

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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: 01713)**

## **CONTINUING CONNECTED TRANSACTIONS**

### **(1) YUQING PROJECT EPC CONTRACT**

### **(2) REVISION OF ANNUAL CAP UNDER THE RURAL POWER GRID ASSETS MANAGEMENT AND MAINTENANCE AGREEMENT**

### **AND**

### **(3) REVISION OF ANNUAL CAP UNDER THE RURAL POWER GRID ASSETS USAGE AGREEMENT**

#### **THE YUQING PROJECT EPC CONTRACT**

##### **Background**

On 29 November 2019, Gong County Electricity, a wholly owned subsidiary of the Company, entered into the Yuqing Project EPC Contract with Sichuan Energy Construction, a connected person, and Sichuan Power Consulting, an independent third party, pursuant to which, the Contractors agreed to provide engineering, procurement and construction service to the Company for the Yuqing Project.

##### **Listing Rules Implications**

As at the date of this announcement, Sichuan Energy Construction, one of the Contractors, is a direct subsidiary of Energy Investment Group, which is one of the Controlling Shareholders of the Company. Accordingly, Sichuan Energy Construction is a connected person of the Company under Rule 14A.07 and the transactions contemplated under the Yuqing Project EPC Contract constitute continuing connected transactions for the Company pursuant to Rule 14A of the Listing Rules.

Reference is made to the announcements of the Company dated 27 June 2019 and 15 July 2019, respectively, pursuant to which the Group entered into the Wangchang Project EPC Contract with Sichuan Energy Construction and Chengdu Engineering for the maximum contract price of RMB58,719,732 on 27 June 2019, and the Engineering Supervision Contract with Sichuan Yilian for the contract price of RMB630,000 on 15 July 2019. As (1) the Yuqing Project EPC Contract was signed within 12 months from the date of signing of the Wangchang Project EPC Contract, (2) both of the Yuqing Project EPC Contract and Wangchang Project EPC Contract were entered into between the Group and Sichuan Energy Construction, and (3) Sichuan Energy Construction and Sichuan Yilian are both subsidiaries of Energy Investment Group, therefore, the transactions under the Yuqing Project EPC Contract shall be aggregated with those under the Wangchang Project EPC Contract and the Engineering Supervision Contract pursuant to Rule 14A.81 of the Listing Rules.

As certain applicable percentage ratios stipulated under Chapter 14 of the Listing Rules in respect of the Yuqing Project EPC Contract, whether on a standalone basis or on an aggregated basis together with the Wangchang Project EPC Contract and the Engineering Supervision Contract, are more than 0.1% but less than 5%, the transactions under the Yuqing Project EPC Contract constitute connected transactions subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **REVISION OF ANNUAL CAP UNDER THE RURAL POWER GRID ASSETS MANAGEMENT AND MAINTENANCE AGREEMENT**

### **Background**

Reference is made to the Prospectus.

As disclosed in the Prospectus, the Company entered into the Rural Power Grid Assets Management and Maintenance Agreement with Hydropower Group, pursuant to which the Company agreed to provide management and maintenance services for the Excluded Rural Power Grid Projects in the Seven Counties and Districts to Hydropower Group.

Since the construction of the Excluded Rural Power Grid Projects progressed faster than originally planned and the volume of the power grid assets put into operation increased rapidly and resulted in the growth of the management and maintenance services, the Company and Hydropower Group intended to increase the annual cap under the Rural Power Grid Assets Management and Maintenance Agreement from RMB11,200,000 to RMB13,000,000 for the year ending 31 December 2019. Save as the above, all other existing key terms and conditions under the Rural Power Grid Assets Management and Maintenance Agreement remained unchanged.

### **Listing Rules Implications**

As at the date of this announcement, Hydropower Group is one of the Controlling Shareholders of the Company. Accordingly, Hydropower Group is a connected person of the Company under Rule 14A.07 and the transactions contemplated under the Rural Power Grid Assets Management and Maintenance Agreement constitute continuing connected transactions for the Company pursuant to Rule 14A of the Listing Rules.

As the applicable percentage ratio calculated according to Rule 14.07 of the Listing Rules in respect of the revised annual cap for the Rural Power Grid Assets Management and Maintenance Agreement, exceeds 0.1% but all of the applicable percentage ratios are less than 5%, the revised annual cap under the Rural Power Grid Assets Management and Maintenance 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.

## **REVISION OF ANNUAL CAP UNDER THE RURAL POWER GRID ASSETS USAGE AGREEMENT**

### **Background**

Reference is made to the Prospectus.

As disclosed in the Prospectus, the Company entered into the Rural Power Grid Assets Usage Agreement with Hydropower Group, pursuant to which the Company had the rights to use the Excluded Rural Power Grid Projects.

The construction of the Excluded Rural Power Grid Projects progressed faster and more of that were put into operation than originally scheduled, therefore, the volume of the Group's electricity passing through the Excluded Rural Power Grid Projects increased. And the growth of the customers' demand was relatively great in those areas. Based on the aforementioned, the Company and Hydropower Group intended to increase the annual cap under the Rural Power Grid Assets Usage Agreement from RMB13,300,000 to RMB16,000,000 for the year ending 31 December 2019. All other existing key terms and conditions under the Rural Power Grid Assets Usage Agreement remain unchanged.

### **Listing Rules Implications**

As at the date of this announcement, Hydropower Group is one of the Controlling Shareholders of the Company. Accordingly, Hydropower Group is a connected person of the Company under Rule 14A.07 and the transactions contemplated under the Rural Power Grid Assets Usage Agreement constitute continuing connected transactions for the Company pursuant to Rule 14A of the Listing Rules.

As the applicable percentage ratio calculated according to Rule 14.07 of the Listing Rules in respect of the revised annual caps for the Rural Power Grid Assets Usage Agreement, exceeds 0.1% but all of the applicable percentage ratios are less than 5%, the revised annual caps under the Rural Power Grid Assets Usage 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.

## **(1) THE YUQING PROJECT EPC CONTRACT**

On 29 November 2019, Gong County Electricity entered into the Yuqing Project EPC Contract with the Contractors, pursuant to which Sichuan Energy Construction and Sichuan Power Consulting will provide engineering, procurement and construction service to Gong County Electricity. The principal terms of the Yuqing Project EPC Contract are set out below:

- Date:** 29 November 2019
- Parties:**
- (1) Gong County Electricity;
  - (2) Sichuan Energy Construction; and
  - (3) Sichuan Power Consulting.
- Project:** the Yuqing Project
- Scope of Service:**
- (1) All the contractors' works in relation to the Project, including survey, design, construction, equipment and materials procurement, labor, installation, commissioning, trial operation, performance quality assurance and follow-up services covering the quality warranty period of the entire Yuqing Project;
  - (2) All ancillary works including the safety of engineering construction and personnel, maintenance of the environment in the surrounding area; and
  - (3) Drafting and approval of the thematic reports of the Project required by the relevant laws and regulations, and maintenance and management of the Yuqing Project before handover.
- Construction period:** 180 calendar days, commencing from the date of the work commencement notice issued by Gong County Electricity to the Contractors.
- Period of warranty:** One year (commencing from the issue of the project handover certificate after examination and handover of the Yuqing Project)
- Contract price:** The final consideration comprising of construction and installation fee, equipment and materials procurement fee, survey and design fee and other fees related to the Project, shall be determined after the completion of construction, but in any event not exceed RMB21,047,745.
- Pricing:** The contract price was the bid price offered by the successful bidder after assessment by the bid evaluation committee (評標委員會), through public tender. The procedures for tender and bidding were subject to the Tender and Bidding Law (《招標投標法》) and other relevant laws and regulations.

The maximum tender price for the Yuqing Project was set by the Group and the third-party professional institution engaged by the Group. The maximum tender price was fixed according to the calculation mechanism of price determination and formula for each category of service in accordance with the documents issued by the governmental authorities, including but not limited to Provisions for Compilation and Calculation of Budgets for Power Grid Construction (2013 version) (《電網工程建設預算編製與計算規定》(2013年版)), Estimated Norm of Electric Power Construction Projects (2013 version) (《電力建設工程概算定額》(2013年版)), Budget Quota for Electricity Power Construction Projects (2013 version) (《電力建設工程預算定額》(2013年版)), Notice on the Publication of the Adjustment of the Price of the Budget for the Power Construction Projects in 2013 for the 2018 (Ding'e [2019] No.7) (《關於發佈2013版電力建設工程概預算定額價格2018年度水平調整的通知》(定額[2019]7號文)), and feasibility study report of the Yuqing Project, which also taking into account the construction period, the construction quantity, the complexity of the Yuqing Project, the market price and type of the materials and equipment, the cost and amount of labor, and other actual situations of the Yuqing Project.

**Payment terms:**

Gong County Electricity shall pay the contract price to the Contractors in the following manner:

- (1) an interest-free prepayment to the Contractors equivalent to 10% of the total contract price within 14 days after receiving the surety bond and payment request submitted by the Contractors;
- (2) 30% of the equipment and materials fee requested by the Contractors within one month after the completion of review of preliminary design for the Yuqing Project;
- (3) up to 90% of final contract price requested by the Contractors monthly based on the actual amount of the construction work completed each month;
- (4) up to 97% of the final contract price upon the completion of acceptance and handover of the Yuqing Project; and
- (5) the remaining 3% of the final contract price will serve as the quality warranty money and shall be paid to the Contractors after receiving payment request submitted by the Contractors within one month after the expiry of a one-year quality warranty period, and then confirming the completion of performance of quality assurance responsibility of the Contractors within 14 days.

## HISTORICAL FIGURES

The table below sets out the actual transaction amounts, being the construction service fees paid by the Group to Sichuan Energy Construction for the three years ended 31 December 2018.

	<b>Actual Transaction Amount (RMB)</b>
For the year ending 31 December 2016	800,000
For the year ending 31 December 2017	3,525,015
For the year ending 31 December 2018	1,521,417

## ANNUAL CAPS

The proposed annual caps of the transactions contemplated under the Yuqing Project EPC Contract for the two years ending 31 December 2020 are set below:

	<b>Annual cap (RMB)</b>
For the year ending 31 December 2019	2,104,774.5
For the year ending 31 December 2020	18,942,970.5

The annual caps were determined based on the following factors:

- (1) the estimated construction schedule of the Yuqing Project under the Yuqing Project EPC Contract, according to which the major portion of the Yuqing Project will be completed during the year of 2020; and
- (2) the maximum contract price, RMB21,047,745, of the Yuqing Project EPC Contract.

## REASONS FOR ENTERING INTO THE YUQING PROJECT EPC CONTRACT

The construction of the Yuqing Project facilitates to improve the power supply capacity and power grid structure of the Group, which is in line with the Group's business development strategy. Sichuan Energy Construction, a connected person of the Group, is a provider of EPC service in the construction of power infrastructure in the PRC, with all relevant required qualification and extensive experience. In addition, the Group awarded contracts to the Contractors following a stringent competitive tendering process. The Directors believe that Sichuan Energy Construction's familiarity with the specific requirements of the power construction projects of the Group gained from previous cooperations will help ensure the Yuqing Project completed with high standard and on time.

The Yuqing Project EPC Contract has been approved by the Board. The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Yuqing Project EPC Contract were arrived at after arm's length negotiation, are fair and reasonable, on normal commercial terms, and are in the interest of the Group and its Shareholders as a whole.



As Mr. Zeng Yong held position in Hydropower Group, and Mr. Li Hui and Ms. Xie Peixi were the Directors nominated by Hydropower Group, they have abstained from voting on the Board resolutions to approve the Yuqing Project EPC Contract voluntarily. Saved and except for the aforesaid, none of the Directors has any material interest in the Yuqing Project EPC Contract and was required to abstain from voting on the Board resolutions in relation to the same.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Sichuan Energy Construction, one of the Contractors, is a direct subsidiary of Energy Investment Group, which is one of the Controlling Shareholders of the Company. Accordingly, Sichuan Energy Construction is a connected person of the Company under Rule 14A.07 and the transactions contemplated under the Yuqing Project EPC Contract constitute continuing connected transactions for the Company pursuant to Rule 14A of the Listing Rules.

Reference is made to the announcements of the Company dated 27 June 2019 and 15 July 2019, respectively, pursuant to which the Group entered into the Wangchang Project EPC Contract with Sichuan Energy Construction and Chengdu Engineering for the maximum contract price of RMB58,719,732 on 27 June 2019, and the Engineering Supervision Contract with Sichuan Yilian for the contract price of RMB630,000 on 15 July 2019. As (1) the Yuqing Project EPC Contract was signed within 12 months from the date of signing of the Wangchang Project EPC Contract, (2) both of the Yuqing Project EPC Contract and Wangchang Project EPC Contract were entered into between the Group and Sichuan Energy Construction, and (3) Sichuan Energy Construction and Sichuan Yilian are both subsidiaries of Energy Investment Group, therefore, the transactions under the Yuqing Project EPC Contract shall be aggregated with those under the Wangchang Project EPC Contract and the Engineering Supervision Contract pursuant to Rule 14A.81 of the Listing Rules.

As certain applicable percentage ratios stipulated under Chapter 14 of the Listing Rules in respect of the Yuqing Project EPC Contract, whether on a standalone basis or on an aggregated basis together with the Wangchang Project EPC Contract and the Engineering Supervision Contract, are more than 0.1% but less than 5%, the transactions under the Yuqing Project EPC Contract constitute connected transactions subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **(2) REVISION OF ANNUAL CAP UNDER THE RURAL POWER GRID ASSETS MANAGEMENT AND MAINTENANCE AGREEMENT**

Reference is made to the Prospectus.

As disclosed in the Prospectus, the Company entered into the Rural Power Grid Assets Management and Maintenance Agreement with Hydropower Group, pursuant to which the Company agreed to provide management and maintenance services for the Excluded Rural Power Grid Projects in the Seven Counties and Districts to Hydropower Group.

Since the construction of the Excluded Rural Power Grid Projects progressed faster than originally planned and the volume of the power grid assets put into operation increased rapidly and resulted in the growth of the management and maintenance services, the Company and Hydropower Group intended to increase the annual cap under the Rural Power Grid Assets Management and Maintenance Agreement from RMB11,200,000 to RMB13,000,000 for the year ending 31 December 2019. Save as the above, all other existing key terms and conditions under the Rural Power Grid Assets Management and Maintenance Agreement remained unchanged.

The major terms of the Rural Power Grid Assets Management and Maintenance Agreement are set out as follows:

- Parties:** (1) the Company; and  
(2) Hydropower Group
- Transactions:** The Company agreed to provide management and maintenance services for the Excluded Rural Power Grid Projects in the Seven Counties and Districts to Hydropower Group.
- Term:** The Rural Power Grid Assets Management and Maintenance Agreement has a fixed term of three years ending 31 December 2020.
- Service fee:** The annual service fees payable by Hydropower Group to the Company for the provision of management and maintenance services shall be determined based on arms' length negotiation between the parties by reference to the cost standards stipulated under the Cost Standards of Overhaul, Maintenance, Operation and Management for Power Grid and Generation of Electric Power Companies in Sichuan (Trial) (Chuan Dian Caiwu [2010] No. 29)\* (《四川省電力公司電網及發電檢修運維和運營管理成本標準(試行)》(川電財務[2010]29號)), subject to PRC regulations and policies issued by the PRC government from time to time, details of which are set out below:

Type of Assets		Unit Cost Standard
Transformer substations ( <i>RMB/MVA</i> )	35 kV transformer substations	6,452
	110 kV transformer substations	2,875
Power supply lines ( <i>RMB/km</i> )	35 kV power transformation lines	3,637
	110 kV power transformation lines	4,704
Power distribution networks ( <i>RMB/km</i> )	35 kV transformer substations	1,053

**Historical figures:** For the three years ended 31 December 2016, 2017 and 2018, no service fees were paid by Hydropower Group to the Company for provision of management and maintenance services of the Excluded Rural Power Grid Projects, primarily because the majority of the Excluded Rural Power Grid Projects were still under construction or testing and no substantial management and maintenance was needed during this period.



**Original annual caps:** The estimated annual caps for the transactions contemplated under the Rural Power Grid Assets Management and Maintenance Agreement for each of the three years ending 31 December 2020 are as follows:

<b>Financial Year Ended</b>	<b>Annual Caps (RMB)</b>
31 December 2018	520,000
31 December 2019	11,200,000
31 December 2020	13,300,000

**Basis of the original annual caps:** The majority of the Excluded Rural Power Grid Projects would be completed and put into use after 2018. The annual caps were determined based on (i) the expected total capacity of the transformer substations under operation; and (ii) the expected total length of power supply lines and distribution networks under operation, assuming that the Excluded Rural Power Grid Projects which are currently under construction are completed and put into use for the relevant year according to the expected construction schedule of the Excluded Rural Power Grid Projects. Further, as the majority of the Excluded Rural Power Grid Projects are expected to be completed and put into use after 2018, the annual caps for the year of 2019 and 2020 would increase substantially against that of 2018.

**Revised annual cap:** On 29 November 2019, the parties agreed to revise the annual cap for provision of management and maintenance services of the Excluded Rural Power Grid Projects under the Rural Power Grid Assets Management and Maintenance Agreement for the year ending 31 December 2019 as follows:

<b>Financial Year Ended</b>	<b>Annual Cap (RMB)</b>
31 December 2019	13,000,000

**Basis of the revised annual cap:** The revised annual cap under the Rural Power Grid Assets Management and Maintenance Agreement was determined based on (1) the actual amount of management and maintenance services the Company provided under the Rural Power Grid Assets Management and Maintenance Agreement for the six months ended 30 June 2019 and for the ten months ended 31 October 2019, being approximately RMB6,465,132 and approximately RMB10,692,121, respectively, and (2) the anticipated increase of the services according to the construction process and the volume of the power grid assets of the Excluded Rural Power Grid Projects.

## **REASONS FOR AND BENEFITS OF REVISED ANNUAL CAP UNDER THE RURAL POWER GRID ASSETS MANAGEMENT AND MAINTENANCE AGREEMENT**

The construction of the Excluded Rural Power Grid Projects progressed faster than originally planned and the volume of the power grid assets put into operation increased rapidly and resulted in the growth of the management and maintenance services. Based on that, the Company considered that the existing annual cap of the Rural Power Grid Assets Management and Maintenance Agreement for the year ending 31 December 2019 would not be sufficient for the expected transaction volume. As a result, the parties intended to revise the annual cap for the year ending 31 December 2019 thereunder.

Accordingly, the Directors (including the independent non-executive Directors) are of the view that the revised annual cap for 2019 under the Rural Power Grid Assets Management and Maintenance Agreement is fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

As Mr. Zeng Yong held position in Hydropower Group, and Mr. Li Hui and Ms. Xie Peixi were the Directors nominated by Hydropower Group, they have abstained from voting on the Board resolutions to approve the revision of Rural Power Grid Assets Management and Maintenance Agreement voluntarily. Saved and except for the aforesaid, none of the Directors had material interest in revised annual cap for the year ending 31 December 2019 under the Rural Power Grid Assets Management and Maintenance Agreement and hence no Director was required to abstain from voting on the relevant resolutions of the Board approving the same.

### **IMPLICATION UNDER THE LISTING RULES**

As at the date of this announcement, Hydropower Group is one of the Controlling Shareholders of the Company. Accordingly, Hydropower Group is a connected person of the Company under Rule 14A.07 and the transactions contemplated under the Rural Power Grid Assets Management and Maintenance Agreement constitute continuing connected transactions for the Company pursuant to Rule 14A of the Listing Rules.

As the applicable percentage ratio calculated according to Rule 14.07 of the Listing Rules in respect of the revised annual cap for the Rural Power Grid Assets Management and Maintenance Agreement, exceeds 0.1% but all of the applicable percentage ratios are less than 5%, the revised annual cap under the Rural Power Grid Assets Management and Maintenance 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.

### **(3) REVISION OF ANNUAL CAP UNDER THE RURAL POWER GRID ASSETS USAGE AGREEMENT**

Reference is made to the Prospectus.

As disclosed in the Prospectus, the Company entered into the Rural Power Grid Assets Usage Agreement with Hydropower Group, pursuant to which the Company had the rights to use the Excluded Rural Power Grid Projects.

The construction of the Excluded Rural Power Grid Projects progressed faster and more of that were put into operation than originally scheduled, therefore, the volume of the Group's electricity passing through the Excluded Rural Power Grid Projects increased. And the growth of the customers' demand was relatively great in those areas. Based on the aforementioned, the Company and Hydropower Group intended to increase the annual cap under the Rural Power Grid Assets Usage Agreement from RMB13,300,000 to RMB16,000,000 for the year ending 31 December 2019. Save as the above, other existing key terms and conditions under the Rural Power Grid Assets Usage Agreement remain unchanged.

The major terms of the Rural Power Grid Assets Usage Agreement are set out as follows:

- Parties:** (1) the Company; and  
(2) Hydropower Group
- Transaction:** The Company was entitled to use the Excluded Rural Power Grid Projects controlled by Hydropower Group.
- Term:** The Rural Power Grid Assets Usage Agreement has a fixed term of three years ending 31 December 2020.
- Usage fee:** The annual usage fees payable by the Company to Hydropower Group shall be the volume of the Group's electricity passing through the Excluded Rural Power Grid Projects multiplied by the unit usage price, being RMB0.0853/kWh, as recommended in the Power Grid Report. The formula for calculation of the per kWh usage price is set out below:

$$\text{RMB0.4453/kWh}^{(1)} \times 19.15\%^{(2)} = \text{RMB0.0853/kWh}$$

*Notes:*

- (1) RMB0.4453/kWh refers to the price standards of electricity transmission and distribution in Sichuan Province under the Notice on the Price of Electricity Transmission and Distribution of Sichuan Grid for the Years from 2017 to 2019 and the Relevant Matters (Chuan Fagai Jiage [2017] No. 378)\* (關於四川電網2017-2019年輸配電價及有關事項的通知(川發改價格[2017]378號)), with reference to the average unit cost of power supply of electricity companies in Sichuan Province, considering the factors including depreciation costs and the operation costs, plus certain profit margin.
- (2) 19.15% refers to the estimated per kWh depreciation rate of the Excluded Rural Power Grid Projects arrived at with the depreciation costs divided by the total costs of the Company for power supply.

**Historical figures:** For the three years ended 31 December 2016, 2017 and 2018, no usage fees were paid by the Company to Hydropower Group for the usage of the Excluded Rural Power Grid Projects, primarily because the majority of the Excluded Rural Power Grid Projects were still under construction or testing and have not been put to use during this Period.

**Original annual caps:** The estimated annual caps for the transactions contemplated under the Excluded Rural Power Grid Projects for each of the three years ending 31 December 2020 are as follows:

<b>Financial Year Ended</b>	<b>Annual Caps (RMB)</b>
31 December 2018	570,000
31 December 2019	13,300,000
31 December 2020	17,000,000

**Basis of the original annual caps:** The annual caps were determined based on the expected electricity volume passing through the Excluded Rural Power Grid Projects assuming that the relevant parts of the Excluded Rural Power Grid Projects which are currently under construction are completed and put into use for the relevant year according to the expected construction schedule of the Excluded Rural Power Grid Projects, and the increase in annual caps is also in line with the increase in proposed investment in the construction of the Excluded Rural Power Grid Projects for the three years ending 31 December 2020. The Company expects that the majority of the Excluded Rural Power Grid Projects would be constructed and put into use after 2018, accordingly, the annual caps for the year of 2019 and 2020 would increase substantially against that of 2018.

**Revised annual cap:** On 29 November 2019, the parties agreed to revise the annual cap for the transactions contemplated under the Excluded Rural Power Grid for the year ending 31 December 2019 as follows:

<b>Financial Year Ended</b>	<b>Annual Cap (RMB)</b>
31 December 2019	16,000,000

**Basis of the revised annual cap:** The revised annual cap under the Rural Power Grid Assets Usage Agreement was determined based on (1) the expected progress of the operation of the Excluded Rural Power Grid Projects; (2) the actual amount of usage fee under the Rural Power Grid Assets Usage Agreement for the six months ended 30 June 2019 and for the ten months ended 31 October 2019, being approximately RMB7,826,728.67 and approximately RMB12,529,570.00, respectively, and (3) the anticipated amount of electricity volume passing through the Excluded Rural Power Grid Projects based on the expected increase of the power sale of the Group in those areas.

## **REASONS FOR AND BENEFITS OF REVISED ANNUAL CAP UNDER THE RURAL POWER GRID ASSETS USAGE AGREEMENT**

The construction of the Excluded Rural Power Grid Projects processed faster and more of that were put into operation than originally scheduled, therefore, the volume of the Group's electricity passing through the Excluded Rural Power Grid Projects increased. And the growth of customers' demand was relatively great in those areas. Based on the aforementioned, the Company considered that the existing annual cap of the Rural Power Grid Assets Usage Agreement for the year ending 31 December 2019 would not be sufficient for the expected transaction volume. As a result, the parties intended to revise the annual cap for the year ending 31 December 2019 thereunder.

Accordingly, the Directors (including the independent non-executive Directors) are of the view that the revised annual cap for the year ending 31 December 2019 under the Rural Power Grid Assets Usage Agreement is fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

As Mr. Zeng Yong held position in Hydropower Group, and Mr. Li Hui and Ms. Xie Peixi were the Directors nominated by Hydropower Group, they have abstained from voting on the Board resolutions to approve the revision of Annual Cap under the Rural Power Grid Assets Usage Agreement voluntarily. Saved and except for the aforesaid, none of the Directors had material interest in revised annual cap for the year ending 31 December 2019 under the Rural Power Grid Assets Usage Agreement and hence no Director was required to abstain from voting on the relevant resolutions of the Board approving the same.

## **IMPLICATION UNDER THE LISTING RULES**

As at the date of this announcement, Hydropower Group is one of the Controlling Shareholders of the Company. Accordingly, Hydropower Group is a connected person of the Company under Rule 14A.07 and the transactions contemplated under the Rural Power Grid Assets Usage Agreement constitute continuing connected transactions for the Company pursuant to Rule 14A of the Listing Rules.

As the applicable percentage ratio calculated according to Rule 14.07 of the Listing Rules in respect of the revised annual caps for the Rural Power Grid Assets Usage Agreement, exceeds 0.1% but all of the applicable percentage ratios are less than 5%, the revised annual caps under the Rural Power Grid Assets Usage 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.

## **INFORMATION OF THE GROUP**

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, Yibin City, Sichuan Province.

## **INFORMATION OF THE CONTRACTORS**

Sichuan Energy Construction is a limited liability company established in the PRC on 3 March 2006 and a direct subsidiary owned by Energy Investment Group, one of the Controlling Shareholders of the Company, which is primarily engaged in project planning, project investment, design and consulting, construction, operation in engineering construction.

Sichuan Power Consulting is a limited liability company established in the PRC on 6 August 2001 and an independent third party of the Group, which is primarily engaged in engineering surveying and designing, engineering procurement construction, and engineering project management.

## INFORMATION OF HYDROPOWER GROUP

Hydropower Group is a company incorporated in the PRC with limited liability on December 17, 2004, which is primarily engaged in sale of electricity and investment, construction, operation and maintenance of power grid mainly in the Mianyang City (綿陽市), Liangshan Yi Autonomous Prefecture (涼山彝族自治州) and Dazhou City (達州市) of Sichuan Province.

### DEFINITION

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

“Board”	the board of Directors
“Chairman”	the chairman of the Board
“Chengdu Engineering”	PowerChina Construction Group Chengdu Engineering Corporation Limited* (中國電建集團成都勘測設計研究院有限公司) is a limited liability company established in the PRC on 13 January 2005 and an independent third party of the Group
“Company”	Sichuan Energy Investment Development Co., Ltd.* (四川能投發展股份有限公司) (stock code: 01713), a company established in the PRC as a joint stock company with limited liability on 29 September 2011
“Contractors”	Sichuan Energy Construction and Sichuan Power Consulting
“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, Energy Investment Group, Hydropower Group and Sichuan Development Co.
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in RMB by PRC nationals and/or PRC corporate entities
“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 21 February 2011 and one of our Controlling Shareholders
“Engineering Supervision Contract”	Engineering supervision contract for Wangchang 220 kV transformer substation construction project in Pingshan County entered into between the Group and Sichuan Yilian on 15 July 2019



“Excluded Rural Power Grid Projects”	the rural power grid construction projects located in the Seven Counties and Districts, which form part of the rural power grid construction projects conducted since 2011 and are controlled by Hydropower Group
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK\$ and listed on the Stock Exchange
“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 17 December 2004 and one of the Controlling Shareholders
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Power Grid Report”	the report prepared by Sichuan Power Consulting as commissioned by the Company detailing the information of the Excluded Rural Power Grid Projects
“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
“Prospectus”	the prospectus of the Company dated 13 December 2018
“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 29 December 1994 and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Rural Power Grid Assets Management and Maintenance Agreement”	a rural power grid assets management and maintenance agreement entered into between the Company and Hydropower Group on 23 November 2018, which takes effect upon 28 December 2018
“Rural Power Grid Assets Usage Agreement”	a rural power grid assets usage agreement entered into between the Company and Hydropower Group on 23 November 2018, which takes effect upon 28 December 2018
“Seven Counties and Districts”	Xingwen County (興文縣), Pingshan County (屏山縣), Gong County (珙縣), Gao County (高縣) and Junlian County (筠連縣), as well as Xuzhou District (叙州區) in Yibin City, Sichuan Province, and certain parts of Cuiping District (翠屏區) in Yibin City

“Share(s)”	the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Sichuan Development Co.”	Sichuan Development (Holding) Co., Ltd.* (四川發展(控股)有限責任公司), a wholly State-owned enterprise with limited liability established under the laws of the PRC on 24 December 2008 and one of the Controlling Shareholders
“Sichuan Energy Construction”	Sichuan Energy Construction Engineering Group Co., Ltd.* (四川能投建工集團有限公司) is a limited liability company established in the PRC on 3 March 2006 and a direct subsidiary of Energy Investment Group
“Sichuan Power Consulting”	Sichuan Electric Power Design & Consulting Co., Ltd.* (四川電力設計諮詢有限責任公司) is a limited liability company established in the PRC and an independent third party of the Group
“Sichuan Yilian”	Sichuan Yilian Construction Project Management Co., Ltd.* (四川億聯建設工程項目管理有限公司) is a limited liability company established in the PRC on 3 June 2003 and an indirect subsidiary of Energy Investment Group
“Wangchang Project EPC Contract”	EPC contract for Wangchang 220 kV transformer substation construction project in Pingshan County entered into among the Group, Sichuan Energy Construction and Chengdu Engineering on 27 June 2019
“Yuqing Project”	Yuqing substation capacity increase and technique transformation project in Gong County
“Yuqing Project EPC Contract”	EPC contract for Yuqing substation capacity increase and technique transformation project in Gong County entered into among the Gong County Electricity, and the Contractors on 29 November 2019

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

Chengdu, Sichuan Province, the PRC  
29 November 2019

*As at the date of this announcement, the executive Directors are Mr. Zeng Yong, Mr. Li Hui and Ms. Xie Peixi; 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