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四川能投發展股份有限公司

Sichuan Energy Investment Development Co., Ltd.*

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

(Stock code: 1713)

CONTINUING CONNECTED TRANSACTIONS ELECTRICITY PURCHASES AND SALES AGREEMENT

On 28 March 2019, Gong County Electricity, a wholly owned subsidiary of the Company, entered into the Electricity Purchases and Sales Agreement with Yiliangruiyuan Hydropower, pursuant to which, Yiliangruiyuan Hydropower agreed to supply electricity to the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Yiliangruiyuan Hydropower is an indirect subsidiary of Hydropower Group and Energy Investment Group, which are the Controlling Shareholders of the Company. Accordingly, Yiliangruiyuan Hydropower is a connected person of the Company under Rule 14A.07(5) and the transactions contemplated under the Electricity Purchases and Sales Agreement constitute continuing connected transactions of the Company pursuant to Rule 14A of the Listing Rules.

As the applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the proposed annual cap for the Electricity Purchases and Sales Agreement on an annual basis exceeds 0.1% but all of the applicable percentage ratios are less than 5%, the transactions contemplated under the Electricity Purchases and Sales Agreement are subject to reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

ELECTRICITY PURCHASES AND SALES AGREEMENT

The principal terms of the Electricity Purchases and Sales Agreement are set out below:

Date

28 March 2019

Parties

- (1) Gong County Electricity; and
- (2) Yiliangruiyuan Hydropower.

Subject Matter

Pursuant to the Electricity Purchases and Sales Agreement, Yiliangruiyuan Hydropower shall sell electricity to Gong County Electricity.

Term

From the signing date of the agreement to 31 December 2021.

Basis of Determination of Electricity Price

The unit price of electricity payable by Gong County Electricity shall be RMB0.32 per kwh (inclusive of tax), which is determined on the basis of the price of electricity Gong County Electricity purchased electricity from other relatively small independent third-party electricity suppliers in Yunnan Province, the PRC, and subject to the adjustment under Notice of the Sichuan Development and Reform Commission on Adjusting the Relevant Issues Concerning Electricity Price Policy for the Water-sufficient and Water-deficit Seasons and Peak and Off-peak Hours of the Power Grid in Sichuan Province* (《四川省發展改革委關於調整四川電網豐枯峰穀電價政策有關事項的通知》). The amount of purchase of electricity shall be the unit price of electricity, namely RMB0.32 per kwh, multiplied by the actual volume of on-grid electricity supplied by Yiliangruiyuan Hydropower to Gong County Electricity.

Payment Term

The parties have agreed that the purchases price of electricity of the Electricity Purchases and Sales Agreement shall be paid by Gong County Electricity in cash on a monthly basis.

Annual Caps

The proposed annual caps of the transactions contemplated under the Electricity Purchases and Sales Agreement for the three years ending 31 December 2021 are set forth below:

	Annual cap (RMB)
For the year ending 31 December 2019	16,640,000 ^(note)
For the year ending 31 December 2020	20,000,000
For the year ending 31 December 2021	20,000,000

Note:

The annual cap for the year ending 31 December 2019 was calculated from 28 March 2019, the date of the Electricity Purchases and Sales Agreement.

The annual caps were determined based on the following factors:

- (i) the unit price of electricity to be sold under the Electricity Purchases and Sales Agreement;
- (ii) the estimated amount of annual gross electricity to be generated by the hydropower station of Yiliangruiyuan Hydropower (the “Hydropower Station”) which is calculated according to the rated output capacity of electricity generation and the annual utilization hours of the Hydropower Station, taking into account the effect of the water-sufficient and water-deficit seasons;
- (iii) the actual volume of the on-grid electricity per year calculated by deducting the estimated amount of electricity waste during the process of transmission from the amount of annual gross generation electricity of the Hydropower Station.

The Company also expects that the maximum volume of the on-grid electricity generated by such station would remain stable for the three years ending 31 December 2021.

INFORMATION ABOUT THE GROUP AND YILIANGRUIYUAN HYDROPOWER

The Group is a vertically integrated power supplier and service provider in Yibin City, Sichuan Province, with a full power supply value chain covering power generation and electricity distribution and sales. Gong County Electricity is primarily engaged in power generation and supply in Gong County, Sichuan Province.

Yiliangruiyuan Hydropower is a limited liability company established in the PRC on June 13, 2007 and an indirect subsidiary owned by the Controlling Shareholders of the Company. Yiliangruiyuan Hydropower is primarily engaged in hydropower generation and hydropower generation equipment maintenance.

REASONS FOR ENTERING INTO THE ELECTRICITY PURCHASES AND SALES AGREEMENT

Yiliangruiyuan Hydropower is primarily engaged in hydropower generation, and its Hydropower Station was recently qualified for grid-connection for electricity generation in February 2019. The Company considered that the price of electricity to be purchased from Yiliangruiyuan Hydropower is not higher than sourced from the Group’s other major suppliers. Moreover, the suppliers of the electricity will be diversified and the reliance on the principle suppliers to source electricity will be mitigated.

Accordingly, the Directors (including the independent non-executive Directors) are of the view that the transactions under the Electricity Purchases and Sales Agreement are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Electricity Purchases and Sales Agreement has been approved by the Board. None of the Directors had material interest in the Electricity Purchases and Sales Agreement and the transactions contemplated thereunder and hence no Director was required to abstain from voting on the relevant resolutions of the Board approving the same.

LISTING RULES IMPLICATIONS

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As the applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the proposed annual cap for the Electricity Purchases and Sales Agreement on an annual basis exceeds 0.1% but all of the applicable percentage ratios are less than 5%, the transactions contemplated under the Electricity Purchases and Sales Agreement are subject to reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITION

In this announcement, unless the context otherwise requires, the following expressions have the following meanings when used herein:

“Yiliangruiyuan Hydropower”	Yunnan Yiliangruiyuan Hydropower Development Co., Ltd* (雲南彝良瑞源水電開發有限公司), a limited liability company established in the PRC on June 13, 2007 and a non-wholly owned indirect subsidiary of the Controlling shareholders
“Gong County Electricity”	Sichuan Energy Investment Gong County Electricity Co., Ltd.* (四川能投珙縣電力有限公司), a limited liability company established in the PRC on December 29, 1994 and a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Chairman”	the chairman of the Board
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of the Company, namely, Hydropower Group, Energy Investment Group and Sichuan Development Co.
“Company”	Sichuan Energy Investment Development Co., Ltd.* (四川能投發展股份有限公司) (stock code: 1713), a company established in the PRC as a joint stock company with limited liability on September 29, 2011
“Director(s)”	the director(s) of the Company
“Energy Investment Group”	Sichuan Province Energy Investment Group Co., Ltd.* (四川省能源投資集團有限責任公司), a limited liability company established in the PRC on February 21, 2011 and one of our Controlling Shareholders

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hydropower Group”	Sichuan Province Hydropower Investment and Management Group Co., Ltd.* (四川省水電投資經營集團有限公司), a limited liability company established in the PRC on December 17, 2004 and one of our Controlling Shareholders
“kwh”	kilowatt-hour, a unit of energy. One kilowatt-hour is the amount of electric energy consumed by an electrical appliance with power of one kilowatt after usage for one hour or the amount of electric energy generated by a power generator with power of one kilowatt within one hour
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares in the capital of the Company with a nominal value of BMB1.00 each
“Shareholder(s)”	holder(s) of the Shares
“Sichuan Development Co.”	Sichuan Development (Holding) Co., Ltd.* (四川發展(控股)有限公司), a wholly State-owned enterprise with limited liability established under the laws of the PRC on December 24, 2008 and one of our Controlling Shareholders

By order of the Board
Sichuan Energy Investment Development Co., Ltd.
Zeng Yong
Chairman

Chengdu, Sichuan Province, the PRC
28 March 2019

As at the date of this announcement, the executive Directors are Mr. Zeng Yong, Mr. Wang Heng and Mr. Li Hui; the non-executive Directors are Ms. Han Chunhong, Ms. Li Yu, Mr. Wang Chengke and Mr. Zhou Yanbin; and the independent non-executive Directors are Mr. Kin Kwong Kwok Gary, Mr. Fan Wei, Ms. He Zhen and Mr. Wang Peng.

* *For identification purposes only*