

*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 TRANSACTION LEASING OF SUBSTATIONS**

### **BACKGROUND**

On 19 April 2021, after trading hours, Sichuan Energy Yibin Electricity (as lessor) and Changning Natural Gas (as lessee) entered into the Substations Leasing Agreement, pursuant to which the former shall lease six temporary substations to the latter for a period beginning from 1 January 2021 and ending on the respective term of each of the six temporary substation rentals, but in any event no later than 31 December 2021.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Changning Natural Gas is a non-wholly owned subsidiary of Energy Investment Group, which is one of the controlling shareholders of our Company. Accordingly Changning Natural Gas is an associate of Energy Investment Group and therefore a connected person of the Company under Rule 14A.07 and the transaction contemplated under the Substations Leasing Agreement constitutes continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Since all applicable percentage ratios in respect of the Substations Leasing Agreement exceed 0.1% but less than 5%, the entering into of the Substations Leasing Agreement is subject to the reporting and announcements requirements but is exempt from the circular and Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

## THE SUBSTATIONS LEASING AGREEMENT

- Date:** 19 April 2021 (after trading hours)
- Parties:** (1) Sichuan Energy Yibin Electricity (as lessor)  
(2) Changning Natural Gas (as lessee)
- Transaction:** Pursuant to the Substations Leasing Agreement, Sichuan Energy Yibin Electricity Construction agreed to lease six temporary substations to Changning Natural Gas for a period beginning from 1 January 2021 and ending on the respective term of each of the six temporary substation rentals, but in any event no later than 31 December 2021.
- Purchase price and payment terms:** The total rental under the Substations Leasing Agreement shall not exceed RMB4,801,537.5, which is a sum of the total lease payment of each of the six temporary substations based on their respective monthly rental multiplied by the respective number of months rental as stipulated under the Substations Leasing Agreement. Rental payment should be paid by Changning Natural Gas to Yibin Electricity Engineering every three months.
- Pricing basis:** The monthly rental rate of the six substations were determined on arm's length basis and with reference to prevailing market rates, the tariffs for power transmission and distribution at the relevant locations, and the rent charged by Yibin Electricity Engineering to other independent third parties. The current monthly rental rate offered by Yibin Electricity Engineering to Changning Natural Gas shall not be lower than the rate offered to independent third parties.
- Historical Figures:** There is no historical transaction amount recorded between the contracting parties.
- Annual Caps and Basis:** The annual cap of the transaction contemplated under the Substations Leasing Agreement for the one year ending 31 December 2021 is RMB4,801,537.5, being the total amount of rental payable under the Substations Leasing Agreement. According to the terms of the Substations Leasing Agreement, the lease of all six substations to Changning Natural Gas will all expire within the year ended 31 December 2021

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUBSTATIONS LEASING AGREEMENT**

Changning Natural Gas is the implementation unit of a national key shale gas development project located within the region of our business operation. We entered into the Substations Leasing Agreement as a gesture of proactively supporting the national key development projects.

The Directors consider that by providing quality service through the current cooperation with Changning Natural Gas, it would facilitate the Group's expansion to the power construction market beyond our region of business operation, and provide more opportunities of business cooperation with other non-power sectors. The current transaction would also increase the operation income of the Company, thus enhancing its financial performance. Furthermore, by participating in a national key development project, the Directors consider that it would enhance the Company's reputation and brand influence.

The Directors (including the independent non-executive Directors) are of the view that the terms under the Substations Leasing Agreement 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.

As Mr. Xiong Lin, Mr. Li Hui and Ms. Xie Peixi were the Directors nominated by Energy Investment Group, they have abstained from voting on the Board resolutions to approve the Substations Leasing Agreement voluntarily. Saved and except for the aforesaid, none of the Directors has any material interest in the Substations Leasing Agreement and was required to abstain from voting on the Board resolutions in relation to the Substations Leasing Agreement.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Changning Natural Gas is a non-wholly owned subsidiary of Energy Investment Group, which is one of the controlling shareholders of our Company. Accordingly Changning Natural Gas is an associate of Energy Investment Group and therefore a connected person of the Company under Rule 14A.07 and the transaction contemplated under the Substations Leasing Agreement constitutes continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Since all applicable percentage ratios in respect of the Substations Leasing Agreement exceed 0.1% but less than 5%, the entering into of the Substations Leasing Agreement is subject to the reporting, announcements and annual review requirements but is exempt from the circular and Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

## **INFORMATION OF PARTIES INVOLVED**

### **Changning Natural Gas**

Changning Natural Gas is a limited liability company established in the PRC on 2 December 2013 which is primarily engaged in the exploration, development and sale of shale gas in cooperation with with PetroChina Company Limited.

Changning Natural Gas is owed approximately as to 55% by PetroChina Company Limited (中國石油天然氣股份有限公司), 30% by Energy Investment Group (one of the controlling shareholders of our Company), 10% by Yibin Development Holding Group Co., Ltd.\* (宜賓發展控股集團有限公司) and 5% by Beijing Guolian Energy Industry Investment Fund (Limited Partnership)\* (北京國聯能源產業投資基金(有限合夥)).

Energy Investment Group is principally engaged in investment covering various industries including power, chemical, tourism, natural gas, coalbed gas and shale gas, and new technology and materials. Energy Investment Group is in turn held by Sichuan Development Co. as to 67.8%. Sichuan Development Co. is principally engaged in the investment, financing, operation and management of assets and its investment covers various industries including transportation, energy, water, tourism, agriculture, development of predominant resources and environment and other areas authorized by the People's Government of Sichuan Province.

PetroChina Company Limited is an oil and gas producer and distributor company with state-owned background in the PRC, which is dually listed on the Stock Exchange (stock code: 0857) and the Shanghai Stock Exchange (stock code: 601857)).

### **The Company**

The Company 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.

### **Sichuan Energy Yibin Electricity Engineering**

Sichuan Energy Yibin Electricity Construction is a limited liability company established in the PRC on 5 November 1996 and a wholly-owned subsidiary of the Company. It is primarily engaged in inspection and maintenance of transformer substations, hydropower stations and electricity transmission lines.

## DEFINITIONS

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
“Changning Natural Gas”	Sichuan Changning Natural Gas Development Co., Ltd.* (四川長寧天然氣開發有限責任公司), a limited liability company established in the PRC on 2 December 2013 and the lessee under the Substations Leasing Agreement.
“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
“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 the controlling shareholders of our Company
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time

“PRC”	the People’s Republic of China, for the purposes of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“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 Company’s controlling shareholders (as defined under the Listing Rules)
“Sichuan Energy Yibin Electricity Construction”	Sichuan Energy Yibin Electricity Engineering Co. Ltd.* (四川能投宜賓電力工程建設有限公司) is a company established in the PRC with limited liability on 5 November 1996 and a wholly-owned subsidiary of our Company
“Substations Leasing Agreement”	The substation leasing agreement entered into on 19 April 2021 by Yibin Electricity Engineering and Changning Natural Gas, pursuant to which the former shall lease six temporary substations to the latter for a period beginning from 1 January 2021 and ending on the respective term of each of the six substation rentals, but in any event no later than 31 December 2021

By order of the Board  
**Sichuan Energy Investment Development Co., Ltd.**  
**Xiong Lin**  
*Chairman*

Chengdu, Sichuan Province, the PRC  
19 April 2021

*As at the date of this announcement, the executive Directors are Mr. Xiong Lin, 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