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**四川能投發展股份有限公司**  
**Sichuan Energy Investment Development Co., Ltd.\***

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 01713)**

**DISCLOSEABLE AND CONNECTED TRANSACTIONS  
IN RELATION TO THE  
(1) EPC CONTRACT;  
(2) EQUIPMENT AND MATERIALS PROCUREMENT CONTRACT;  
(3) CONSTRUCTION SUPERVISION CONTRACT; AND  
(4) AUTOMATION EPC CONTRACT**

**(1) EPC CONTRACT**

On 17 December 2021, the Implementation Units (all of which are wholly-owned subsidiaries of the Company) entered into the EPC Contract with among others, Hydropower Group, Sichuan Energy Construction and Sichuan Energy Power, pursuant to which, Sichuan Energy Construction and Sichuan Energy Power agreed to provide engineering, procurement and construction services for the 10kV and Below Project.

**(2) EQUIPMENT AND MATERIALS PROCUREMENT CONTRACT**

On 17 December 2021, the Implementation Units (all of which are wholly-owned subsidiaries of the Company) entered into the Equipment and Materials Procurement Contract among others, with Hydropower Group and Materials Industry Group, pursuant to which, Materials Industry Group agreed to provide procurement of equipment and materials service for the 10kV and Below Project.

**(3) CONSTRUCTION SUPERVISION CONTRACT**

On 17 December 2021, the Implementation Units (all of which are wholly-owned subsidiaries of the Company) entered into the Construction Supervision Contract with among others, Hydropower Group and Sichuan Yilian, pursuant to which, Sichuan Yilian agreed to provide construction supervision service for the Power Grid Consolidation and Improvement Project.

#### **(4) AUTOMATION EPC CONTRACT**

On 17 December 2021, the Implementation Units (all of which are wholly-owned subsidiaries of the Company) entered into the Automation EPC Contract with among others, Hydropower Group, Sun Technology and Beijing Forever, pursuant to which, Sun Technology and Beijing Forever agreed to provide engineering, procurement and construction services for the Power Grid Consolidation and Improvement Project.

#### **LISTING RULES IMPLICATIONS**

##### **(a) EPC Contract**

As at the date of this announcement, Hydropower Group is one of the controlling shareholders of the Company and certain Other EPC Contract Implementation Units (as defined below) are associates of Hydropower Group. Sichuan Energy Construction is a direct subsidiary of Energy Investment Group, which is one of the controlling shareholders of the Company. Sichuan Energy Power is a wholly-owned subsidiary of Hydropower Group, which is one of the controlling shareholders of the Company. Accordingly, Hydropower Group, Sichuan Energy Construction, Sichuan Energy Power and certain Other EPC Contract Implementation Units (as defined below) are connected persons of the Company under Rule 14A.07 of the Listing Rules and the transactions contemplated under the EPC Contract constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

##### **(b) Equipment and Materials Procurement Contract**

As at the date of this announcement, Hydropower Group is one of the controlling shareholders of the Company and certain Other Equipment and Materials Procurement Contract Implementation Units (as defined below) are associates of Hydropower Group. Materials Industry Group is a wholly-owned subsidiary of Energy Investment Group, which is one of the controlling shareholders of the Company. Accordingly, Hydropower Group, Materials Industry Group Other Equipment and Materials Procurement Contract Implementation Units (as defined below) are connected persons of the Company under Rule 14A.07 of the Listing Rules and the transactions contemplated under the Equipment and Materials Procurement Contract constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

##### **(c) Construction Supervision Contract**

As at the date of this announcement, Hydropower Group is one of the controlling shareholders of the Company and certain Other Construction Supervision Contract Implementation Units (as defined below) are associates of Hydropower Group. Sichuan Yilian is indirectly held as to approximately 33.52% by Energy Investment Group, which is one of the controlling shareholders of the Company. Accordingly, Hydropower Group, Sichuan Yilian and certain Other Construction Supervision Contract Implementation Units (as defined below) are connected persons of the Company under Rule 14A.07 of the Listing Rules and the transactions contemplated under the Construction Supervision Contract constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

**(d) Automation EPC Contract**

As at the date of this announcement, Hydropower Group is one of the controlling shareholders of the Company and certain Other Automation EPC Contract Implementation Units (as defined below) are associates of Hydropower Group. Sun Technology is a direct subsidiary of Hydropower Group, which is one of the controlling shareholders of the Company. Accordingly, Hydropower Group, Sun Technology and certain Other Automation EPC Contract Implementation Units (as defined below) are connected persons of the Company under Rule 14A.07 of the Listing Rules and the transactions contemplated under the Automation EPC Contract constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

Since all applicable percentage ratios in respect of the transactions contemplated under the Contracts on an aggregated basis exceed 5% but below 25% and the total consideration is more than HK\$10,000,000, the transactions contemplated thereunder constitute (i) discloseable transactions which are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) connected transactions of the Company which are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the Company's past experience and estimation, the estimated maximum final settlement price of the Contracts shall not be more than 15% of the contract price. If the actual final settlement price of the Contracts exceeds the estimated maximum final settlement price, the Company will make relevant announcement in due course and fulfill the relevant requirements under the Listing Rules (if applicable).

**GENERAL**

The Company has established the Independent Board Committee to advise the Independent Shareholders in relation to the transactions contemplated under the Contracts. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard under the Listing Rules.

A circular containing, among others, (i) further details of the EPC Contract, the Equipment and Materials Procurement Contract, the Construction Supervision Contract, the Automation EPC Contract; (ii) the letter of recommendation from the Independent Board Committee; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of EGM and other information as required under the Listing Rules will be despatched to the Shareholders. The circular is expected to be despatched on or before 28 February 2022 as additional time is required for the preparation of information to be included in the circular.

**THE EPC CONTRACT**

On 17 December 2021, the Implementation Units entered into the EPC Contract with among others, Hydropower Group, Sichuan Energy Construction and Sichuan Energy Power. The principal terms of the EPC Contract are set out below:

- Date: 17 December 2021
- Parties:
- (1) Xuzhou Electricity;
  - (2) Gao County Electricity;
  - (3) Gong County Electricity;
  - (4) Junlian Electricity;
  - (5) Pingshan Electricity;
  - (6) Xingwen Electricity;
  - (7) Other EPC Contract Implementation Units (as defined below);
  - (8) Hydropower Group (as contractor);
  - (9) Sichuan Energy Construction (as subcontractor); and
  - (10) Sichuan Energy Power (as subcontractor).
- Project: the 10kV and Below Project
- Scope of service: Survey, design, construction and equipment and materials procurement
- Construction period: 264 calendar days
- Conditions precedent: The contract shall become effective subject to the satisfaction of the following conditions precedent:
- 1. the legal representative or authorized agent of each party to the contract having executed the contract or affixed the seal thereto;
  - 2. Hydropower Group having received the performance guarantee;
  - 3. The power grid investment contract between Hydropower Group and the Implementation Units and Other EPC Contract Implementation Units (as defined below) having been executed and become effective;

4. The self-financed funds (if any) of the Implementation Units and Other EPC Contract Implementation Units (as defined below) are available;
5. the Independent Shareholders having approved the contract and the transactions contemplated thereunder at the EGM in accordance with the Listing Rules; and
6. the Stock Exchange's approval in connection with the contract and the transactions contemplated thereunder have been obtained.

Period of warranty: 24 months (commencing from the issuance of project handover certificate)

Contract price: RMB619,347,209 (out of which the Implementation Units shall share RMB156,633,031) subject to completion and settlement audit report issued by an independent third party audit institution appointed by Hydropower Group. Based on the Company's past experience and estimation, the final settlement amount shall not be more than 15% of the said contract price.

Pricing: The contract price was the successful tender price offered by Sichuan Energy Construction and Sichuan Energy Power in the public tender and was accepted by the bid evaluation committee (評標委員會) for the 10kV and Below Project after thorough evaluation, pursuant to the relevant rules and regulations of the PRC.

The maximum tender price for the 10kV and Below Project was set by the Group and the third-party professional institution engaged by the Group. The maximum tender price was fixed according to the calculation mechanism of the price determination and formula for each category of service in accordance with the documents issued by the governmental authorities, including but not limited to Provision for Compilation and Calculation of Budgets for 20kV and Below Power Grid Construction (2016 version) (《20kV及以下配電網工程建設預算編製與計算規定》(2016年版)) and Budget Quota for 20kV and Below Power Grid Construction (2016 version) (《20kV及以下配電網工程預算定額》(2016年版)), and feasibility study report of the 10kV and Below Project, which also makes reference to the estimated amount of the EPC works of the 10kV and Below Project and the price of the comparable works available in the market.

Payment terms:

The contract price for survey and design shall be paid in the following manner:

- (1) up to 80% of the contract price for survey and design after confirmation of the construction drawing design;
- (2) up to 90% of the contract price for survey and design after completion and acceptance of the project;
- (3) up to 97% of the contract price for survey and design after settlement and audit;
- (4) the remaining 3% of the contract price for survey and design will be served as quality warranty and shall be paid after the expiry of warranty period.

The contract price for construction shall be paid in the following manner:

- (1) up to 85% of the contract price for construction based on the actual amount of the construction work completed each month;
- (2) up to 90% of the contract price for construction after completion and acceptance of the project;
- (3) up to 97% of the contract price for construction after settlement and audit;
- (4) the remaining 3% of the contract price for construction will be served as quality warranty and shall be paid after the expiry of warranty period.

The materials fees shall be paid in the following manner:

- (1) up to 90% of the materials fees based on the actual amount of materials supplied;
- (2) up to 95% of the materials fees based on the actual amount of materials supplied after completion and acceptance;
- (3) up to 97% of the materials fees based on the actual amount of materials supplied after settlement and audit;
- (4) the remaining 3% of the materials fees based on the actual amount of materials supplied will be served as quality warranty and shall be paid after the expiry of warranty period.

**THE EQUIPMENT AND MATERIALS PROCUREMENT CONTRACT**

On 17 December 2021, the Implementation Units entered into the Equipment and Materials Procurement Contract with among others, Hydropower Group, and Materials Industry Group. The principal terms of the Equipment and Materials Procurement Contract are set out below:

- Date: 17 December 2021
- Parties:
- (1) Xuzhou Electricity;
  - (2) Gao County Electricity;
  - (3) Gong County Electricity;
  - (4) Junlian Electricity;
  - (5) Pingshan Electricity;
  - (6) Xingwen Electricity;
  - (7) Other Equipment and Materials Procurement Contract Implementation Units (as defined below);
  - (8) Hydropower Group (as contractor); and
  - (9) Materials Industry Group (as subcontractor).
- Project: the 10kV and Below Project
- Scope of service: Equipment and materials procurement
- Conditions precedent: The contract shall become effective subject to the satisfaction of the following conditions precedent:
- 1. the legal representative or authorized agent of each party to the contract having executed the contract or affixed the seal thereto;
  - 2. Hydropower Group having received the performance guarantee;
  - 3. The power grid investment contract between Hydropower Group and the Implementation Units and the Other Equipment and Materials Procurement Contract Implementation Units (as defined below) having been executed and become effective;
  - 4. The self-financed funds (if any) of the Implementation Units and the Other Equipment and Materials Procurement Contract Implementation Units (as defined below) are available;

5. the Independent Shareholders having approved the contract and the transactions contemplated thereunder at the EGM in accordance with the Listing Rules; and
6. the Stock Exchange's approval in connection with the contract and the transactions contemplated thereunder have been obtained.

Period of warranty: 12 months (commencing from the commissioning of the project) or 18 months (commencing from the delivery of the products)

Contract price: RMB655,776,239.19 (out of which the Implementation Units shall share RMB161,213,958.39) subject to completion and settlement audit report issued by an independent third party audit institution appointed by Hydropower Group. Based on the Company's past experience and estimation, the final settlement amount shall not be more than 15% of the said contract price.

Pricing: The contract price was the successful tender price offered by Materials Industry Group in the public tender and was accepted by the bid evaluation committee (評標委員會) for the 10kV and Below Project after thorough evaluation, pursuant to the relevant rules and regulations of the PRC.

Payment terms: The contract price shall be paid in the following manner:

- (1) 30% of the contract price within 15 days after signing the contract;
- (2) 67% of the contract price within 7 working days after acceptance of the equipment and materials supplied and the issuance of value-added tax invoice;
- (3) the remaining 3% of the contract price will be served as quality warranty and shall be paid within 14 days after the expiry of warranty period and there is no event of default.

## **THE CONSTRUCTION SUPERVISION CONTRACT**

On 17 December 2021, the Implementation Units entered into the Construction Supervision Contract with among others, Hydropower Group and Sichuan Yilian. The principal terms of the Construction Supervision Contract are set out below:

Date: 17 December 2021

Parties:

- (1) Xuzhou Electricity;
- (2) Gao County Electricity;



- (3) Gong County Electricity;
- (4) Junlian Electricity;
- (5) Pingshan Electricity;
- (6) Xingwen Electricity;
- (7) Other Construction Supervision Contract Implementation Units (as defined below);
- (8) Hydropower Group (as contractor); and
- (9) Sichuan Yilian (as subcontractor).

Project: the Power Grid Consolidation and Improvement Project

Scope of service: Construction supervision

Conditions precedent: The contract shall become effective subject to the satisfaction of the following conditions precedent:

1. the legal representative or authorized agent of each party to the contract having executed the contract or affixed the seal thereto;
2. Hydropower Group having received the performance guarantee;
3. The power grid investment contract between Hydropower Group and the Implementation Units and the Other Construction Supervision Contract Implementation Units (as defined below) having been executed and become effective;
4. The self-financed funds (if any) of the Implementation Units and the Other Construction Supervision Contract Implementation Units (as defined below) are available;
5. the Independent Shareholders having approved the contract and the transactions contemplated thereunder at the EGM in accordance with the Listing Rules; and
6. the Stock Exchange's approval in connection with the contract and the transactions contemplated thereunder have been obtained.

Period of warranty: 12 months

Contract price: RMB7,352,100 (out of which the Implementation Units shall share RMB4,143,500) subject to completion and settlement audit report issued by an independent third party audit institution appointed by Hydropower Group. Based on the Company's past experience and estimation, the final settlement amount shall not be more than 15% of the said contract price.

Pricing: The contract price was the successful tender price offered by Sichuan Yilian in the public tender and was accepted by the bid evaluation committee (評標委員會) for the 10kV and Below Project after thorough evaluation, pursuant to the relevant rules and regulations of the PRC.

Payment terms: The contract price shall be paid in the following manner:

- (1) up to 85% of the contract price every two months based on the actual amount of the construction work completed;
- (2) up to 97% of the contract price after completion of the settlement and audit of construction work;
- (3) the remaining 3% of the contract price will be served as quality warranty and shall be paid after the expiry of warranty period.

#### **THE AUTOMATION EPC CONTRACT**

On 17 December 2021, the Implementation Units entered into the Automation EPC Contract with among others, Hydropower Group, Sun Technology and Beijing Forever. The principal terms of the Automation EPC Contract are set out below:

Date: 17 December 2021

- Parties:
- (1) Xuzhou Electricity;
  - (2) Gao County Electricity;
  - (3) Gong County Electricity;
  - (4) Junlian Electricity;
  - (5) Pingshan Electricity;
  - (6) Xingwen Electricity;
  - (7) Other Automation EPC Contract Implementation Units (as defined below);
  - (8) Hydropower Group (as contractor);

(9) Sun Technology (as subcontractor); and

(10) Beijing Forever (as subcontractor).

Project:	the Power Grid Consolidation and Improvement Project
Scope of service:	Procurement and supply of equipment and materials; installation and trial operation and design for automation improvement engineering
Construction period:	203 calendar days
Conditions precedent:	<p>The contract shall become effective subject to the satisfaction of the following conditions precedent:</p> <ol style="list-style-type: none"><li>1. the legal representative or authorized agent of each party to the contract having executed the contract or affixed the seal thereto;</li><li>2. Hydropower Group having received the performance guarantee;</li><li>3. The power grid investment contract between Hydropower Group and the Implementation Units and the Other Automation EPC Contract Implementation Units (as defined below) having been executed and become effective;</li><li>4. The self-financed funds (if any) of the Implementation Units and the Other Automation EPC Contract Implementation Units (as defined below) are available;</li><li>5. the Independent Shareholders having approved the contract and the transactions contemplated thereunder at the EGM in accordance with the Listing Rules; and</li><li>6. the Stock Exchange's approval in connection with the contract and the transactions contemplated thereunder have been obtained.</li></ol>
Period of warranty:	2 years (if the manufacturers of the products provide warranty period of over 2 years, then such period of warranty is adopted)
After-sales service:	3 years (commencing from the date of acceptance of Hydropower Group)
Contract price:	RMB46,960,000 (out of which the Implementation Units shall share RMB12,743,115) subject to completion and settlement audit report issued by an independent third party audit institution appointed by Hydropower Group. Based on the Company's past experience and estimation, the final settlement amount shall not be more than 15% of the said contract price.

Pricing: The contract price was the successful tender price offered by Sun Technology and Beijing Forever in the public tender and was accepted by the bid evaluation committee (評標委員會) for the Automation EPC Project after thorough evaluation, pursuant to the relevant rules and regulations of the PRC.

Payment terms: The contract price for equipment and materials procurement shall be paid in the following manner:

- (1) 30% of the contract price for equipment and materials procurement after the signing of the contract and within 14 days after receiving the request;
- (2) up to 55% of the contract price for equipment and materials procurement after delivery of equipment and materials and within 30 days of the issuance of value-added tax invoice;
- (3) up to 97% of the contract price for equipment and materials procurement after acceptance and settlement and within 30 days of the issuance of value-added tax invoice;
- (4) the remaining 3% of the contract price for equipment and materials procurement will be served as quality warranty and shall be paid after the expiry of warranty period.

The contract price for installation and trial operation shall be paid in the following manner:

- (1) 30% of the contract price for installation and trial operation after the signing of the contract and within 14 days after receiving the request;
- (2) up to 55% of the contract price for installation and trial operation after completion of installation and trial operation and within 30 days after the issuance of value-added tax invoice;
- (3) up to 97% of the contract price for installation and trial operation after settlement and within 30 days after the issuance of value-added tax invoice;
- (4) the remaining 3% of the contract price for installation and trial operation will be served as quality warranty and shall be paid after the expiry of warranty period.

The contract price for the design shall be paid in the following manner:

- (1) 30% of the contract price for the design after the signing of the contract and within 14 days after receiving the request;
- (2) 30% of the contract price for the design after the submission of preliminary design and related information and within 30 days of the issuance of value-added tax invoice;
- (3) 35% of the contract price for the design after the submission of construction drawing design and related information and within 30 days of the issuance of value-added tax invoice;
- (4) the remaining 5% of the contract price for the design after the completion of the project.

### **REASONS FOR AND BENEFITS FOR ENTERING INTO THE CONTRACTS**

Firstly, according to the relevant requirements of the Notice of the National Development and Reform Commission on the Issuance of the 2021 Central Budgetary Investment Plan for the Consolidation and Improvement of Rural Power Grids (Fa Gai Tou Zi [2021] No. 458) (《國家發展和改革委關於下達農村電網鞏固提升2021年中央預算內投資計劃的通知》(發改投資[2021]458號文)), the National Development and Reform Commission has issued the 2021 Central Budgetary Investment Plan for the Consolidation and Improvement of Rural Power Grids in Sichuan Province in order to consolidate and improve the level of power supply stability in Sichuan Province and accelerate the process of equalization of urban and rural power supply services. As important operators to serve local economic development and ensure power supply for rural residents, the six county-level power supply enterprises under the Company have the responsibility and obligation to participate in the implementation of the 2021 rural power grid consolidation and improvement project.

In addition, according to the relevant requirements of the Approval of the General Office of the National Development and Reform Commission on Changing the Legal Person of Local Rural Power Grid Transformation Projects in Sichuan Province (Fa Gai Ban Neng Yuan [2008] No. 2237) (《國家發展改革委辦公廳關於變更四川地方電力農網改造等項目法人的批覆》(發改辦能源[2008]2237號)), the legal person of local rural power grid projects in Sichuan Province shall be Hydropower Group, which shall be responsible for the unified organization and implementation of rural power grid projects. As such, the Hydropower Group conducted public tender and finally determined that the winning bidder for the design and construction general contracting section of the 2021 Rural Power Grid Consolidation and Improvement Engineering 10kV and Below Project is a consortium consisting of Sichuan Energy Construction and Sichuan Energy Power; the winning bidder for the equipment and materials procurement section of the 2021 Rural Power Grid Consolidation and Improvement Engineering 10kV and Below Project is Materials Industry Group; the winning bidder for the construction supervision section I of the 2021 Rural Power Grid Consolidation and Improvement Engineering 10kV and Below Project is Sichuan Yilian; and the winning bidder for the equipment and materials supply, installation and commissioning and design section of the 2021 Rural Power Grid Consolidation and Improvement Engineering Automation Improvement Project is a consortium consisting of Sun Technology and Beijing Forever. The tendering process was in full compliance with the requirements of the Bidding Law of the People's Republic of China (《中華人民共和國招投標法》) and other relevant laws and regulations.

Moreover, Sichuan Energy Construction, Sichuan Energy Power, Materials Industry Group, Sichuan Yilian and Sun Technology are all well-known service providers in power infrastructure construction industry in China. The above five companies have participated in the construction of the Company's power grid projects for many times and have necessary qualifications and extensive industry experience, and are more familiar with the relevant requirements of the Company's power construction projects based on the previous cooperation, which can help to ensure the quality and duration of project construction and bring economic benefits to the Company.

The Directors (excluding the independent non-executive Directors, whose opinion on the EPC Contract, the Equipment and Materials Procurement Contract, the Construction Supervision Contract, the Automation EPC Contract and the transactions contemplated thereunder by reference to the advice from the independent financial adviser in this regard will be set forth in the circular and the Directors who have abstained from voting on the Board resolutions (as set out below) to approve the Contracts) are of the view that the EPC Contract, the Equipment and Materials Procurement Contract, the Construction Supervision Contract, the Automation EPC Contract are entered into (i) on normal commercial terms or better; and (ii) on terms that are fair and reasonable and in the interests of the Group and its Shareholders as a whole.

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 EPC Contract, the Equipment and Materials Procurement Contract, the Construction Supervision Contract, the Automation EPC Contract voluntarily. Saved and except for the aforesaid, none of the Directors has any material interest in the EPC Contract, the Equipment and Materials Procurement Contract, the Construction Supervision Contract, the Automation EPC Contract and were required to abstain from voting on the Board resolutions in relation to the EPC Contract, the Equipment and Materials Procurement Contract, the Construction Supervision Contract, the Automation EPC Contract.

## **LISTING RULES IMPLICATIONS**

### **EPC Contract**

As at the date of this announcement, Hydropower Group is one of the controlling shareholders of the Company and certain Other EPC Contract Implementation Units (as defined below) are associates of Hydropower Group. Sichuan Energy Construction is a direct subsidiary of Energy Investment Group, which is one of the controlling shareholders of the Company. Sichuan Energy Power is a wholly-owned subsidiary of Hydropower Group, which is one of the controlling shareholders of the Company. Accordingly, Hydropower Group, Sichuan Energy Construction, Sichuan Energy Power and certain Other EPC Contract Implementation Units (as defined below) are connected persons of the Company under Rule 14A.07 of the Listing Rules and the transactions contemplated under the EPC Contract constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

### **Equipment and Materials Procurement Contract**

As at the date of this announcement, Hydropower Group is one of the controlling shareholders of the Company and certain Other Equipment and Materials Procurement Contract Implementation Units (as defined below) are associates of Hydropower Group. Materials Industry Group is a wholly-owned subsidiary of Energy Investment Group, which is one of the controlling shareholders of the Company. Accordingly, Hydropower Group, Materials Industry Group and certain Other Equipment and Materials Procurement Contract Implementation Units (as defined below) are connected persons of the Company under Rule 14A.07 of the Listing Rules and the transactions contemplated under the Equipment and Materials Procurement Contract constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

### **Construction Supervision Contract**

As at the date of this announcement, Hydropower Group is one of the controlling shareholders of the Company and certain Other Construction Supervision Contract Implementation Units (as defined below) are associates of Hydropower Group. Sichuan Yilian is indirectly held as to approximately 33.52% by Energy Investment Group, which is one of the controlling shareholders of the Company. Accordingly, Hydropower Group, Sichuan Yilian and certain Other Construction Supervision Contract Implementation Units (as defined below) are connected persons of the Company under Rule 14A.07 of the Listing Rules and the transactions contemplated under the Construction Supervision Contract constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

### **Automation EPC Contract**

As at the date of this announcement, Hydropower Group is one of the controlling shareholders of the Company and certain Other Automation EPC Contract Implementation Units (as defined below) are associates of Hydropower Group. Sun Technology is a direct subsidiary of Hydropower Group, which is one of the controlling shareholders of the Company. Accordingly, Hydropower Group, Sun Technology and certain Other Automation EPC Contract Implementation Units are connected persons of the Company under Rule 14A.07 of the Listing Rules and the transactions contemplated under the Automation EPC Contract constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

Since all applicable percentage ratios in respect of the transactions contemplated under the Contracts on an aggregated basis exceed 5% but below 25% and the total consideration is more than HK\$10,000,000, the transactions contemplated thereunder constitute (i) discloseable transactions which are subject to the reporting and announcement requirement under Chapter 14 of the Listing Rules; and (ii) connected transactions which are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the Company's past experience and estimation, the estimated maximum final settlement price of the Contracts will not be more than 15% of the contract price. If the actual final settlement price of the Contracts exceeds the Estimated Final Settlement Price, the Company will make relevant announcement in due course and fulfill the relevant requirements under the Listing Rules (if applicable).

## **INFORMATION OF PARTIES INVOLVED**

### **Xuzhou Electricity**

Xuzhou Electricity is a limited liability company established on 18 June 2012 and a wholly-owned subsidiary of the Company engaged in the development, production and sale of electricity.

### **Gao County Electricity**

Gao County Electricity is a limited liability company established in the PRC on 30 January 1996 and a wholly-owned subsidiary of the Company engaged in power generation and supply and trading of electrical equipment.

### **Gong County Electricity**

Gong County Electricity is a limited liability company established in the PRC on 29 December 1994 and a wholly-owned subsidiary of the Company and engaged in power generation and supply .

### **Junlian Electricity**

Junlian Electricity a limited liability company established on 21 May 2012 and a wholly-owned subsidiary of the Company and engaged in power supply service and the purchase and sale of power supply equipment.

### **Pingshan Electricity**

Pingshan Electricity is a limited liability company established in the PRC on 30 July 2008 and a wholly owned subsidiary of the Company engaged in power generation and supply in Pingshan County, Yibin City, Sichuan Province.

### **Xingwen Electricity**

Xingwen Electricity is a limited liability company established on 3 April 1998 and a wholly-owned subsidiary of the Company and engaged in power supply and production and sale of electrical equipment.



### **Other EPC Contract Implementation Units**

Other EPC Contract Implementation Units comprise Sichuan Hydropower Group Jiangyuan Electricity Co., Ltd\*, Sichuan Pingwu Electricity (Group) Co., Ltd\*, Sichuan Hydropower Investment and Management Group Qingchuan Electricity Co., Ltd\*, Luzhou Yuyu Electricity Co., Ltd\*, Sichuan Guangan Aaapublic Co., Ltd\*, Sichuan Yuechi Aizhong Electricity Co., Ltd\*, Sichuan Hydropower Investment and Management Group Wanyuan City Longyuan Electricity Co., Ltd\*, Dazhou Electricity Group Co., Ltd\*, Sichuan Hydropower Investment and Management Group Dege Gesaer Electricity Co., Ltd\*, Sichuan Hydropower Group Dazhu Electricity Co., Ltd\*, Sichuan Hydropower Investment and Management Group Kaijiang Mingyue Electricity Co., Ltd\*, Sichuan Hydropower Investment and Management Group Zizhong Longyuan Electricity Co., Ltd\*, Sichuan Hydropower Investment and Management Group Qu County Electricity Co., Ltd\*, Sichuan Hydropower Investment and Management Group Yongan Electricity Co., Ltd\*, Sichuan Hydropower Investment and Management Group Meigu Electricity Co., Ltd\*, Sichuan Zhaojue Electricity Co., Ltd\*, Sichuan Hydropower Group Jinyang Electricity Co., Ltd\*, and Sichuan Hydropower Investment and Management Group Puge Electricity Co., Ltd\*, all of which are established in the PRC principally engaged in power generation and supply and are controlled or invested by Hydropower Group (“**Other EPC Contract Implementation Units**”).

### **Other Equipment and Materials Procurement Contract Implementation Units**

Other Equipment and Materials Procurement Contract Implementation Units comprise Sichuan Hydropower Group Jiangyuan Electricity Co., Ltd\*, Sichuan Pingwu Electricity (Group) Co., Ltd\*, Sichuan Hydropower Investment and Management Group Qingchuan Electricity Co., Ltd\*, Luzhou Yuyu Electricity Co., Ltd\*, Sichuan Guangan Aaapublic Co., Ltd\*, Sichuan Yuechi Aizhong Electricity Co., Ltd\*, Sichuan Hydropower Investment and Management Group Wanyuan City Longyuan Electricity Co., Ltd\*, Dazhou Electricity Group Co., Ltd\*, Sichuan Hydropower Investment and Management Group Dege Gesaer Electricity Co., Ltd\*, Sichuan Hydropower Group Dazhu Electricity Co., Ltd\*, Sichuan Hydropower Investment and Management Group Kaijiang Mingyue Electricity Co., Ltd\*, Sichuan Hydropower Investment and Management Group Zizhong Longyuan Electricity Co., Ltd\*, Sichuan Hydropower Investment and Management Group Qu County Electricity Co., Ltd\*, Sichuan Hydropower Investment and Management Group Yongan Electricity Co., Ltd\*, Sichuan Hydropower Investment and Management Group Meigu Electricity Co., Ltd\*, Sichuan Zhaojue Electricity Co., Ltd\*, Sichuan Hydropower Group Jinyang Electricity Co., Ltd\* and Sichuan Hydropower Investment and Management Group Puge Electricity Co., Ltd\*, all of which are established in the PRC principally engaged in power generation and supply and are controlled or invested by Hydropower Group (the “**Other Equipment and Materials Procurement Contract Implementation Units**”).

### **Other Construction Supervision Contract Implementation Units**

Other Construction Supervision Contract Implementation Units comprise Sichuan Hydropower Investment and Management Group Dege Gesaer Electricity Co., Ltd\*, Sichuan Hydropower Investment and Management Group Meigu Electricity Co., Ltd\*, Sichuan Zhaojue Electricity Co., Ltd\*, Sichuan Hydropower Group Jinyang Electricity Co., Ltd\* and Sichuan Hydropower Investment and Management Group Puge Electricity Co., Ltd\*, all of which are established in the PRC principally engaged in power generation and supply and are controlled or invested by Hydropower Group (the “**Other Construction Supervision Contract Implementation Units**”).

## **Other Automation EPC Contract Implementation Units**

Other Automation EPC Contract Implementation Units comprise Sichuan Hydropower Group Jiangyuan Electricity Co., Ltd\*, Sichuan Pingwu Electricity (Group) Co., Ltd\*, Sichuan Hydropower Investment and Management Group Qingchuan Electricity Co., Ltd\*, Luzhou Yuyu Electricity Co., Ltd, Sichuan Hydropower Investment and Management Group Wanyuan City Longyuan Electricity Co., Ltd\*, Dazhou Electricity Group Co., Ltd\*, Sichuan Hydropower Investment and Management Group Dege Gesaer Electricity Co., Ltd\*, Sichuan Hydropower Group Dazhu Electricity Co., Ltd\*, Sichuan Hydropower Investment and Management Group Kaijiang Mingyue Electricity Co., Ltd\*, Sichuan Hydropower Investment and Management Group Zizhong Longyuan Electricity Co., Ltd\*, Sichuan Hydropower Investment and Management Group Qu County Electricity Co., Ltd\*, Sichuan Hydropower Investment and Management Group Yongan Electricity Co., Ltd\*, Sichuan Hydropower Investment and Management Group Meigu Electricity Co., Ltd\*, Sichuan Zhaojue Electricity Co., Ltd\*, Sichuan Hydropower Group Jinyang Electricity Co., Ltd\*, and Sichuan Hydropower Investment and Management Group Puge Electricity Co., Ltd\*, all of which are established in the PRC principally engaged in power generation and supply and are controlled or invested by Hydropower Group (the “**Other Automation EPC Contract Implementation Units**”).

## **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.

## **Hydropower Group**

Hydropower Group is owned as to approximately 77.74% by Energy Investment Group, and owned indirectly as to 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 is wholly-owned by Sichuan Development Co., which is in turn owned by the People’s Government of Sichuan Province.

## **Sichuan Energy Construction**

Sichuan Energy Construction is a limited liability company established in the PRC on 3 March 2006 and a direct subsidiary of Energy Investment Group and engaged in project planning, project investment, design and consulting, construction, operation in engineering construction.

## **Sichuan Energy Power**

Sichuan Energy Power is a company established in the PRC on 13 May 2016 and a wholly-owned subsidiary of Hydropower Group and engaged in power generation and sale, operation of power grid and consulting, design and construction of power engineering construction.

## **Materials Industry Group**

Material Industry Group is a limited liability company established in the PRC on 16 April 2013 and a wholly-owned subsidiary of Energy Investment Group and engaged in sale of metal materials and products, sale of construction materials, sale of cement products, sale of coal and related products, and sale of electrical equipment.

## **Sichuan Yilian**

Sichuan Yilian is a limited liability company established in the PRC on 3 June 2002 and is indirectly owned as to approximately 33.52% by Energy Investment Group, directly owned as to approximately 66.48% by four individual investors namely Chen Wei, Yan Jingsong, Li Zhixiang and Chen Zhiqi, all of whom are independent third parties.

## **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, 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.

## **Beijing Forever**

Beijing Forever is a company established in the PRC as a joint stock company with limited liability on 23 November 2000 whose shares are listed on ChiNext of the Shenzhen Stock Exchange (stock code: 300365.SZ) and is ultimately controlled by Mr. Jiang Chunhua.

## **GENERAL**

The Company has established the Independent Board Committee (comprising Mr. Kin Kwong Kwok Gary, Ms. He Zhen, Mr. Wang Peng and Prof. Li Jian, all of them are independent non-executive Directors) to consider whether the terms of the EPC Contract, the Equipment and Materials Procurement Contract, the Construction Supervision Contract, the Automation EPC Contract are on normal commercial terms, fair and reasonable and in the interests of the Group and Shareholders as a whole and to offer advice to Independent Shareholders in this regard. None of the members of the Independent Board Committee has any interest in the EPC Contract, the Equipment and Materials Procurement Contract, the Construction Supervision Contract, the Automation EPC Contract and the transactions contemplated thereunder.

An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the EPC Contract, the Equipment and Materials Procurement Contract, the Construction Supervision Contract, the Automation EPC Contract and the transactions contemplated thereunder. The Independent Board Committee will form its view in respect of the Contracts and the transactions contemplated thereunder after obtaining and considering the advice from the independent financial adviser.

An EGM will be convened for Independent Shareholders to consider, and if thought fit, approve the discloseable and connected transactions under the EPC Contract, the Equipment and Materials Procurement Contract, the Construction Supervision Contract and the Automation EPC Contract. Sun Technology is owned as to approximately 67% by Hydropower Group and Sichuan Energy Power is wholly owned by Hydropower Group. Hydropower Group is owned as to approximately 77.74% by Energy Investment Group, which is in turn wholly-owned by Sichuan Development Co.. Energy Investment Group is the holding company of Sichuan Energy Construction and Materials Industry Group and indirectly owns approximately 33.52% of Sichuan Yilian. As a result, each of Energy Investment Group, Hydropower Group, Sichuan Development Co. and their respective associates will abstain from voting on the resolution in relation to the EPC Contract, the Equipment and Materials Procurement Contract, the Construction Supervision Contract and the Automation EPC Contract at the EGM.

A circular containing, among others, (i) further details of the EPC Contract, the Equipment and Materials Procurement Contract, the Construction Supervision Contract and the Automation EPC Contract; (ii) the letter of recommendation from the Independent Board Committee; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of EGM and other information as required under the Listing Rules will be despatched to the Shareholders. The circular is expected to be despatched on or before 28 February 2022 as additional time is required for the preparation of information to be included in the circular.

## DEFINITIONS

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

“10kV and Below Project”	2021 Rural Power Grid Consolidation and Improvement Engineering 10kV and Below Project
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Automation EPC Contract”	the Automation EPC Contract entered into by among other, the Implementation Units, Hydropower Group, Sun Technology and Beijing Forever on 17 December 2021
“Beijing Forever”	Beijing Forever Technology Co., Ltd (北京恆華偉業科技股份有限公司) (stock code: 300365.SZ), a company established in the PRC as a joint stock company with limited liability on 23 November 2000 whose shares are listed on ChiNext of the Shenzhen Stock Exchange
“Board”	the board of Directors
“Company”	Sichuan Energy Investment Development Co., Ltd.* (四川能投發展股份有限公司) (stock code: 01713), a company established in the PRC as a joint stock company with limited liability on 29 September 2011
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Construction Supervision Contract”	the Construction Supervision Contract entered into by among other, the Implementation Units, Hydropower Group and Sichuan Yilian on 17 December 2021
“Contracts”	the EPC Contract, the Equipment and Materials Procurement Contract, the Construction Supervision Contract and the Automation EPC Contract
“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
“EGM”	an extraordinary general meeting to be convened by the Company for the Independent Shareholders to consider and, if thought fit, approve the EPC Contract, the Equipment and Materials Procurement Contract, the Construction Supervision Contract and the Automation EPC Contract and the transactions contemplated thereunder
“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
“EPC Contract”	the EPC Contract entered into by among other, the Implementation Units, Hydropower Group, Sichuan Energy Construction and Sichuan Energy Power on 17 December 2021
“Equipment and Materials Procurement Contract”	the Equipment and Materials Procurement Contract entered into by among other, the Implementation Units, Hydropower Group and Materials Industry Group on 17 December 2021
“Gao County Electricity”	Sichuan Energy Investment Gao County Electricity Co., Ltd* (四川能投高縣電力有限公司), a limited liability company established in the PRC on 30 January 1996 and a wholly-owned subsidiary of the Company
“Gong County Electricity”	Sichuan Energy Investment Gong County Electricity Co., Ltd* (四川能投珙縣電力有限公司), a limited liability company established in the PRC on 29 December 1994 and a wholly-owned subsidiary 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
“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 the Company
“Implementation Units”	Xuzhou Electricity, Gao County Electricity, Gong County Electricity, Junlian Electricity, Pingshan Electricity and Xingwen Electricity
“Independent Board Committee”	an independent board committee of the Board (which comprises Mr. Kin Kwong Kwok Gary, Ms. He Zhen, Mr. Wan Peng and Prof. Li Jian, all of them are independent non-executive Directors) established to advise the Independent Shareholders in respect of the connected transactions contemplated under the Contracts
“Independent Shareholder(s)”	Shareholders who are not interested in the Contracts and are not required under the Listing Rules to abstain from voting on the resolutions to approve the Contracts and the transactions contemplated thereunder at the EGM
“Junlian Electricity”	Sichuan Energy Investment Junlian Electricity Co., Ltd* (四川能投筠連電力有限公司), a limited liability company established on 21 May 2012 and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Materials Industry Group”	Sichuan Energy Investment Materials Industry Group Co., Ltd* (四川能投物資產業集團有限公司), a limited liability company established in the PRC on 16 April 2013 and a wholly-owned subsidiary of Energy Investment Group, a connected person of the Group
“Pingshan Electricity”	Sichuan Energy Investment Pingshan Electricity Co., Ltd* (四川能投屏山電力有限公司), a limited liability company established in the PRC on 30 July 2008 and a wholly owned subsidiary of the Company
“Power Grid Consolidation and Improvement Project”	2021 Rural Power Grid Consolidation and Improvement Engineering Project

“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) and the Unlisted Foreign Shares
“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 controlling shareholders of the Company
“Sichuan Energy Construction”	Sichuan Energy Investment Construction Engineering Group Co., Ltd* (四川能投建工集團有限公司), a limited liability company established in the PRC on 3 March 2006 and a direct subsidiary of Energy Investment Group, a connected person of the Group
“Sichuan Energy Power”	Sichuan Energy Investment Power Co., Ltd* (四川能投售電有限責任公司), a company established in the PRC on 13 May 2016 and a wholly-owned subsidiary of Hydropower Group, a connected person of the Group
“Sichuan Yilian”	Sichuan Yilian Construction Project Management Co., Ltd.* (四川億聯建設工程項目管理有限公司) is a limited liability company established in the PRC on 3 June 2002 and is indirectly owned as to approximately 33.52% by Energy Investment Group, directly owned as to approximately 66.48% by four individual investors, namely Chen Wei, Yan Jingsong, Li Zhixiang and Chen Zhiqi, all of whom are independent third parties
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 and is owned as to approximately 67% by Hydropower Group, 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
“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)

“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 on 3 April 1998 and a wholly-owned subsidiary of the Company
“Xuzhou Electricity”	Sichuan Energy Investment Yibin City Xuzhou Electricity Co., Ltd.* (四川能投宜賓市敘州電力有限公司), a limited liability company established on 18 June 2012 and a wholly-owned subsidiary of the Company
“%”	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