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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)

**CONNECTED TRANSACTION
EQUIPMENT PROCUREMENT AGREEMENTS**

BACKGROUND

On 16 July 2021, after trading hours, Sichuan Energy Yibin Electricity Construction, being a subsidiary of the Company, entered into the Equipment Procurement Agreements with Sun Technology, a connected person of our Company, pursuant to which Sun Technology agreed to supply certain equipment to Sichuan Energy Yibin Electricity Construction.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Sun Technology is a non-wholly owned subsidiary of Hydropower Group, which is one of the controlling Shareholders of the Company. Accordingly, Sun Technology is an associate of Hydropower Group and therefore a connected person of the Company under Rule 14A.07 of the Listing Rules and the transactions contemplated under the Equipment Procurement Agreements constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

Between January and April 2021, the Purchaser, along with two other wholly-owned subsidiaries of the Company, namely, Sichuan Energy Junlian Electricity and Sichuan Energy Yibin Changyuan, entered into several equipment purchase agreements with Sun Technology similar to the present transactions in a total amount of RMB1,290,980 (“**2021 Equipment Purchase Arrangement**”). As the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules, whether in respect of each of the transactions contemplated under the 2021 Equipment Purchase Arrangement or in aggregate, were less than 5% and the total consideration was less than HK\$3,000,000, the transactions contemplated under the 2021 Equipment Purchase Arrangement constituted de minimis transactions pursuant to Rule 14A.76(1)(c) of the Listing Rules and were fully exempt from Shareholders’ approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

However, upon entering into the Equipment Procurement Agreements, the total consideration payable by the subsidiaries when aggregated with the transaction amount under the 2021 Equipment Purchase Arrangement will be in excess of HK\$3,000,000. Moreover, reference is made to an announcement of the Company dated 30 December 2020 in relation to the purchase of equipment from Sun Technology by the Purchaser along with Sichuan Energy Xuzhou Electricity (a wholly-owned subsidiary of the Company) and Sichuan Energy Electricity Company (a subsidiary of the Company) of a total amount of RMB3,720,035 (having aggregated with certain previous transactions) (“**December 2020 Equipment Purchase Arrangement**”). Having considered the combined effect from the 2021 Equipment Purchase Arrangement and the December 2020 Equipment Purchase Arrangement, the aggregated applicable percentage ratios in respect of (i) present transaction; (ii) the 2021 Equipment Purchase Arrangement; and (iii) the December 2020 Equipment Purchase Arrangement exceed 0.1% but are less than 5%. Therefore, the entering into of the Equipment Procurement Agreements is subject to the reporting and announcement requirements but is exempt from the circular and Shareholders’ approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

THE EQUIPMENT PROCUREMENT AGREEMENTS

- Date:** 16 July 2021 (after trading hours)
- Parties:**
- (1) Sichuan Energy Yibin Electricity Construction (as “**Purchaser**”)
 - (2) Sun Technology (as supplier)
- Transaction:** Sun Technology agreed to sell, and the Purchaser agreed to purchase, certain equipment including smart meter self-service scan code payment machines, voltage monitoring machines, electricity vending POS machines, multi-functional smart terminals and electricity vending card readers.
- Purchase price and payment terms:** The aggregated purchase price of the equipment payable under the Equipment Procurement Agreements shall not exceed RMB2,429,900 (delivery fee and tax inclusive). 95% of the consideration under each Equipment Procurement Agreements shall be settled within 100 days after the receipt of the equipment by the relevant Purchaser. The remaining 5% shall be settled within seven days upon the expiry of the one-year warranty period, provided that no quality issue of the equipment purchased is discovered during the period.
- Pricing basis:** The unit purchase prices of the equipment shall be determined on arm’s length basis through a tendering process and with reference to the market prices of equivalent equipment produced by other manufacturers. The unit purchase prices shall not be higher than the prices offered by Sun Technology to independent third parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUIPMENT PROCUREMENT AGREEMENTS

The equipment procurement is part of an initiative to improve contactless service of electricity supply at customer-end and to safeguard workers' health and safety against the backdrop of combating the novel coronavirus. Smart meter self-service scan code payment machines allow end-users to make enquires and billings without the need to physically visit service centers. Voltage monitoring machines serve to monitor deviation in voltage on a real-time basis to enhance service quality in electricity supply. The electricity vending POS machines can meet the recharge and payment demand of non-remote smart meter customers and the demand of service personnel to visit and update card meter information on site. The multi-functional smart terminals allow customers to scan the code with their mobile phones for inquiries and printing of electricity bills and historical invoices, reducing the pressure of customer reception at the counter. The multi-card holder functions of the electricity vending card readers are suitable for counter operation with frequent use of cards, improving the security of the system and the convenience of application.

The Directors (including the independent non-executive Directors) are of the view that the terms under the Equipment Procurement Agreements are fair and reasonable, entered into 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 holds position in Hydropower Group, and Mr. Li Hui and Ms. Xie Peixi are Directors nominated by Hydropower Group, they have voluntarily abstained from voting on the Board resolutions to approve the Equipment Procurement Agreements. Save as disclosed above, none of the Directors have material interest in the Equipment Procurement Agreements and hence no other Director was required to abstain from voting on the relevant resolution for approving such agreements.

LISTING RULES IMPLICATIONS

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INFORMATION OF PARTIES INVOLVED

Sichuan Energy Yibin Changyuan

Sichuan Energy Yibin Changyuan is a company established in the PRC with limited liability on 23 November 1998 and is an indirect wholly-owned subsidiary of the Company engaged in the development, production and sale of electricity through Sichuan Energy Yibin City Xuzhou Electricity Co., Ltd., a wholly owned subsidiary of the Company. Yibin Changyuan is primarily engaged in electrical engineering.

Sichuan Energy Julian Electricity

Sichuan Energy Junlian Electricity is a company established in the PRC with limited liability on 21 May 2012 and a wholly-owned subsidiary of our Company. It is primarily engaged in the power supply service and the purchase and sale of power supply equipment.

Sichuan Energy Yibin Electricity Construction

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.

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.

Sun Technology

Sun Technology is a limited liability company established in the PRC on 10 December 1992 and is owned as to approximately 67% by Hydropower Group (one of the controlling Shareholders of our Company), approximately 25% by Sichuan LenSyn Technology Co., Ltd.* (四川能信科技股份有限公司) and approximately 8% by Mr. Li Guangying. It is primarily engaged in the development and sale of computer software and hardware. Sichuan LenSyn Technology Co., Ltd. is a company with issued shares quoted on the National Equities Exchange and Quotations (stock code: 837522) and is ultimately controlled by Mr. Li Weiyang.

Hydropower Group

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

Hydropower Group is owned as to approximately 77.74% by Energy Investment Group, and owned indirectly as to approximately 9.16% by China Construction Bank Corporation* (中國建設銀行股份有限公司) (a bank with state-owned background in the PRC dually listed on the Stock Exchange (stock code: 00939) and the Shanghai Stock Exchange (stock code: 601939)), approximately 6.55% by Agricultural Bank of China Limited* (中國農業銀行股份有限公司) (a bank with state-owned background in the PRC dually listed on the Stock Exchange (stock code: 01288) and the Shanghai Stock Exchange (stock code: 601288)), and approximately 6.55% by Bank of China Limited* (中國銀行股份有限公司) (a bank with state-owned background in the PRC dually listed on the Stock Exchange (stock code: 03988) and the Shanghai Stock Exchange (stock code: 601988)).

Energy Investment Group (a wholly state-owned company and is one of the controlling Shareholders of the Company) is in turn held by Sichuan Development Co. as to approximately 67.8% and ICBC Credit Suisse Investment Management Co., Ltd.* (工銀瑞信投資管理有限公司) as to approximately 32.2%.

ICBC Credit Suisse Investment Management Co., Ltd.* is indirectly owned as to 55% by Industrial and Commercial Bank of China Limited* (中國工商銀行股份有限公司) (a bank with state-owned background in the PRC dually listed in the Stock Exchange (stock code: 01398) and the Shanghai Stock Exchange (stock code: 601398)), and as to 45% by Credit Suisse Group AG (a bank based in Switzerland dually listed on SIX Swiss Exchange (ticker: CSGN) and the New York Stock Exchange (ticker: CS)).

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
“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
“Equipment Procurement Agreements”	the equipment procurement agreements entered into on 16 July 2021 by the Purchaser and Sun Technology, pursuant to which Sun Technology agreed to sell and the Purchaser agreed to purchase certain equipment including smart payment terminals, smart meter interactive terminals, POS systems, voltage monitoring machines and other equipment
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK\$ and listed on the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hydropower Group”	Sichuan Province Hydropower Investment and Management Group Co., Ltd.* (四川省水電投資經營集團有限公司), a limited liability company established in the PRC on 17 December 2004 and one of the controlling Shareholders of our Company
“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 controlling Shareholders of the Company
“Sichuan Energy Junlian Electricity”	Sichuan Energy Investment Junlian Electricity Co., Ltd. * (四川能投筠連電力有限公司), a company established in the PRC with limited liability on 21 May 2012 and a wholly-owned subsidiary of our Company
“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), a company established in the PRC with limited liability on 5 November 1996 and a wholly-owned subsidiary of our Company
“Sichuan Energy Yibin Changyuan”	Yibin County Xuzhou District Changyuan Infrastructure Co., Ltd.* (宜賓市敘州區長源實業有限公司), a company established in the PRC with limited liability on 23 November 1998 and an indirect wholly-owned subsidiary of the Company
“Sun Technology”	Sun Technology Company Limited* (成都太陽高科技有限責任公司) is a company established in the PRC with limited liability on 10 December 1992 that is owned as to 67% by Hydropower Group (one of the controlling Shareholders of our Company), approximately 25% by Sichuan LenSyn Technology Co., Ltd. (四川能信科技股份有限公司) and approximately 8% by Mr. Li Guangyang

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

Chengdu, Sichuan Province, the PRC
16 July 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