congress of Hulunbuir City* (呼倫貝爾市第五屆人民代表大會代表) in 2022. Save for his equity interests in Hulunbuir Dongsheng Energy and our Company, Mr. Gu does not hold any equity interest in any entities in the PRC.

Wise Living Energy (a direct wholly-owned subsidiary of our Company), by virtue of holding 85% equity interest in Hulunbuir Shuangliang and enjoying 85% voting rights in the shareholders’ meetings of Hulunbuir Shuangliang, has the power over Hulunbuir Shuangliang as it has the ability to direct the activities that significantly affect Hulunbuir Shuangliang’s returns. As such, our Group has the rights to variable returns and is able to affect shareholder’s returns from its involvement with Hulunbuir Shuangliang. Therefore, our Group was able to consolidate the results of Hulunbuir Shuangliang under IFRS 10.

12. The remaining 49% of the registered capital of Shanxi Shuangliang Renewable Energy is held as to (i) 25.22% by Shanxi Zhenye New Energy Company Limited* (山西真頁新能源有限公司) (“**Shanxi Zhenye**”) which is wholly owned by Mr. Du Fu (杜福先生) who is the brother-in-law of Mr. Yan Dong (閆東先生) (a former director of Shuozhou Electricity Sales between 20 July 2017 and 28 May 2021); (ii) 8.33% by Shanxi Jinzhengda Energy Saving and Environmental Protection Technology Development Company Limited* (山西金鄭大節能環保技術開發有限公司) (“**Shanxi Jinzhengda**”) which is held as to 60% by Ms. Wang Aiwen (王愛文女士) who is the spouse of Mr. Chen Xibao (陳喜報先生) (a director of Zhengzhou Wise Living and a supervisor of Tech-Thermal (Zhengzhou)); (iii) 8% by Taiyuan Creative Source Technology Trading Company Limited* (太原創意源科貿有限公司) (“**Taiyuan Creative**”), which is wholly owned by Ms. Li Cuilan (李翠蘭女士), an Independent Third Party; (iv) 5% by Shanxi Chenghe Business Information Service Limited* (山西誠和商務信息諮詢服務有限公司) (“**Shanxi Chenghe**”) which is wholly owned by Ms. Hou Jiaying (侯佳瑛女士) (“**Ms. Hou**”) (a director of Shanxi Shuangliang Renewable Energy); and (v) 2.45% by Mr. Wang Yuan (王源先生) (“**Mr. Wang**”) (a supervisor of Taiyuan Renewable Energy). Other than Taiyuan Creative, the other minority shareholders are connected persons of our Company at the subsidiary level. Shanxi Zhenye is considered a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of it being a substantial shareholder of Shanxi Shuangliang Renewable Energy which is an indirect subsidiary of the Company). The principal business of Shanxi Zhenye is (among others) technology development, consultation and transfer in energy-saving technology, new energy technology promotion and consultation. Shanxi Zhenye is committed to develop new energy projects in Shanxi Province, which helped Shanxi Shuangliang Renewable Energy with its heat services planning in Shanxi Province. Shanxi Jinzhengda is considered a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of it being an associate of a director of Zhengzhou Wise Living and a supervisor of Tech-Thermal (Zhengzhou), both of which are indirect subsidiaries of our Company). The principal business of Shanxi Jinzhengda is (among others) the development, application and sales of new technologies, new products and new processes for the energy-saving and environmental protection industry, sales, installation and system integration of energy-saving and environmental protection equipment, technology consulting services for energy-saving and environmental protection. Shanxi Shuangliang Renewable Energy benefited from the new technologies developed by Shanxi Jinzhengda when upgrading its heating technologies. Shanxi Chenghe is considered a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of it being an associate of a director of Shanxi Shuangliang Renewable Energy which is an indirect subsidiary of our Company). The principal business of Shanxi Chenghe is (among others) enterprise management services, conference and exhibition services and taxation services. Shanxi Shuangliang Renewable Energy benefited from the business resources provided by Shanxi Chenghe when exploring its heat services market in Shanxi Province. Mr. Wang is considered a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of him being a supervisor of Taiyuan Renewable Energy which is an indirect subsidiary of our Company). Mr. Wang is familiar with the heat services market in Shanxi Province and has confidence in the business performance and operations of Shanxi Shuangliang Renewable Energy. Shanxi Shuangliang Renewable Energy benefited from his business resources when exploring the heat services market in Shanxi Province.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Save for Ms. Hou, the sole shareholder of Shanxi Chenghe who is appointed as a director of Shanxi Shuangliang Renewable Energy and participates in the management and operation of Shanxi Shuangliang Renewable Energy, all other minority shareholders of Shanxi Shuangliang Renewable Energy are passive investors who do not participate in the management and operation of Shanxi Shuangliang Renewable Energy.

Wise Living Energy (a direct wholly-owned subsidiary of our Company), by virtue of holding 51% equity interest in Shanxi Shuangliang Renewable Energy and enjoying 51% voting rights in the shareholders’ meetings of Shanxi Shuangliang Renewable Energy, has the power over Shanxi Shuangliang Renewable Energy as it has the ability to direct the activities that significantly affect Shanxi Shuangliang Renewable Energy’s returns. As such, our Group has the rights to variable returns and is able to affect shareholders’ returns from its involvement with Shanxi Shuangliang Renewable Energy. Therefore, our Group was able to consolidate the results of Shanxi Shuangliang Renewable Energy under IFRS 10.

13. The remaining 22.11% of the registered capital of Inner Mongolia Wise Living is held by Inner Mongolia Environmental Governance Construction Company Limited* (內蒙古環境治理工程有限公司) (“**Inner Mongolia Environmental Construction**”), the registered capital of which is wholly owned by Inner Mongolia Environmental Protection Investment Group Co., Ltd* (內蒙古環保投資集團有限公司), a State-owned enterprise. Inner Mongolia Environmental Construction is considered a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of it being a substantial shareholder of Inner Mongolia Wise Living which is an indirect subsidiary of our Company). The principal business of Inner Mongolia Environmental Construction is the provision of comprehensive environmental management services (including construction, operation, maintenance, management and consultation) in water, atmosphere, soil, industrial solid waste, domestic waste, hazardous waste and new energy industry, research and development, production and sales of new environmental protection products and equipment, import and export of environmental protection products. Inner Mongolia Wise Living benefited from the business resources, experience and social network of Inner Mongolia Environmental Construction when exploring its heat services market in Inner Mongolia Autonomous Region. Mr. Zhang Liping (張利平) who is the chairman of the board of directors of Inner Mongolia Environmental Construction and Mr. Li Yaoting (李耀庭) who was nominated by Inner Mongolia Environmental Construction, are appointed as the directors of Inner Mongolia Wise Living and participate in the management and operation of Inner Mongolia Wise Living.

Wise Living Energy (a direct wholly-owned subsidiary of our Company), by virtue of holding 77.89% equity interest in Inner Mongolia Wise Living and enjoying 77.89% voting rights in the shareholders’ meetings of Inner Mongolia Wise Living, has the power over Inner Mongolia Wise Living as it has the ability to direct the activities that significantly affect Mongolia Wise Living’s returns. As such, our Group has the rights to variable returns and is able to affect shareholders’ returns from its involvement with Inner Mongolia Wise Living. Therefore, our Group was able to consolidate the results of Inner Mongolia Wise Living under IFRS 10.

14. The remaining 30% of the registered capital of Datong Renewable Energy is held as to (i) 15% by Mr. Zhang Quan (張權先生) (“**Mr. Zhang**”) (a director of Datong Renewable Energy and a brother-in-law of Mr. Li Baoshan); (ii) 10% by Mr. Li Wen (李文先生) (“**Mr. Li**”) (a supervisor of Datong Renewable Energy and a nephew of Mr. Li Baoshan); and (iii) 5% by Ms. Zhao Lihong (趙麗紅女士) (“**Ms. Zhao**”) (a director of Datong Renewable Energy). Mr. Zhang, Mr. Li and Ms. Zhao are considered connected persons of our Company at the subsidiary level upon [REDACTED] (by virtue of them being a director, supervisor and director of Datong Renewable Energy, respectively, which is an indirect subsidiary of our Company) and they all participate in the management and operation of Datong Renewable Energy. Mr. Zhang, Mr. Li and Ms. Zhao are familiar with the heat services industry and the heat services market of Datong City, and have confidence in the business performance and operations of Datong Renewable Energy. Datong Renewable Energy benefited from their business resources, knowledge and social network when exploring its heat services market in Datong City.

Taiyuan Renewable Energy (an indirect non wholly-owned subsidiary of our Company), by virtue of holding 70% equity interest in Datong Renewable Energy and enjoying 70% voting rights in the shareholders’ meetings of Datong Renewable Energy, has the power over Datong Renewable Energy as it has the ability to direct the activities that significantly affect Datong Renewable Energy’s returns. As such, our Group has the rights to variable returns and is able to affect shareholders’ returns from its involvement with Datong Renewable Energy. Therefore, our Group was able to consolidate the results of Datong Renewable Energy under IFRS 10.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

15. The remaining 10% of the registered capital of Lvliang Renewable Energy is held by Mr. Xue Ming (薛銘先生) (“**Mr. Xue**”) who is a former director of Lvliang Renewable Energy between 30 November 2009 and 3 February 2021. Mr. Xue is considered a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of him being a substantial shareholder of Lvliang Renewable Energy which is an indirect subsidiary of our Company). Mr. Xue is familiar with the heat services market in Lvliang City and has confidence in the business performance and operations of Lvliang Renewable Energy. Lvliang Renewable Energy benefited from his business resources when exploring its heat services market in Lvliang City. Mr. Xue is a passive investor who no longer participates in the management and operation of Lvliang Renewable Energy since 29 January 2021.

Taiyuan Renewable Energy (an indirect non wholly-owned subsidiary of our Company), by virtue of holding 90% equity interest in Lvliang Renewable Energy and enjoying 90% voting rights in the shareholders’ meetings of Lvliang Renewable Energy, has the power over Lvliang Renewable Energy as it has the ability to direct the activities that significantly affect Lvliang Renewable Energy’s returns. As such, our Group has the rights to variable returns and is able to affect shareholders’ returns from its involvement with Lvliang Renewable Energy. Therefore, our Group was able to consolidate the results of Lvliang Renewable Energy under IFRS 10.

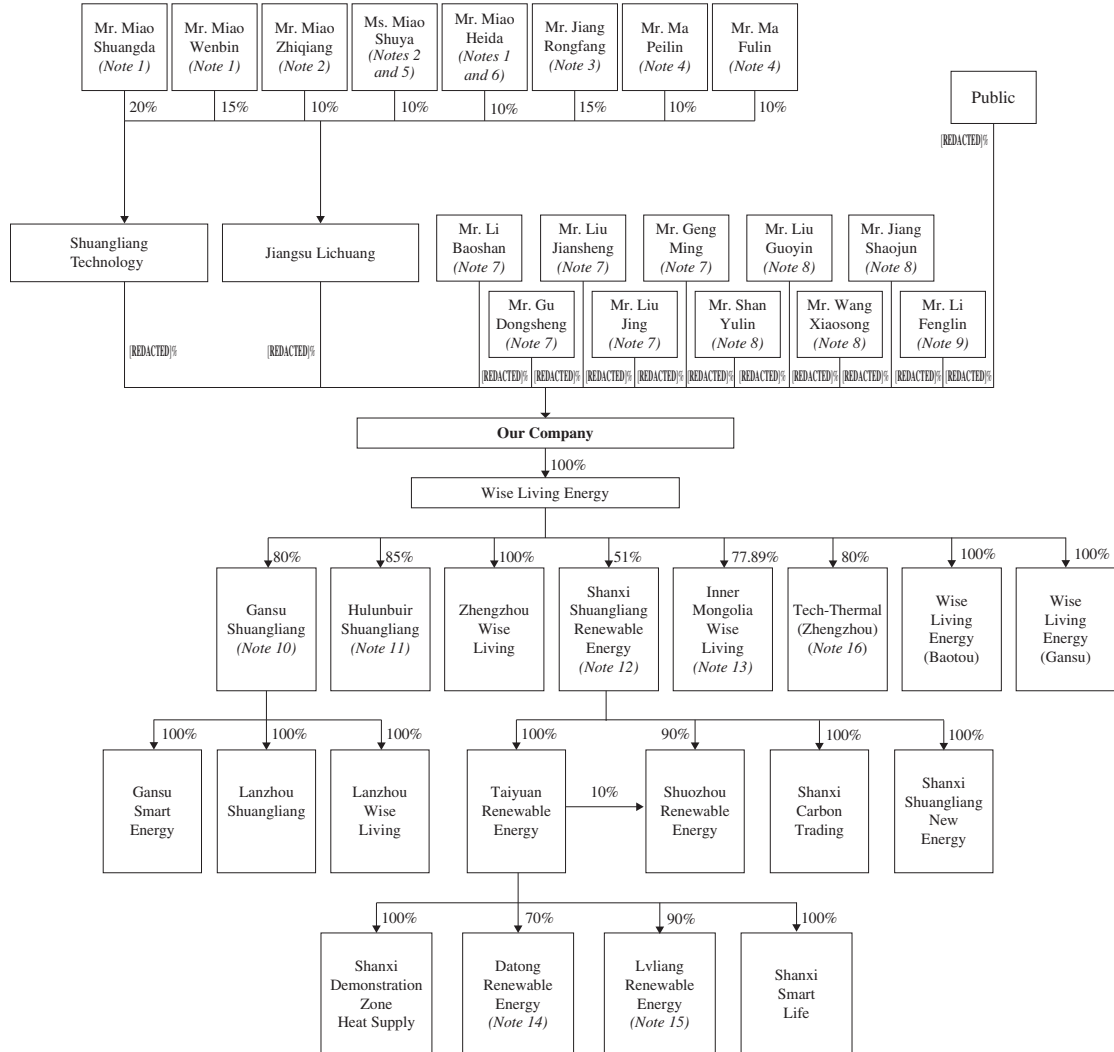
16. The remaining 20% of the registered capital of Tech-Thermal (Zhengzhou) was held by Zhengzhou Qindu Thermal Power Limited* (鄭州溱都熱力有限責任公司) (“**Zhengzhou Qindu**”), the registered capital of which is held as to 25% by Mr. Cai Donghong (蔡東宏先生) (“**Mr. Cai**”), a supervisor of Tech-Thermal (Zhengzhou) and 75% by seven other Independent Third Parties. Zhengzhou Qindu is considered a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of it being a substantial shareholder of Tech-Thermal (Zhengzhou) which is an indirect subsidiary of our Company). The principal business of Zhengzhou Qindu is development, operation, and maintenance of gas, water and heat supply projects and construction and maintenance of pipeline works. Tech-Thermal (Zhengzhou) benefited from the business resources and experience of Zhengzhou Qindu when exploring its heat services market in Xinmi City. Tech-Thermal (Zhengzhou) is mainly responsible for the coordination work of the Xinmi Project. Mr. Cai, being a substantial shareholder of Zhengzhou Qindu, is appointed as a supervisor of Tech-Thermal (Zhengzhou) and participates in the operation of Tech-Thermal (Zhengzhou).

Wise Living Energy (a direct wholly-owned subsidiary of our Company), by virtue of holding 80% equity interest in Tech-Thermal (Zhengzhou) and enjoying 80% voting rights in the shareholders’ meetings of Tech-Thermal (Zhengzhou), has the power over Tech-Thermal (Zhengzhou) as it has the ability to direct the activities that significantly affect Tech-Thermal (Zhengzhou)’s returns. As such, our Group has the rights to variable returns and is able to affect shareholders’ returns from its involvement with Tech-Thermal (Zhengzhou). Therefore, our Group was able to consolidate the results of Tech-Thermal (Zhengzhou) under IFRS 10.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

3. Our corporate structure following the [REDACTED]

The following chart sets out the shareholding and simplified corporate structure of our Group immediately following the completion of the [REDACTED], assuming that the [REDACTED] is not exercised:



Notes:

- Mr. Miao Shuangda (繆雙大先生) and Mr. Miao Heida (繆黑大先生) are siblings. Mr. Miao Shuangda (繆雙大先生) is the father of Mr. Miao Wenbin (繆文彬先生).
- Mr. Miao Zhiqiang (繆志強先生) and Ms. Miao Shuya (繆舒涯女士) are cousins of Mr. Miao Wenbin (繆文彬先生).
- Mr. Jiang Rongfang (江榮方先生) has extensive experience in lithium bromide cooling technology and is an expert entitled to government special allowance by the State Council. Mr. Jiang Rongfang is one of the founders of Shuangliang Group Co. and a shareholder of Shuangliang Eco-Energy. He acted as a director of Shuangliang Eco-Energy between 27 March 2004 and 22 September 2021. Save for his shareholdings in Shuangliang Technology and Jiangsu Lichuang, Mr. Jiang Rongfang (江榮方先生) has no other relationship with our Company and the other Controlling Shareholders.
- Mr. Ma Peilin (馬培林先生) and Mr. Ma Fulin (馬福林先生) are siblings. Mr. Ma Fulin (馬福林先生) is the spouse of the sister of Mr. Miao Zhiqiang (繆志強先生), a cousin of Mr. Miao Wenbin (繆文彬先生).
- As part of a family succession plan on 11 December 2019, Ms. Miao Shuya (繆舒涯女士) received the respective 10% of registered capital in Shuangliang Technology and Jiangsu Lichuang from her father Mr. Miao Minda (繆敏達先生), who is a sibling of Mr. Miao Shuangda and Mr. Miao Heida, at nil consideration.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

6. As Mr. Miao Heida (繆黑大先生) was at the age of 76 in 2021 and concerned about his health, on 9 August 2021, Mr. Miao Heida (繆黑大先生) transferred his investment in Shuangliang Technology and Jiangsu Lichuang, which held 66.38% and 22.58% equity interests in our Company respectively as at the Latest Practicable Date to his sons, Mr. Miao Shuyan (繆舒炎先生) and Mr. Miao Shuyang (繆舒揚先生) equally at nil consideration. Mr. Miao Shuyan (繆舒炎先生), Mr. Miao Shuyang (繆舒揚先生) and Mr. Miao Heida (繆黑大先生) entered into a nominee arrangement, whereby Mr. Miao Shuyan (繆舒炎先生) and Mr. Miao Shuyang (繆舒揚先生) agreed to act as nominees for and on behalf of Mr. Miao Heida (繆黑大先生) in accordance with the instructions of Mr. Miao Heida (繆黑大先生) in managing, handling and dealing with the matters (including but not limited to the exercise of relevant voting rights in general meetings) in relation to his investment in Shuangliang Technology and Jiangsu Lichuang. On 1 March 2022, the nominee arrangement was terminated as Mr. Miao Heida’s (繆黑大先生) health had been improved, and the registered capital in each of Shuangliang Technology and Jiangsu Lichuang was transferred back to Mr. Miao Heida (繆黑大先生) at nil consideration on the same day.
7. Mr. Li Baoshan (李寶山先生) is one of our executive Directors. Mr. Geng Ming (耿鳴先生) is one of our executive Directors. Mr. Gu Dongsheng (顧東升先生) (“**Mr. Gu**”) is the chairman of the board of directors of Hulunbuir Shuangliang, one of our subsidiaries. Mr. Liu Jiansheng (劉建生先生) is the director of Wise Living Energy (Gansu), Gansu Smart Energy and Lanzhou Wise Living, which are our subsidiaries. Mr. Liu Jing (劉竟先生) is the vice chairman of the board of directors in Tech-Thermal (Zhengzhou), one of our subsidiaries.
8. Mr. Shan Yulin (單昱林先生) is one of the vice presidents of Shuangliang Group Co.. Mr. Liu Guoyin (劉國銀先生) is a member of the management team of a subsidiary of Shuangliang Group Co.. Mr. Jiang Shaojun (蔣少軍先生) is one of the vice presidents of Shuangliang Group Co., and Mr. Wang Xiaosong (王曉松先生) is the investment director of Shuangliang Group Co..
9. Mr. Li Fenglin (李峰林先生) is a director of a subsidiary of Shuangliang Technology.
10. The remaining 20% of the registered capital of Gansu Shuangliang is held by Lanzhou Hanhai, the registered capital of which is held as to 60% by Mr. Yang Koulin (楊扣林先生) (“**Mr. Yang**”), a director of Gansu Shuangliang and Lanzhou Shuangliang, 30% by Ms. Ding Yue’e (丁月娥女士), the spouse of Mr. Yang and 10% by Ms. Zhu Huijuan (朱慧娟女士), the daughter in law of Mr. Yang. Lanzhou Hanhai is considered a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of it being a substantial shareholder of Gansu Shuangliang which is an indirect subsidiary of our Company). The principal business of Lanzhou Hanhai is (among others) wholesale and retail of water heating materials and maintenance of related equipment. Gansu Shuangliang benefited from the business resources provided by Lanzhou Hanhai when exploring its heat services market in Gansu Province. Mr. Yang, being a controlling shareholder of Lanzhou Hanhai, is appointed as a director of Gansu Shuangliang and participates in the management and operation of Gansu Shuangliang. He is also appointed as a director of Lanzhou Shuangliang (a direct wholly-owned subsidiary of Gansu Shuangliang) and participates in the management and operation of Lanzhou Shuangliang.

Wise Living Energy (a direct wholly-owned subsidiary of our Company), by virtue of holding 80% equity interest in Gansu Shuangliang and enjoying 80% voting rights in the shareholders’ meetings of Gansu Shuangliang, has the power over Gansu Shuangliang as it has the ability to direct the activities that significantly affect Gansu Shuangliang’s returns. As such, our Group has the rights to variable returns and is able to affect shareholders’ returns from its involvement with Gansu Shuangliang. Therefore, our Group was able to consolidate the results of Gansu Shuangliang under IFRS 10.

Save for his equity interest in Lanzhou Hanhai, Mr. Yang holds 80% equity interest in Jiayuguan Sanjin Commerce and Trade Development Company Limited* (嘉峪關市三金商貿發展有限公司) (“**Jiayuguan Sanjin CTDC**”) which is a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of it being an associate of Mr. Yang, who is a substantial shareholder of Gansu Shuangliang (an indirect subsidiary of our Company)). Mr. Yang has also served as a director of Jiayuguan Sanjin CTDC, the principal business of which is wholesale and retail of metal materials, chemical materials, hardware and electrical equipment, agricultural and side products, articles of daily use and tea, retail of gold, silver and copper products.

11. The remaining 15% of the registered capital of Hulunbuir Shuangliang is held by Hulunbuir Dongsheng Energy Investment Company Limited* (呼倫貝爾市東升能源投資有限公司) (“**Hulunbuir Dongsheng Energy**”), the registered capital of which is held as to 70% by Mr. Gu, the chairman of the board of directors of Hulunbuir Shuangliang, and 30% by Ms. Jin Shuhua (金淑華女士), the spouse of Mr. Gu. Hulunbuir Dongsheng Energy is considered a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of

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it being a substantial shareholder of Hulunbuir Shuangliang which is an indirect subsidiary of the Company). The principal business of Hulunbuir Dongsheng Energy is investment in energy industry and provision of consulting services. Hulunbuir Shuangliang benefited from the business resources provided by Hulunbuir Dongsheng Energy when exploring its heat services market in Hulunbuir City. Mr. Gu, being a controlling shareholder of Hulunbuir Dongsheng Energy, is appointed as the chairman of the board of directors of Hulunbuir Shuangliang and is primarily responsible for the management and supervision over the operation of Hulunbuir Shuangliang. Mr. Gu has approximately 10 years of experience in the heat services and new energy industries. In respect of public office, Mr. Gu was appointed as a representative of the fifth National People's Congress of Hulunbuir City* (呼倫貝爾市第五屆人民代表大會代表) in 2022. Save for his equity interests in Hulunbuir Dongsheng Energy and our Company, Mr. Gu does not hold any equity interest in any entities in the PRC.

Wise Living Energy (a direct wholly-owned subsidiary of our Company), by virtue of holding 85% equity interest in Hulunbuir Shuangliang and enjoying 85% voting rights in the shareholders' meetings of Hulunbuir Shuangliang, has the power over Hulunbuir Shuangliang as it has the ability to direct the activities that significantly affect Hulunbuir Shuangliang's returns. As such, our Group has the rights to variable returns and is able to affect shareholder's returns from its involvement with Hulunbuir Shuangliang. Therefore, our Group was able to consolidate the results of Hulunbuir Shuangliang under IFRS 10.

12. The remaining 49% of the registered capital of Shanxi Shuangliang Renewable Energy is held as to (i) 25.22% by Shanxi Zhenye New Energy Company Limited* (山西真頁新能源有限公司) (“**Shanxi Zhenye**”) which is wholly owned by Mr. Du Fu (杜福先生) who is the brother-in-law of Mr. Yan Dong (閔東先生) (a former director of Shuozhou Electricity Sales between 20 July 2017 and 28 May 2021); (ii) 8.33% by Shanxi Jinzhengda Energy Saving and Environmental Protection Technology Development Company Limited* (山西金鄭大節能環保技術開發有限公司) (“**Shanxi Jinzhengda**”) which is held as to 60% by Ms. Wang Aiwen (王愛文女士) who is the spouse of Mr. Chen Xibao (陳喜報先生) (a director of Zhengzhou Wise Living and a supervisor of Tech-Thermal (Zhengzhou)); (iii) 8% by Taiyuan Creative Source Technology Trading Company Limited* (太原創意源科貿有限公司) (“**Taiyuan Creative**”), which is wholly owned by Ms. Li Cuilan (李翠蘭女士), an Independent Third Party; (iv) 5% by Shanxi Chenghe Business Information Service Limited* (山西誠和商務信息諮詢服務有限公司) (“**Shanxi Chenghe**”) which is wholly owned by Ms. Hou Jiaying (侯佳瑛女士) (“**Ms. Hou**”) (a director of Shanxi Shuangliang Renewable Energy); and (v) 2.45% by Mr. Wang Yuan (王源先生) (“**Mr. Wang**”) (a supervisor of Taiyuan Renewable Energy). Other than Taiyuan Creative, the other minority shareholders are connected persons of our Company at the subsidiary level. Shanxi Zhenye is considered a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of it being a substantial shareholder of Shanxi Shuangliang Renewable Energy which is an indirect subsidiary of the Company). The principal business of Shanxi Zhenye is (among others) technology development, consultation and transfer in energy-saving technology, new energy technology promotion and consultation. Shanxi Zhenye is committed to develop new energy projects in Shanxi Province, which helped Shanxi Shuangliang Renewable Energy with its heat services planning in Shanxi Province. Shanxi Jinzhengda is considered a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of it being an associate of a director of Zhengzhou Wise Living and a supervisor of Tech-Thermal (Zhengzhou), both of which are indirect subsidiaries of our Company). The principal business of Shanxi Jinzhengda is (among others) the development, application and sales of new technologies, new products and new processes for the energy-saving and environmental protection industry, sales, installation and system integration of energy-saving and environmental protection equipment, technology consulting services for energy-saving and environmental protection. Shanxi Shuangliang Renewable Energy benefited from the new technologies developed by Shanxi Jinzhengda when upgrading its heating technologies. Shanxi Chenghe is considered a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of it being an associate of a director of Shanxi Shuangliang Renewable Energy which is an indirect subsidiary of our Company). The principal business of Shanxi Chenghe is (among others) enterprise management services, conference and exhibition services and taxation services. Shanxi Shuangliang Renewable Energy benefited from the business resources provided by Shanxi Chenghe when exploring its heat services market in Shanxi Province. Mr. Wang is considered a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of him being a supervisor of Taiyuan Renewable Energy which is an indirect subsidiary of our Company). Mr. Wang is familiar with the heat services market in Shanxi Province and has confidence in the business performance and operations of Shanxi Shuangliang Renewable Energy. Shanxi Shuanliang Renewable Energy benefited from his business resources when exploring the heat services market in Shanxi Province.

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Save for Ms. Hou, the sole shareholder of Shanxi Chenghe who is appointed as a director of Shanxi Shuangliang Renewable Energy and participates in the management and operation of Shanxi Shuangliang Renewable Energy, all other minority shareholders of Shanxi Shuangliang Renewable Energy are passive investors who do not participate in the management and operation of Shanxi Shuangliang Renewable Energy.

Wise Living Energy (a direct wholly-owned subsidiary of our Company), by virtue of holding 51% equity interest in Shanxi Shuangliang Renewable Energy and enjoying 51% voting rights in the shareholders' meetings of Shanxi Shuangliang Renewable Energy, has the power over Shanxi Shuangliang Renewable Energy as it has the ability to direct the activities that significantly affect Shanxi Shuangliang Renewable Energy's returns. As such, our Group has the rights to variable returns and is able to affect shareholders' returns from its involvement with Shanxi Shuangliang Renewable Energy. Therefore, our Group was able to consolidate the results of Shanxi Shuangliang Renewable Energy under IFRS 10.

13. The remaining 22.11% of the registered capital of Inner Mongolia Wise Living is held by Inner Mongolia Environmental Governance Construction Company Limited* (內蒙古環境治理工程有限公司) (“**Inner Mongolia Environmental Construction**”), the registered capital of which is wholly owned by Inner Mongolia Environmental Protection Investment Group Co., Ltd* (內蒙古環保投資集團有限公司), a State-owned enterprise. Inner Mongolia Environmental Construction is considered a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of it being a substantial shareholder of Inner Mongolia Wise Living which is an indirect subsidiary of our Company). The principal business of Inner Mongolia Environmental Construction is the provision of comprehensive environmental management services (including construction, operation, maintenance, management, and consultation) in water, atmosphere, soil, industrial solid waste, domestic waste, hazardous waste and new energy industry, research and development, production and sales of new environmental protection products and equipment, import and export of environmental protection products. Inner Mongolia Wise Living benefited from the business resources, experience and social network of Inner Mongolia Environmental Construction when exploring its heat services market in Inner Mongolia Autonomous Region. Mr. Zhang Liping (張利平) who is the chairman of the board of directors of Inner Mongolia Environmental Construction and Mr. Li Yaoting (李耀庭) who was nominated by Inner Mongolia Environmental Construction, are appointed as the directors of Inner Mongolia Wise Living and participate in the management and operation of Inner Mongolia Wise Living.

Wise Living Energy (a direct wholly-owned subsidiary of our Company), by virtue of holding 77.89% equity interest in Inner Mongolia Wise Living and enjoying 77.89% voting rights in the shareholders' meetings of Inner Mongolia Wise Living, has the power over Inner Mongolia Wise Living as it has the ability to direct the activities that significantly affect Mongolia Wise Living's returns. As such, our Group has the rights to variable returns and is able to affect shareholders' returns from its involvement with Inner Mongolia Wise Living. Therefore, our Group was able to consolidate the results of Inner Mongolia Wise Living under IFRS 10.

14. The remaining 30% of the registered capital of Datong Renewable Energy is held as to (i) 15% by Mr. Zhang Quan (張權先生) (“**Mr. Zhang**”) (a director of Datong Renewable Energy and a brother-in-law of Mr. Li Baoshan); (ii) 10% by Mr. Li Wen (李文先生) (“**Mr. Li**”) (a supervisor of Datong Renewable Energy and a nephew of Mr. Li Baoshan); and (iii) 5% by Ms. Zhao Lihong (趙麗紅女士) (“**Ms. Zhao**”) (a director of Datong Renewable Energy). Mr. Zhang, Mr. Li and Ms. Zhao are considered connected persons of our Company at the subsidiary level upon [REDACTED] (by virtue of them being a director, supervisor and director of Datong Renewable Energy, respectively, which is an indirect subsidiary of our Company) and they all participate in the management and operation of Datong Renewable Energy. Mr. Zhang, Mr. Li and Ms. Zhao are familiar with the heat services industry and the heat services market of Datong City, and have confidence in the business performance and operations of Datong Renewable Energy. Datong Renewable Energy benefited from their business resources, knowledge and social network when exploring its heat services market in Datong City.

Taiyuan Renewable Energy (an indirect non wholly-owned subsidiary of our Company), by virtue of holding 70% equity interest in Datong Renewable Energy and enjoying 70% voting rights in the shareholders' meetings of Datong Renewable Energy, has the power over Datong Renewable Energy as it has the ability to direct the activities that significantly affect Datong Renewable Energy's returns. As such, our Group has the rights to variable returns and is able to affect shareholders' returns from its involvement with Datong Renewable Energy. Therefore, our Group was able to consolidate the results of Datong Renewable Energy under IFRS 10.

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15. The remaining 10% of the registered capital of Lvliang Renewable Energy is held by Mr. Xue Ming (薛銘先生) (“**Mr. Xue**”) who is a former director of Lvliang Renewable Energy between 30 November 2009 and 3 February 2021. Mr. Xue is considered a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of him being a substantial shareholder of Lvliang Renewable Energy which is an indirect subsidiary of our Company). Mr. Xue is familiar with the heat services market in Lvliang City and has confidence in the business performance and operations of Lvliang Renewable Energy. Lvliang Renewable Energy benefited from his business resources when exploring its heat services market in Lvliang City. Mr. Xue is a passive investor who no longer participates in the management and operation of Lvliang Renewable Energy since 29 January 2021.

Taiyuan Renewable Energy (an indirect non wholly-owned subsidiary of our Company), by virtue of holding 90% equity interest in Lvliang Renewable Energy and enjoying 90% voting rights in the shareholders’ meetings of Lvliang Renewable Energy, has the power over Lvliang Renewable Energy as it has the ability to direct the activities that significantly affect Lvliang Renewable Energy’s returns. As such, our Group has the rights to variable returns and is able to affect shareholders’ returns from its involvement with Lvliang Renewable Energy. Therefore, our Group was able to consolidate the results of Lvliang Renewable Energy under IFRS 10.

16. The remaining 20% of the registered capital of Tech-Thermal (Zhengzhou) was held by Zhengzhou Qindu Thermal Power Limited* (鄭州溱都熱力有限責任公司) (“**Zhengzhou Qindu**”), the registered capital of which is held as to 25% by Mr. Cai Donghong (蔡東宏先生) (“**Mr. Cai**”), a supervisor of Tech-Thermal (Zhengzhou) and 75% by seven other Independent Third Parties. Zhengzhou Qindu is considered a connected person of our Company at the subsidiary level upon [REDACTED] (by virtue of it being a substantial shareholder of Tech-Thermal (Zhengzhou) which is an indirect subsidiary of our Company). The principal business of Zhengzhou Qindu is development, operation, and maintenance of gas, water and heat supply projects and construction and maintenance of pipeline works. Tech-Thermal (Zhengzhou) benefited from the business resources and experience of Zhengzhou Qindu when exploring its heat services market in Xinmi City. Tech-Thermal (Zhengzhou) is mainly responsible for the coordination work of the Xinmi Project. Mr. Cai, being a substantial shareholder of Zhengzhou Qindu, is appointed as a supervisor of Tech-Thermal (Zhengzhou) and participates in the operation of Tech-Thermal (Zhengzhou).

Wise Living Energy (a direct wholly-owned subsidiary of our Company), by virtue of holding 80% equity interest in Tech-Thermal (Zhengzhou) and enjoying 80% voting rights in the shareholders’ meetings of Tech-Thermal (Zhengzhou), has the power over Tech-Thermal (Zhengzhou) as it has the ability to direct the activities that significantly affect Tech-Thermal (Zhengzhou)’s returns. As such, our Group has the rights to variable returns and is able to affect shareholders’ returns from its involvement with Tech-Thermal (Zhengzhou). Therefore, our Group was able to consolidate the results of Tech-Thermal (Zhengzhou) under IFRS 10.

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Public float

The 226,000,000 Shares held by Shuangliang Technology, Jiangsu Lichuang, Mr. Li Baoshan (李寶山先生), Mr. Gu Dongsheng (顧東升先生), Mr. Liu Jiansheng (劉建生先生), Mr. Liu Jing (劉竟先生), Mr. Shan Yulin (單昱林先生), Mr. Li Fenglin (李峰林先生), Mr. Liu Guoyin (劉國銀先生), Mr. Wang Xiaosong (王曉松先生), Mr. Geng Ming (耿鳴先生) and Mr. Jiang Shaojun (蔣少軍先生) represent all of our issued Shares as at the Latest Practicable Date, or approximately [REDACTED]% of our total issued Shares upon [REDACTED] (assuming the [REDACTED] Option is not exercised), or approximately [REDACTED]% of our total issued Shares upon exercise of the [REDACTED] in full, which will not be considered as part of the public float as the Shares they hold are Domestic Shares which will not be converted into H Shares and listed upon the completion of the [REDACTED]. Pursuant to the applicable PRC laws, within the 12 months following the [REDACTED], all current Shareholders could not dispose of any of the Shares held by them.

Based on the above, it is expected that immediately following completion of the [REDACTED] and assuming the [REDACTED] is not exercised, the total number of listed H Shares held by the public represents approximately [REDACTED]% of the total number of issued Shares of our Company.