
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sichuan Energy Investment Development Co., Ltd.* (四川能投發展股份有限公司), you should at once hand this circular together with the accompanying form of proxy and the reply slip, to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

(the "Company")

(Stock Code: 01713)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE EPC CONTRACT

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



Unless the context requires otherwise, capitalised terms used on this cover page have the same meanings as defined in the section headed "Definitions" in this circular.

Notice convening the EGM to be held at Conference Room, 10th Floor, No. 778, Yiman Road, Baixi Street, Xuzhou District, Yibin City, Sichuan Province, the PRC at 9:30 a.m. on Wednesday, 18 August 2021 are set out on pages 26 to 27 of this circular. If you intend to attend the EGM by proxy, you are required to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the H share registrar of the Company, namely Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by holders of H Shares, or to the Company's registered office at No. 789, Renhe Road, Wenjiang District, Chengdu City, Sichuan Province, the PRC for registration by holders of Domestic Shares and Unlisted Foreign Shares as soon as possible but in any event by not later than 24 hours before the time appointed for holding of the EGM (i.e. before 9:30 a.m. on Tuesday, 17 August 2021) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

9 July 2021

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DEFINITIONS

In this circular, 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: 1713), 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, Hydropower Group and Sichuan Development Co.,
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	domestic invested ordinary shares in the Company’s registered capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and held by PRC nationals or PRC incorporated entities, and are not listed or traded on any stock exchange
“EGM”	the 2021 second extraordinary general meeting of the Company to be held at 9:30 a.m. on Wednesday, 18 August at Conference Room, 10th Floor, No. 778, Yiman Road, Baixi Street, Xuzhou District, Yibin City, Sichuan Province, the PRC
“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 Contract”	the engineering, procurement and construction 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
“H Share(s)”	the ordinary share(s) in issue in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“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

DEFINITIONS

“Independent Board Committee”	a committee under the Board to be formed to consider the EPC Contract, comprising the independent non-executive Directors
“Independent Financial Adviser” or “Lego Corporate Finance”	Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO being the independent financial adviser engaged by the Company to advise the Independent Board Committee and the Independent Shareholders on the discloseable and connected transaction contemplated under the EPC Contract
“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
“Latest Practicable Date”	Tuesday, 6 July 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the model code for securities transactions by directors of listed issuers as set out in Appendix 10 of the Listing Rule
“PRC”	the People’s Republic of China, for the purposes of this circular, 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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented and otherwise modified from time to time
“Shares”	the ordinary share(s) of RMB1.00 each in the share capital of the Company, including H Shares, Domestic Shares and Unlisted Foreign 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 of the Company

DEFINITIONS

“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
“Supervisor(s)”	the supervisor(s) of the Company
“Unlisted Foreign Shares”	ordinary shares issued by the Company that are not listed on any stock exchange, with a nominal value of RMB1.00 each, and held by China Power International Development Limited (a company incorporated in Hong Kong)
“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

* For identification purpose only

LETTER FROM THE BOARD



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)
(the "Company")
(Stock Code: 01713)

Executive Directors:

Mr. Xiong Lin (*Chairman*)
Mr. Li Hui
Ms. Xie Peixi

Non-executive Directors:

Ms. Han Chunhong
Ms. Li Yu
Mr. Xu Zhenhua
Mr. Zhou Yanbin

Independent Non-executive Directors:

Mr. Kin Kwong Kwok Gary
Mr. Fan Wei
Ms. He Zhen
Mr. Wang Peng

Registered office:

No. 789, Renhe Road,
Wenjiang District, Chengdu City,
Sichuan Province,
the PRC

Head office:

No. 789, Renhe Road,
Wenjiang District, Chengdu City,
Sichuan Province,
the PRC

Principal place of business in Hong Kong:

40th Floor, Dah Sing Financial Centre,
No. 248 Queen's Road East,
Wanchai, Hong Kong

9 July 2021

To the Shareholders,

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE EPC CONTRACT

INTRODUCTION

Reference is made to the announcement of the Company dated 17 May 2021 in relation to the EPC Contract. 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 service to the Company for the Project.

LETTER FROM THE BOARD

The purposes of this circular are to provide you with, among other things, (i) a letter from the Board containing further information of the EPC Contract and the transaction contemplated thereunder; (ii) the recommendations of the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice in connection with the aforesaid; and (iv) a notice of the EGM together with the form of proxy.

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 service to Xingwen Electricity. The principal terms of the EPC Contract are set out below:

Date:	17 May 2021 (after trading hours)
Parties:	<ol style="list-style-type: none">1. Xingwen Electricity;2. Sichuan Energy Construction; and3. 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:	<ol style="list-style-type: none">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; and2. 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)

LETTER FROM THE BOARD

- Consideration: The contract price of RMB88,383,170 is determined based on the estimated quantities of works for the Project under the EPC Contract, whereas 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 (the **“Final Settlement Amount”**).
- 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. For clarity, the total equipment and materials fee forms part of the contract sum;
 3. settlement of the monthly interim payment application by the Contractors based on their actual amount of construction work completed in the relevant month, up to the maximum amount of 90% of the contract sum in aggregate (inclusive of all payments made as aforementioned);
 4. settlement of up to 95% of the Final Settlement Amount (inclusive of all payments made as aforementioned) 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

LETTER FROM THE BOARD

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, as a consortium, was 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.

Pursuant to the arrangement between Sichuan Energy Construction and Southwest Institute, Sichuan Energy Construction shall serve as the consortium leader and Southwest Institute as a member. As the consortium leader, Sichuan Energy Construction shall take lead in handling and participating in the bidding of the Project on behalf of the consortium, while the bidding team formed by both parties shall be responsible for the detailed implementation of the bidding. Sichuan Energy Construction and Southwest Institute shall be responsible for different works under the EPC contract, where (i) Sichuan Energy Construction shall be responsible for the procurement of equipment and materials, general contracting of construction works, and performing trials and operation of the Project (other than survey and design); and (ii) Southwest Institute shall be responsible for the surveying and designing works of the Project only. Based on the quotations adopted in the EPC Contract, out of the original contract sum of RMB88,383,170 (subject to adjustment based on the completion settlement audit report), (i) RMB31,373,587 is for the construction works; (ii) RMB54,051,131 is for the procurement of equipment and materials; (iii) RMB2,241,270 is for the surveying and design works; and (iv) RMB717,182 is for other expenses. To the best knowledge and information of the Directors, the contract sum will be allocated among Sichuan Energy Construction and Southwest Institute based on their agreed work allocation arrangement and the aforesaid quotations of the various works under the EPC Contract.

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.

LETTER FROM THE BOARD

IMPLICATION UNDER THE LISTING RULES

As at the Latest Practicable Date, 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.

LETTER FROM THE BOARD

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).

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee has been formed to consider and advise the Independent Shareholders as to whether the terms of the EPC Contract and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM.

THE EGM

The EGM will be held at Conference Room, 10th Floor, No. 778, Yiman Road, Baixi Street, Xuzhou District, Yibin City, Sichuan Province, the PRC at PRC at 9:30 a.m. on Wednesday, 18 August 2021 to consider and, if thought fit, to pass resolutions in respect of the matters set out in the notice of the EGM. A form of proxy and a reply slip will be dispatched to the Shareholders in accordance with the Listing Rules on Friday, 9 July 2021.

LETTER FROM THE BOARD

Energy Investment Group is the holding company of Sichuan Energy Construction, a party to the EPC Contract. As a result, Energy Investment Group and its associates, being one of the Controlling Shareholders of the Company as at the Latest Practicable Date, are regarded as having a material interest in the EPC Contract and therefore will abstain from voting on the resolution in relation to the EPC Contract at the EGM. As at the Latest Practicable Date, Hydropower Group held 394,398,400 Domestic Shares (representing approximately 36.71% of the total issued Shares) and Hydropower Group is held as to 77.74% of equity interests by Energy Investment Group, which is in turn held as to 67.80% by Sichuan Development Co.. As a result, by virtue of the SFO, Sichuan Development Co. and Energy Investment Group are deemed to be interested in the 394,398,400 Domestic Shares (representing approximately 36.71% of the total issued Shares) held by Hydropower Group. In addition, Sichuan Development Co. directly held 24,937,600 Domestic Shares (representing approximately 2.32% of the total issued Shares) of the Company (and therefore Sichuan Development Co is interested in 419,336,000 Domestic Shares in aggregate, representing approximately 39.03% of the total issued Shares). Accordingly, both Hydropower Group and Sichuan Development Co. will abstain from voting on the resolution in relation to the EPC Contract at the EGM.

Whether or not you intend to attend and/or vote at the EGM, you are requested to complete and return the form of proxy in accordance with the instruction printed thereon. If you intend to attend the EGM, you are required to complete and return the reply slip to the H share registrar of the Company, namely Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by holders of H Shares, or to the Company's registered office at No. 789, Renhe Road, Wenjiang District, Chengdu City, Sichuan Province, the PRC for registration by holders of Domestic Shares and Unlisted Foreign Shares on or before Tuesday, 10 August 2021.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting, should you so wish and completion and return of the reply slip do not affect the right of a Shareholder to attend and vote at such meeting.

VOTING BY POLL

According to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Results of the poll voting will be published on the Company's website at www.scntgf.com and the website of the Stock Exchange at www.hkexnews.hk after the EGM.

RECOMMENDATION

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Hong Kong Listing Rules to advise the Independent Shareholders on the Capital Increase Agreement and the transactions contemplated thereunder.

In addition, the Company has appointed Lego Corporate Finance as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

Having considered the advice from the Independent Financial Adviser in relation to the EPC Contract and the transactions contemplated thereunder, which is set out on pages 13 to 22 of this circular, the Independent Board Committee is of the opinion that the EPC Contract and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

Having considered the reasons set out herein, the Directors are of the opinion that the EPC Contract and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information included in the appendix to this circular.

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

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)
(the “Company”)
(Stock Code: 01713)

9 July 2021

To the Independent Shareholders,

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

Dear Sir or Madam,

We refer to the circular of the Company dated 9 July 2021 (the “Circular”), in which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise you in relation to the EPC Contract and the transactions contemplated thereunder.

We wish to draw your attention to the letter from Independent Financial Adviser set out on pages 13 to 22 of the Circular and the letter from the Board set out on pages 4 to 11 of the Circular.

Having taken into account the principal factors and reasons considered by Lego Corporate Finance, the Independent Financial Adviser, regarding the EPC Contract and its conclusion and advice, we concur with the view of the Independent Financial Adviser and consider that the EPC Contract is in the ordinary and usual course of business of the Company and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the EPC Contract is in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

Yours faithfully,
Mr. Kin Kwong Kwok Gary
Mr. Fan Wei
Ms. He Zhen
Mr. Wang Peng
Independent Board Committee

* For identification purposes only

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the EPC Contract and the transactions contemplated thereunder.



9 July 2021

To the Independent Board Committee and the Independent Shareholders of Sichuan Energy Investment Development Co. Ltd.

Dear Sirs or Madams,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE EPC CONTRACT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the EPC Contract and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular dated 9 July 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 17 May 2021 (the “**Announcement**”) in respect of, among other things, the EPC Contracts and the transaction contemplated thereunder.

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.

As at the Latest Practicable Date, 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 constitutes a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

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.

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 is the holding company of Sichuan Energy Construction, a party to the EPC Contract. As a result, Energy Investment Group and its associates, being one of the Controlling Shareholders of the Company as at the Latest Practicable Date, are regarded as having a material interest in the EPC Contract and therefore will abstain from voting on the resolution in relation to the EPC Contract at the EGM. As at the Latest Practicable Date, Hydropower Group held 394,398,400 Domestic Shares (representing approximately 36.71% of the total issued Shares) and Hydropower Group is held as to 77.74% of equity interests by Energy Investment Group, which is in turn held as to 67.80% by Sichuan Development Co.. As a result, by virtue of the SFO, Sichuan Development Co. and Energy Investment Group are deemed to be interested in the 394,398,400 Domestic Shares (representing approximately 36.71% of the total issued Shares) held by Hydropower Group. In addition, Sichuan Development Co. directly held 24,937,600 Domestic Shares (representing approximately 2.32% of the total issued Shares) of the Company (and therefore Sichuan Development Co. is interested in 419,336,000 Domestic Shares in aggregate, representing approximately 39.03% of the total issued Shares). Accordingly, both Hydropower Group and Sichuan Development Co. will abstain from voting on the resolution in relation to the EPC Contract at the EGM.

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Kin Kwong Kwok Gary, Mr. Fan Wei, Ms. He Zhen and Mr. Wang Peng, has been established to advise the Independent Shareholders as to whether the terms of the EPC Contract and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to whether to vote in favour of the relevant resolution(s) to be proposed at the EGM. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, Lego Corporate Finance did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Lego Corporate Finance. In the last two years, there was no other engagement between the Group and Lego Corporate Finance. Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company or any other party to the transactions. Accordingly, we are qualified to give independent advice in respect of the EPC Contract and the transactions contemplated thereunder.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Company; (iii) the opinions expressed by and the representations of the Directors and the management of the Company (“**Management**”); and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the Circular and all such statements of belief, opinions and intention of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the Management, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Company and/or Directors and the Management are true, accurate, complete and not misleading in all material respects at the time they were made and continued to be so until the date of the EGM.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or the parties to the EPC Contract or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have considered the following principal factors and reasons:

1. Background Information

(a) Information on 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.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

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).

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.

As stated in the Letter from the Board, 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).

LETTER FROM INDEPENDENT FINANCIAL ADVISER

(b) Reasons for and benefits for entering into the EPC Contract

With reference to the Letter from the Board, 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.

Furthermore, 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. In the way of public tendering, the cost may be better controlled, as well managed with specialised technical experience, professional qualifications and project management abilities.

Moreover, after conducting the public tendering and having being reviewed by the tender evaluation panel (the “**Evaluation Panel**”), Sichuan Energy Construction and Southwest Institute as a consortium, was awarded the Project. The tendering procedures fully complied with the Tendering and Bidding Law of the PRC* (《中華人民共和國招標投標法》) and other relevant laws and regulations.

Lastly, 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.

Pursuant to the arrangement between Sichuan Energy Construction and Southwest Institute, Sichuan Energy Construction shall serve as the consortium leader and Southwest Institute as a member. As the consortium leader, Sichuan Energy Construction shall take lead in handling and participating in the bidding of the Project on behalf of the consortium, while the bidding team formed by both parties shall be responsible for the detailed implementation of the bidding. Sichuan Energy Construction and Southwest Institute shall be responsible for different works under the EPC contract, where (i) Sichuan Energy Construction shall be responsible for the procurement of equipment and materials, general contracting of construction works, performing trials and operation of the Project (other than survey and design); and (ii) Southwest Institute shall be responsible for the surveying and designing works of the Project only. Based on the quotations adopted in the EPC Contract, out of the original contract sum of RMB88,383,170 (subject to adjustment based on the completion settlement audit report), (i) RMB31,373,587 is for the construction works; (ii) RMB54,051,131 is for the procurement of equipment and materials; (iii) RMB2,241,270 is for the surveying and design works; and (iv) RMB717,182 is for other expenses. To the best knowledge and information of the Directors, the contract sum will be allocated among Sichuan Energy Construction and Southwest Institute based on their agreed work allocation arrangement and the aforesaid quotations of the various works under the EPC Contract.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

We have conducted internet search on Sichuan Energy Construction and noted that it primarily engaged in project planning, project investment, design and consulting, construction, operation in engineering construction. According to the relevant public information disclosed in the official website of Sichuan Energy Construction, Sichuan Energy Construction actively engages in construction projects in relation to enhancement and upgrading of power supply facilities in rural areas in the PRC. Apart from the Project, the Group has numerous experiences in cooperating with Sichuan Energy Construction in relation to similar construction projects previously commenced, including the entering into of (i) the engineering, procurement and construction contract for Wangchang 220 kV transformer substation construction project in Pingshan County on 27 June 2019; (ii) the engineering, procurement and construction contract for Yuqing substation capacity increase and technique transformation project in Gong County on 29 November 2019; and (iii) the subcontracting agreements for the enhancement and upgrading of rural power grids of 10kV and below in Junlian County and Gao County on 17 June 2020, respectively.

The EPC Contract has been approved by the Board. The 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.

Having considered the foregoing, in particular (i) the Project is in line with the Group's principal business and the "13th Five-Year" power grid development plan; (ii) Sichuan Energy Construction has experience in engaging in similar power infrastructure construction projects; and (iii) Sichuan Energy Construction was one of the awardees through public tendering procedures which were fully complied with the Tendering and Bidding Law of the PRC* (《中華人民共和國招標投標法》) and other relevant laws and regulations, we are of the view that the entering into of the EPC Contract is in line with the Group's development plan to secure the engineering, procurement and construction services to the Company for the Project.

2. THE EPC CONTRACT

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

LETTER FROM INDEPENDENT FINANCIAL ADVISER

- 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, whereas 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 (the "**Final Settlement Amount**")
- 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;

LETTER FROM INDEPENDENT FINANCIAL ADVISER

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. For clarity, the total equipment and materials fee forms part of the contract sum;
3. settlement of the monthly interim payment application by the Contractors based on their actual amount of construction work completed in the relevant month, up to the maximum amount of 90% of the contract sum in aggregate (inclusive of all payments made as aforementioned);
4. settlement of up to 95% of the Final Settlement Amount (inclusive of all payments made as aforementioned) 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)

Based on our discussion with the Management, we are given to understand that the Group conducted a public tender to select the contractor for the Project. The tender notice (the “**Tender Notice**”) was published on the website of the National Public Resource Trading Platform (Sichuan Province)* (《全國公共資源交易平臺(四川省)》) at <http://ggzyjy.sc.gov.cn> on 25 March 2021. The tendering period was open for 27 days from 26 March 2021 to 21 April 2021. Upon the closing of the tender application, the Group received four tenders (the “**Tenders**”) from four bidders, of which one from Sichuan Energy Construction and three from independent third parties.

For assessing each of the Tenders submitted by all bidders, the Evaluation Panel was formed in accordance with the requirements of the Tender Evaluation Expert Database and Management Guidance* (評標專家庫及評標專家管理辦法) of the Group and the Tendering and Bidding Law of the PRC* (《中華人民共和國招標投標法》). As advised by the Management, the Evaluation Panel consisted of nine members, of which six tender evaluation experts were randomly selected from the Tender Evaluation Expert Database of Sichuan Province* (四川省評標專家庫) and the remaining three were representatives of the Group. Such six tender evaluation experts are professionals with senior title or equivalent professional level in the PRC with extensive working experience in the electrical engineering or related profession, while the three representatives of the Group are senior engineers, of which two are certified cost engineers.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The Evaluation Panel confirmed that three out of four Tenders had fulfilled the requirements as set out in the Tender Notice and related documents (the “**Tender Documents**”). The evaluation criteria for the business aspects included the bidders’ background, experience, credibility, and the bidding price for the required services; while the technical aspects included the construction timeliness, quality control and assurance, and the qualification(s) possessed by the professional team to be engaged for the Project.

A final comprehensive evaluation report (the “**Evaluation Report**”) prepared by the Evaluation Panel was issued, of which Sichuan Energy Construction and its fellow subcontractor, Southwest Institute, as a consortium, were shortlisted and their tender was fully evaluated. The tender submitted by Sichuan Energy Construction and Southwest Institute, as a consortium, has scored the highest among the bidders, in terms of most of the evaluation criteria as supported by the Evaluation Report.

On 23 April 2021, Xingwen Electricity has announced the result of the tender evaluation on the website of the National Public Resource Trading Platform (Sichuan Province)* (《全國公共資源交易平臺(四川省)》) at <http://ggzyjy.sc.gov.cn>, and has notified Sichuan Energy Construction and Southwest Institute, as a consortium, were the successful bidders on 28 April 2021.

We have reviewed the Tender Documents and noted that the Tender Documents set out the detailed and comprehensive information, including but not limited to the tendering procedure, the project scope, the required completion timing, the payment terms and schedule, the required qualification of the bidders, the requirements and criteria on setting the bidding price, the assessment and selection criteria of the winning bidder. We have reviewed the Tenders received by the Group from the bidders and noted that all the bidders have agreed the requirements and terms, including but not limited to payment terms and schedule stated in the Tender Document, which are consistent with the principal terms stated in the EPC Contract entered with the Contractors as disclosed in the Letter from the Board. As all bidders, including independent bidders agreed on the payment terms, we concur with the Directors’ view that the payment terms in the EPC Contract are fair and reasonable and in line with industry practice.

It is also noted in the tender and the EPC Contract of Sichuan Energy Construction and Southwest Institute that (i) Sichuan Energy Construction shall be responsible for the procurement of equipment and materials, general contracting of construction works, performing trials and operation of the Project (other than survey and design); and (ii) Southwest Institute shall be responsible for the surveying and designing works of the Project only. Based on the quotations adopted in the EPC Contract, out of the original contract sum of RMB88,383,170 (subject to adjustment based on the completion settlement audit report), (i) RMB31,373,587 is for the construction works; (ii) RMB54,051,131 is for the procurement of equipment and materials; (iii) RMB2,241,270 is for the surveying and design works; and (iv) RMB717,182 is for other expenses. To the best knowledge and information of the Directors, the contract sum will be allocated among Sichuan Energy Construction and Southwest Institute based on their agreed work allocation arrangement and the aforesaid quotations of the various works under the EPC Contract.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

We have obtained and reviewed the Evaluation Report, and noted that the Evaluation Panel recommended Sichuan Energy Construction, being the lead contractor and its fellow subcontractor, Southwest Institute, as the score of their tender was highest among those provided, and its service terms and bidding price were the best in fulfilling the needs and requirements of the Project. We have also reviewed the tender of the winning bidder and noted that the bidding price as set out in the tender and the Evaluation Report were consistent.

RECOMMENDATION

Having considered that:

- (i) the tendering procedures are conducted with reference to the Tendering and Bidding Law of the PRC* (《中華人民共和國招標投標法》) and other relevant laws and regulations;
- (ii) the winning bidder is (a) assessed by a professional Evaluation Panel with extensive experience and qualifications; and (b) determined by the highest score among all bidders in terms of most of the evaluation criteria;
- (iii) the background and experience of Sichuan Energy Construction and Southwest Institute;
- (iv) the final settlement amount of the construction price shall be subject to the completion settlement audit report issued by a third-party audit agency with corresponding audit qualifications entrusted by Xingwen Electricity; and
- (v) the reason and benefit for entering into the EPC Contract as stated above in particular the Project is in line with the Group's principal business and the "13th Five-Year" power grid development plan,

we are of the view that the EPC Contract was entered into in the ordinary and usual course of the Group's business, and has been entered into based on normal commercial terms and the terms thereof are fair and reasonable so far as the Company and the Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to approve the EPC Contract and the transactions contemplated thereunder at the EGM.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Kaiser Wan
Executive Director

Mr. Kaiser Wan is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 10 years of experience in the accounting and investment banking industries.

GENERAL INFORMATION**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, according to the information obtained by the Company and to the best knowledge of the Company, none of our Directors, Supervisors or chief executives of the Company has for the purpose of Divisions 7 and 8 of Part XV of the SFO, nor is any of them taken to or deemed to have under Divisions 7 and 8 Part XV of the SFO, any interests and short positions in the shares, underlying shares and debentures of the Group or any of its associated corporations (within the meaning of Part XV of the SFO) or any interests which will have to be registered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, according to the information obtained by the Company and to the best knowledge of the Company, none of our Directors or proposed Director is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Group which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 December 2020, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

3. COMPETING INTEREST

As at the Latest Practicable Date, to the best knowledge of the Board, none of the Directors of the Company and their respective associates was interested in any business which competed or was likely to compete with the business of the Group, or caused or was likely to cause any other conflict of interest to the Group.

4. INTERESTS IN ASSETS, CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, except for the service contracts, there was no transaction, arrangement or contract of significance to the Company's business in which the Company, any of its subsidiaries, fellow subsidiaries or holding companies was a party, and in which the Directors, Supervisors or entities connected with them have or had directly or indirectly material interests.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 December 2020, the date to which the latest published audited consolidated accounts of the Company have been made up.

6. LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Company.

7. SERVICE CONTRACTS

Each of the executive Directors, non-executive Directors and the independent non-executive Directors has entered into a service contract with the Company, which commenced on the Listing Date and is consistent with the term of the third session of the Board of the Group. The service contract may be renewed in accordance with the Articles of Association and applicable laws, rules and regulations.

The Supervisors have entered into contracts with the Company which is consistent with the term of the third session of the Supervisory Committee, in respect of, among other things, the compliance with the relevant laws and regulations, the Articles of Association and the provisions on arbitration.

No service contracts that cannot be terminated by the Company within one year without compensation (other than general statutory compensation) have been or proposed to be entered into between the Company and the Directors or the Supervisors as at the Latest Practicable Date.

8. EXPERTS

- (1) The following are the qualifications of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Lego Corporate Finance Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

- (2) As at the Latest Practicable Date, Lego Corporate Finance had no beneficial shareholding interest in any member of the Company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.
- (3) Lego Corporate Finance has given and has not withdrawn its written consent to the issue of this circular, with inclusion of its letter or report and references to its name in the form and context in which it is included.

- (4) As at the Latest Practicable Date, Lego Corporate Finance was not interested, directly or indirectly, in any assets which had since 31 December 2020 (being the date to which the latest published audited accounts of the Group were made up) been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong within 14 days from the date of this circular (excluding Saturdays, Sundays and public holidays):

- (1) the annual reports of the Company for the two years ended 31 December 2020;
- (2) the EPC Contract;
- (3) the letter from Lego Corporate Finance to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 13 to 22 of this circular;
- (4) the letter of consent from Lego Corporate Finance; and
- (5) this circular.

10. MISCELLANEOUS

- (1) The joint company secretary of the Company are Mr. Li Hui and Ms. Wong Wai Ling who is a member of the Hong Kong Institute of Chartered Secretaries.
- (2) The head office and registered office address of the Company is situated at No. 789, Renhe Road, Wenjiang District, Chengdu City, Sichuan Province, the PRC. The principal place of business in Hong Kong is situated at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.
- (3) The H Share Registrar of the Company is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (4) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text unless otherwise stated.

NOTICE OF THE 2021 SECOND EXTRAORDINARY GENERAL MEETING



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)
(the "Company")
(Stock Code: 01713)

NOTICE OF THE 2021 SECOND EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the second extraordinary general meeting (the "EGM") of Sichuan Energy Investment Development Co., Ltd.* (the "Company") for the year 2021 will be held at Conference Room, 10th Floor, No. 778, Yiman Road, Baixi Street, Xuzhou District, Yibin City, Chengdu City, Sichuan Province, the PRC at 9:30 a.m. on Wednesday, 18 August 2021 to consider and, if thought fit, to pass, with or without modifications, the following resolution of the Company. Unless otherwise defined, capitalised terms used in this notice shall have the same meanings as defined in the circular of the Company dated 9 July 2021.

ORDINARY RESOLUTION

1. To consider and, if thought fit, approve the EPC Contract and the transactions contemplated thereunder as set out in the circular of the Company dated 9 July 2021; and to authorise any Director to exercise all powers which they consider necessary and do such other acts and things and execute such other documents which in their opinion may be necessary or desirable to implement the transactions contemplated under the EPC Contract.

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

Chengdu, Sichuan Province, the PRC
9 July 2021

Notes:

1. Details of the above resolutions are set out in the circular of the Company dated 9 July 2021.
2. In order to determine the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 19 July 2021 to Wednesday, 18 August 2021 (both days inclusive), during which period no transfer of the shares of the Company (the "Shares") will be effected. In order to be qualified to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the H share registrar of the Company, namely Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by holders of H Shares, or to the Company's registered office at No. 789, Renhe Road, Wenjiang District, Chengdu City, Sichuan Province, the PRC for registration by holders of Domestic Shares and Unlisted Foreign Shares no later than 4:30 p.m. on Friday, 16 July 2021.
3. Shareholder(s) of the Company (the "Shareholder(s)") who are entitled to attend and vote at the EGM may appoint one or more proxies to attend and, in the event of a poll, vote on their behalves. A proxy need not to be a Shareholder.

NOTICE OF THE 2021 SECOND EXTRAORDINARY GENERAL MEETING

4. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorised to sign the same.
5. In order to be valid, the proxy form must be deposited to the H share registrar of the Company, namely Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by holders of H Shares, or to the Company's registered office at No. 789, Renhe Road, Wenjiang District, Chengdu City, Sichuan Province, the PRC for registration by holders of Domestic Shares and Unlisted Foreign Shares not less than 24 hours before the time for holding the EGM (i.e. before 9:30 a.m. on Tuesday, 17 August 2021). If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or other authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM or any adjourned meetings should you so wish.
6. Shareholders shall produce their identity documents and supporting documents in respect of Shares held when attending the EGM. If corporate Shareholders appoints authorised representative to attend the EGM, the authorised representative shall produce his/her identity documents and a notarially certified copy of the relevant authorisation instrument signed by the board of directors or other authorised parties of the corporate Shareholders or other notarially certified documents allowed by the Company. Proxies shall produce their identity documents and the proxy form signed by the Shareholders or their attorney when attending the EGM.
7. Shareholders who intend to attend the EGM should complete and return the reply slip in writing by hand or by post to the Company's H shares registrar (for holders of H Shares), or to the Company's registered office at No. 789, Renhe Road, Wenjiang District, Chengdu City, Sichuan Province, the PRC (for holders of Domestic Shares and Unlisted Foreign Shares) before Tuesday, 10 August 2021.
8. Where there are joint registered holders of any Share(s), any one of such joint holders may attend and vote at the EGM, either in person or by proxy, in respect of such Share(s) as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the EGM or any adjourned meeting thereof (as the case may be), the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
9. Pursuant to rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of shareholders at a general meeting must be taken by poll except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, the chairman of the general meeting will also demand that all the resolutions proposed at the general meeting will be voted on by way of poll in the registered form.
10. The EGM is expected to be held for less than half a day. Shareholders who intend to attend the EGM shall arrange and bear their own transportation and accommodation expenses.
11. The name and address of the Company's H Shares registrar is as follows:
Tricor Investor Services Limited
Level 54, Hopewell Centre,
183 Queen's Road East, Hong Kong
Tel: +852 29801333
Fax: +852 28108185
12. The address of registered office of the Company in the PRC is as follows:
No.789, Renhe Road,
Wenjiang District, Chengdu City,
Sichuan Province, the PRC
Tel: +86 (28) 86299666
Fax: +86 (28) 86299666

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