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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: 01713)**

**SUPPLEMENTAL ANNOUNCEMENT  
CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement (the “**Announcement**”) of Sichuan Energy Investment Development Co., Ltd. (the “**Company**”) dated 31 December 2020 in relation to, among others, the continuing connected transactions with Hydropower Group and Baishiji. Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Company would like to supplement the following information in respect of the pricing policy of the service fees payable by the Company when it agreed to renew the Property Management Agreement by entering into the Renewed Property Management Agreement. The rates of service fees to be charged under the Renewed Property Management Agreement were determined on a cost-plus approach taking into consideration various factors (to the extent applicable to the relevant type of services), including but not limited to the nature, size and location of the properties, scope of services, operating costs such as labour costs, management and administrative costs, tax and administrative costs tax and pricing terms as recommended by the relevant government authorities, if any.

To ensure the service fees to be charged by Baishiji is fair and reasonable, the Company will make reference to (i) the rates generally charged by other independent property management services providers for similar types of services provided in the vicinity; and (ii) the expected increase in the consumer price index (“**CPI**”) in Sichuan Province. In addition, the Group has adopted the following internal control measures:

- (i) the Group will obtain at least two quotations from independent third parties and conduct inspection to review and assess whether the terms of the transactions contemplated under the Renewed Property Management Agreement (including the scope of services provided, pricing terms and payment terms) are no less favourable than those offered by independent third parties before entering any new individual service agreement;

- (ii) the Group has a designated department to compare the terms offered by property management services providers, such as Baishiji or other independent third parties. After preliminary agreement has been reached between the Company and the potential service provider, a proposal was submitted to the Office of the President and the Party Committee of the Group for consideration and approval. As the transactions contemplated under the Renewed Property Management Agreement constitute continuing connected transactions under the Listing Rules, they were also submitted to the Board for approval. The Directors who were interested in the transactions had abstained from voting on the relevant resolution;
- (iii) the Group has assigned relevant personnel to monitor all transactions under the Renewed Property Management Agreement on a regular basis to ensure that the total transaction amount does not exceed the stipulated annual caps, and shall use its best endeavour to comply with the relevant reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the continuing connected transactions;
- (iv) The Company will engage its auditor to conduct annual review on the connected transactions between the Group and Baishiji to ensure that they have been conducted in accordance with the Listing Rules; and
- (v) the Group will conduct annual review and will duly disclose in its annual reports and accounts the transactions of the provision of property management services by Baishiji during each financial period, together with conclusions drawn (with basis) by the independent non-executive Directors on whether the transactions are conducted on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As disclosed in the Announcement, the annual caps for the three financial years ending 31 December 2023 were determined at RMB10,300,000 per annum, which was notably higher than historical transaction amounts of RMB2,276,800, RMB2,108,500 and RMB3,191,200 for the three financial years ended 31 December 2020. The increment could be mainly attributed to the increase in the number of Group entities receiving such services under the Renewed Property Management Agreement from four entities (for the three financial years ended 31 December 2020) to seven entities (for the three financial years ending 31 December 2023). Other factors which contribute to the increase in the annual caps are (i) the increase in the scope of services rendered by Baishiji; and (ii) the expected increase in CPI and social insurance fund base figures in Sichuan Province in 2022 and 2023. In addition, in setting the aforesaid annual caps, a certain degree of buffer was reserved for flexibility to cater for any unexpected growth in demand for property management services in the coming three years.

Based on the foregoing, the Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions contemplated under the Renewed Property Management Agreement, and the other continuing connected transactions disclosed in the Announcement are on normal commercial terms which are 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.

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

Chengdu, Sichuan Province, the PRC  
8 January 2021

*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. Zhou Yanbin and Mr. Xu Zhenhua; 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*