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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE EPC CONTRACT**

BACKGROUND

On 17 May 2021, after trading hours, Xingwen Electricity, a wholly-owned subsidiary of the Company, entered into the EPC Contract with Sichuan Energy Construction, a connected person, and Southwest Institute, an independent third party, pursuant to which, the Contractors agreed to provide engineering, procurement and construction services to the Company for the Project.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Sichuan Energy Construction is a subsidiary of Energy Investment Group which is one of the Controlling Shareholders. Accordingly, Sichuan Energy Construction is an associate of Energy Investment Group and therefore a connected person of the Company under Rule 14A.07 and the entering into of the EPC Contract constitutes a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect with the EPC Contract exceeds 5% but is less than 25%, the transaction contemplated therein constitutes (i) a discloseable transaction of the Company which is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) a connected transaction of the Company which is subject to the Independent Shareholders' approval requirements, in addition to the reporting, circular and announcement requirements, under Chapter 14A of the Listing Rules.

GENERAL

A EGM will be convened for the independent Shareholders to consider and, if thought fit, approve the discloseable and connected transaction under the EPC Contract. Energy Investment Group and its associates, being one of the Controlling Shareholders of the Company as at the date of this announcement, will abstain from voting on the resolution in relation to the EPC Contract at the EGM. The resolution will be passed as an ordinary resolution and voted on by poll in accordance with the requirements of the Listing Rules.

A circular containing, among other things, (i) further details of the EPC Contract; (ii) a letter of advice from an independent financial advisor to the Independent Board Committee and the Independent Shareholders in relation to the entering into of the EPC Contract; (iii) the recommendations from the Independent Board Committee; and (iv) notice to convene the EGM and proxy form, will be despatched to the Shareholders in due course in accordance with the Listing Rules.

THE EPC CONTRACT

On 17 May 2021, Xingwen Electricity entered into the EPC Contract with the Contractors, pursuant to which Sichuan Energy Construction and Southwest Institute will provide engineering, procurement and construction services to Xingwen Electricity. The principal terms of the EPC Contract are set out below:

- Date:** 17 May 2021 (after trading hours)
- Parties:**
1. Xingwen Electricity;
 2. Sichuan Energy Construction; and
 3. Southwest Institute
- Project:** Lianhua 220 kV transformer substation construction project in Xingwen County
- Construction Area:** Xingwen County, Yibin City, Sichuan Province, the PRC
- Construction Period:** Upon receiving the Independent Shareholders' approval for the EPC Contract in the forthcoming EGM in accordance with the Listing Rules, the construction period shall be 365 calendar days, commencing from the date of the work commencement notice issued by the supervisor of the Project
- Scope of Service:**
1. All the contractors' works in relation to the Project, including survey, design, construction, equipment and materials procurement, installation, commissioning, trial operation, defect elimination and line relocation and modification involved in the feasibility study; and

2. All ancillary works including the safety of engineering construction and personnel, maintenance of the environment in the surrounding area, drafting and approval of the thematic reports of the Project required by the relevant laws and regulations, and maintenance and management of the Project before handover

Period of warranty: One year (commencing from the issuance of the project handover certificate after examination and handover of the Project)

Consideration: The contract price of RMB88,383,170 is determined based on the estimated quantities of works for the Project under the EPC Contract under which, the final settlement amount shall be subject to the completion settlement audit report issued by a third-party audit agency with corresponding audit qualifications entrusted by Xingwen Electricity

Conditions Precedent: The EPC Contract shall become effective subject to the satisfaction of the following conditions precedent:

1. the authorised representative or its agent of each party to the EPC contract having executed the EPC Contract and affixed the relevant official seal thereto, and the Contractors having provided a performance guarantee to the satisfaction of Xingwen Electricity
2. the Independent Shareholders having approved the EPC Contract and the transactions contemplated therein at the forthcoming EGM in accordance with the Listing Rules

Payment terms: Xingwen Electricity shall pay the contract price to the Contractors in the following manner:

1. upon the fulfilment of the conditions precedent set out in the EPC Contract, a prepayment to the Contractors equivalent to 10% of the contract price within 14 days after receiving the surety bond and payment request submitted by the Contractors;
2. 30% of the total equipment and materials fee under the EPC contract within one month after the completion of review of preliminary design of the Project;
3. up to 90% of the contract price requested by the Contractors monthly based on the actual amount of the construction work completed each month;
4. up to 95% of the final settlement amount price upon the completion of acceptance and handover of the Project. Based on the Company's past experience and estimation, the final settlement amount shall not be more than 20% above the contract price; and

5. the remaining 5% of the final settlement amount 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 warranty period, and upon satisfying Xingwen Electricity that the Contractors have discharged all responsibilities in relation to defect elimination (if any)

REASONS AND BENEFITS FOR ENTERING INTO THE EPC CONTRACT

Firstly, the construction of the Project is in line with the “13th Five-Year” power grid development plan, which will not only introduce new power sources to Xingwen County to satisfy the local economic and social development needs of Xingwen County, but will also further develop and improve the 220kV backbone grid of the provincial Yibin power grid to improve the grid structure, and the reliability and quality of power supply. Secondly, prior to commencing the public tendering of the Project, the Company has considered that the Project is of large scale with complicated technical requirements, and involves various fields such as survey, design, construction and equipment and materials, and therefore agreed the bidders to form a consortium to participate in the bidding. Thirdly, after conducting the public tendering and having being reviewed by the tender evaluation panel, Sichuan Energy Construction and Southwest Institute were awarded the Project. The tendering procedures fully complied with the Tendering and Bidding Law of the People’s Republic of China* (《中華人民共和國招標投標法》) and other relevant laws and regulations. Fourthly, as a well-known EPC-service provider in power infrastructure construction in the PRC, Sichuan Energy Construction possesses the requisite qualification and extensive experience, and is familiar with the relevant requirements of the Company’s power construction projects based on previous cooperation, which will help to ensure the quality and timely completion of project construction and the economic benefits brought to the Company.

The EPC Contract has been approved by the Board. The Directors (excluding the independent non-executive Directors) are of the view that the terms and conditions of the 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.

IMPLICATION UNDER THE LISTING RULES

As at the date of this announcement, Sichuan Energy Construction, is a subsidiary of Energy Investment Group, which is one of the Controlling Shareholders. Accordingly, Sichuan Energy Construction is an associate of Energy Investment Group and therefore a connected person of the Company under Rule 14A.07 of the Listing Rules and the entering into of the EPC Contract constitute connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect with the EPC Contract exceed 5% but is less than 25%, the transaction contemplated therein constitutes (i) a discloseable transaction of the Company which is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) a connected transaction of the Company which is subject to the Independent Shareholders’ approval requirements, in addition to the reporting, circular and announcement requirements, under Chapter 14A of the Listing Rules.

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 EPC Contract voluntarily. Saved and except for the aforesaid, none of the Directors has a material interest in the EPC Contract and was required to abstain from voting on the Board resolutions in relation to the EPC Contract.

INFORMATION OF THE PARTIES

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.

Sichuan Energy Construction

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

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 a wholly state-owned enterprise incorporated in the PRC 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.

Southwest Institute

Southwest Institute is a limited liability company incorporated in the PRC on 16 January 1998 and is a wholly-owned subsidiary of China Energy Engineering Group Planning and Engineering Co., Ltd.* (中國能源建設集團規劃設計有限公司). It is principally engaged in power planning research, consultation, assessment and engineering survey, design, service, general contracting, supervision, development of relevant proprietary technology product and other businesses.

China Energy Engineering Group Planning and Engineering Co., Ltd. is in turn wholly owned by China Energy Engineering Corporation Limited* (中國能源建設股份有限公司), which is a company listed on the main board of the Stock Exchange (SEHK: 3996). China Energy Engineering Group Planning and Engineering Co., Ltd. is an investment holding company while China Energy Engineering Corporation Limited is principally engaged in the construction contracts business.

To the best knowledge of the Directors, Southwest Institute, China Energy Engineering Group Planning and Engineering Co., Ltd., China Energy Engineering Corporation Limited and their controlling shareholders are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Xingwen Electricity

Xingwen Electricity is a limited liability company incorporated in the PRC on 3 April 1998 and a wholly-owned subsidiary of the Company. It is primarily engaged in the development, investment, construction and operation of power supply and power grid; production and sales of power products, sales of power equipment; engineering design, construction, installation, maintenance, construction, labor development, technical consultation and service; sales of building materials (except hazardous chemicals); tourism industry (projects subject to approval under the law shall commence operation only after gaining the approval of relevant authorities).

GENERAL

An EGM will be convened for the independent Shareholders to consider and, if thought fit, approve the discloseable and connected transaction under the EPC Contract. Energy Investment Group and its associates, being one of the Controlling Shareholders of the Company as at the date of this announcement, will abstain from voting on the resolution in relation to the EPC Contract at the EGM. The resolution will be passed as an ordinary resolution and voted on by poll in accordance with the requirements of the Listing Rules and the articles of association of the Company.

The Independent Board Committee of the Company will advise and provide recommendation to the Independent Shareholders on the terms of the discloseable and connected transaction under the EPC Contract. An independent financial advisor will be appointed to advise the Independent Board Committee and Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the EPC Contract; (ii) a letter of opinion from the independent financial advisor; (iii) the recommendations from the Independent Board Committee; and (iv) notice of the EGM, will be despatched to the shareholders of the Company in due course.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“Board”	the board of Directors
“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 Southwest Institute

“Controlling Shareholder(s)”	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, Sichuan Province Hydropower Investment and Management Group Co., Ltd.* (四川省水電投資經營集團有限公司) and Sichuan Development (Holding) Co., Ltd.* (四川發展(控股)有限責任公司)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held for considering, and if thought fit, approving the discloseable and connected transaction under the EPC Contract
“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
“EPC”	engineering procurement and construction
“EPC Contract”	EPC contract for Lianhua 220 kV transformer substation construction project in Xingwen County entered into among the Company, Sichuan Energy Construction and Southwest Institute on 17 May 2021
“Group”	the Company and its subsidiaries
“Independent Board Committee”	a committee under the Board to be formed to consider the EPC Contract, comprising all the independent non-executive Directors
“Independent Shareholder(s)”	shareholder(s) of the Company other than Energy Investment Group and its associates, who is/are not involved in or interested in the EPC Contract
“Listing Rules”	Rules Governing the Listing of Securities on the Main Board of 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

“Project”	Lianhua 220 kV transformer substation construction project in Xingwen County
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Southwest Institute”	Southwest Electric Power Design Institute Co., Ltd. of China Power Engineering Consulting Group* (中國電力工程顧問集團西南電力設計院有限公司), a wholly-owned subsidiary of China Energy Engineering Group Planning and Engineering Co., Ltd.* (中國能源建設集團規劃設計有限公司)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xingwen Electricity”	Sichuan Energy Investment Xingwen Electricity Co., Ltd.* (四川能投興文電力有限公司), a limited liability company established in the PRC on April 3, 1998 and a wholly-owned subsidiary of our Company
“%”	per cent

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

Chengdu, Sichuan Province, the PRC
17 May 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