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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)

CONTINUING CONNECTED TRANSACTION
REVISION OF ANNUAL CAP OF LEASING OF SUBSTATIONS

Reference is made to the announcement of the Company dated 19 April 2021, in relation to the continuing connected transaction under the Substations Leasing Agreement.

Under the Substations Leasing Agreement, Sichuan Energy Yibin Electricity Construction (as lessor) shall lease six temporary substations to Changning Natural Gas (as lessee) from 1 January 2021 and ending on the respective term of each of the six temporary substation rentals, but in any event no later than 31 December 2021.

Since Sichuan Energy Yibin Electricity Construction and Changning Natural Gas have agreed to extend the respective term of each of the temporary substation rentals to 31 December 2021, the Original Annual Cap under the Substations Leasing Agreement for the year ending 31 December 2021 cannot meet the business needs of the Company. Therefore, the Board passed a resolution on 17 December 2021 which proposed to revise the Original Annual Cap under the Substations Leasing Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Changning Natural Gas is owned as to 30% by Energy Investment Group, which is one of the controlling shareholders of the Company. Accordingly, Changning Natural Gas is an associate of Energy Investment Group and therefore a connected person of the Company under Rule 14A.07 and the transaction contemplated under the Substations Leasing Agreement constitutes continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Since all applicable percentage ratios in respect of the Revised Annual Cap for the year ending 31 December 2021 exceed 0.1% but less than 5%, the Revised Annual Cap is subject to the reporting and announcements requirements but is exempt from the circular and Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

BACKGROUND

Reference is made to the continuing connected transaction between Sichuan Energy Yibin Electricity Construction (as lessor) and Changning Natural Gas (as lessee) under the Substations Leasing Agreement, pursuant to which the former shall lease six temporary substations to the latter from 1 January 2021 and ending on the respective term of each of the six temporary substation rentals, but in any event no later than 31 December 2021, details of which were disclosed in the announcement of the Company dated 19 April 2021.

As Sichuan Energy Yibin Electricity Construction and Changning Natural Gas have agreed to extend the respective term of each of the temporary substation rentals to 31 December 2021, it is anticipated that the total amount of rental payable for the year ending 31 December 2021 will exceed the Original Annual Cap. The Board therefore passed a resolution on 17 December 2021 which proposed to revise the Original Annual Cap for the year ending 31 December 2021 from RMB4,801,537.50 to RMB5,078,937.50.

CONTINUING CONNECTED TRANSACTION UNDER THE SUBSTATIONS LEASING AGREEMENT

The terms of the Substations Leasing Agreement have not been changed or modified in any way and the major terms are set out in the section headed “THE SUBSTATIONS LEASING AGREEMENT” in the announcement of the Company dated 19 April 2021.

THE ORIGINAL ANNUAL CAP AND REVISED ANNUAL CAP OF THE TOTAL AMOUNT OF RENTAL PAYABLE

Set out below are the Original Annual Cap and the Revised Annual Cap under the Substations Leasing Agreement:

	Original Annual Cap for the year ending 31 December 2021	Revised Annual Cap for the year ending 31 December 2021
Rental Payable	RMB4,801,537.50	RMB5,078,937.50

The Revised Annual Cap under the Substations Leasing Agreement is determined with reference to:

- 1) the actual rental of RMB4,801,537.50 paid by Changning Natural Gas to Sichuan Energy Yibin Electricity Construction during the period from 1 January 2021 to 19 December 2021; and
- 2) the estimated maximum rental of RMB277,400.00 payable by Changning Natural Gas to Sichuan Energy Yibin Electricity Construction for the period from 20 December 2021 to 31 December 2021 calculated on a pro rata basis with reference to the monthly rental and the number of days of such extended period.

As at the date of this announcement, the transaction amount of the continuing connected transaction under the Substations Leasing Agreement has not exceeded the Original Annual Cap. If the Revised Annual Cap stated above is exceeded, the Company will re-comply with the requirements under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAP

Changning Natural Gas is the implementation unit of a national key shale gas development project located within the region of the Group's business operation. The Directors (including the independent non-executive Directors) considered it is beneficial to the Group to revise the Original Annual Cap under the Substations Leasing Agreement in order to continue to provide quality service through the current cooperation with Changning Natural Gas, as it would facilitate the Group's expansion to the power construction market beyond its region of business operation, and provide more opportunities of business cooperation with other non-power sectors. The Revised Annual Cap under the Substations Leasing Agreement would also increase the operation income of the Company, thus enhancing its financial performance.

The Directors (including the independent non-executive Directors, but except the Directors as set out in the section headed "Approval by the Board") are of the view that the Revised Annual Cap under the Substations Leasing Agreements is fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

APPROVAL BY THE BOARD

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

LISTING RULES IMPLICATIONS

As at the date of this announcement, Changning Natural Gas is owned as to 30% by Energy Investment Group, which is one of the controlling shareholders of the Company. Accordingly, Changning Natural Gas is an associate of Energy Investment Group and therefore a connected person of the Company under Rule 14A.07 and the transaction contemplated under the Substations Leasing Agreement constitutes continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

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

INFORMATION OF PARTIES INVOLVED

Changning Natural Gas

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

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

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

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

The Company

The Company is a vertically integrated power supplier and service provider in Yibin City, Sichuan Province, with a full power supply value chain covering power generation and electricity distribution and sales.

Sichuan Energy Yibin Electricity 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.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings when used herein:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Changning Natural Gas”	Sichuan Changning Natural Gas Development Co., Ltd.* (四川長寧天然氣開發有限責任公司), a limited liability company established in the PRC on 2 December 2013 and the lessee under the Substations Leasing Agreement.
“Company”	Sichuan Energy Investment Development Co., Ltd.* (四川能投發展股份有限公司) (stock code: 01713), a company established in the PRC as a joint stock company with limited liability on 29 September 2011
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in RMB by PRC nationals and/or PRC corporate entities
“Energy Investment Group”	Sichuan Province Energy Investment Group Co., Ltd.* (四川省能源投資集團有限責任公司), a limited liability company established in the PRC on 21 February 2011 and one of the controlling shareholders of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK\$ and listed on the Stock Exchange

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Original Annual Cap”	the original annual cap amount of RMB4,801,537.5 for the year ending 31 December 2021
“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
“Revised Annual Cap”	the revised annual cap amount of RMB5,078,937.5 for the year ending 31 December 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the Domestic Share(s), the H Share(s) and the Unlisted Foreign Share(s)
“Shareholder(s)”	holder(s) of the Shares of the Company
“Sichuan Development Co.”	Sichuan Development (Holding) Co., Ltd.* (四川發展(控股)有限責任公司), a wholly State-owned enterprise with limited liability established under the laws of the PRC on 24 December 2008 and one of the Company’s controlling shareholders (as defined under the Listing Rules)
“Sichuan Energy Yibin Electricity Construction”	Sichuan Energy Yibin Electricity Engineering Co. Ltd.* (四川能投宜賓電力工程建設有限公司) is a company established in the PRC with limited liability on 5 November 1996 and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Substations Leasing Agreement”	The substation leasing agreement entered into on 19 April 2021 by Sichuan Energy Yibin Electricity Construction and Changning Natural Gas, pursuant to which the former shall lease six temporary substations to the latter for a period beginning from 1 January 2021 and ending on the respective term of each of the six substation rentals, but in any event no later than 31 December 2021
“Unlisted Foreign Share(s)”	the 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)
“%”	per cent

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

Chengdu, Sichuan Province, the PRC
17 December 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, Ms. Liang Hong and Ms. Lv Yan; and the independent non-executive Directors are Mr. Kin Kwong Kwok Gary, Ms. He Zhen, Mr. Wang Peng and Prof. Li Jian.

* For identification purposes only