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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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
AND ANNUAL CAPS FOR YEARS 2022/2023/2024**

Reference is made to the announcement of the Company dated 28 March 2019 in relation to, among other things, certain continuing connected transactions between Gong County Electricity, a wholly owned subsidiary of the Company and Yiliangruiyuan Hydropower under the 2019 Electricity Purchases and Sales Agreement.

As the 2019 Electricity Purchases and Sales Agreement will expire on 31 December 2021, on 28 December 2021, Gong County Electricity entered into the 2022 Electricity Purchases and Sales Agreement with Yiliangruiyuan Hydropower for a fixed term of 3 years from 1 January 2022 to 31 December 2024, pursuant to which, Yiliangruiyuan Hydropower agreed to supply electricity to Gong County Electricity.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Yiliangruiyuan Hydropower is an indirect subsidiary of the Controlling Shareholders of the Company. Accordingly, Yiliangruiyuan Hydropower is a connected person of the Company under Rule 14A.07(4) of the Listing Rules and the transactions contemplated under the 2022 Electricity Purchases and Sales Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the proposed annual caps for the 2022 Electricity Purchases and Sales Agreement on an annual basis exceeds 0.1% but all of the applicable percentage ratios are less than 5%, the transactions contemplated under the 2022 Electricity Purchases and Sales Agreement are subject to reporting, announcement and annual review requirements but are exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 28 March 2019 in relation to, among other things, certain continuing connected transactions between Gong County Electricity, a wholly owned subsidiary of the Company and Yiliangruiyuan Hydropower under the 2019 Electricity Purchases and Sales Agreement.

As the 2019 Electricity Purchases and Sales Agreement will expire on 31 December 2021, on 28 December 2021, Gong County Electricity entered into the 2022 Electricity Purchases and Sales Agreement with Yiliangruiyuan Hydropower for a fixed term of 3 years from 1 January 2022 to 31 December 2024, pursuant to which, Yiliangruiyuan Hydropower agreed to supply electricity to Gong County Electricity.

2022 ELECTRICITY PURCHASES AND SALES AGREEMENT

The principal terms of the 2022 Electricity Purchases and Sales Agreement are set out below:

Date

28 December 2021

Parties

- (1) Gong County Electricity; and
- (2) Yiliangruiyuan Hydropower.

Subject Matter

Pursuant to the 2022 Electricity Purchases and Sales Agreement, Yiliangruiyuan Hydropower shall sell electricity to Gong County Electricity.

Term

From 1 January 2022 to 31 December 2024.

Basis of Determination of Electricity Price

The unit price of electricity payable by Gong County Electricity shall be RMB0.32 per kwh (inclusive of tax), which is determined on the basis of the price of electricity Gong County Electricity purchased electricity from other relatively small independent third-party electricity suppliers in Yunnan Province, the PRC, and subject to the adjustment under Notice of the Sichuan Development and Reform Commission on Adjusting the Relevant Issues Concerning Electricity Price Policy for the Water-sufficient and Water-deficit Seasons and Peak and Off-peak Hours of the Power Grid in Sichuan Province* (《四川省發展改革委關於調整四川電網豐枯峰穀電價政策有關事項的通知》). The amount of purchase of electricity shall be the unit price of electricity, namely RMB0.32 per kwh, multiplied by the actual volume of on-grid electricity supplied by Yiliangruiyuan Hydropower to Gong County Electricity.

Payment Term

The parties have agreed that the purchases price of electricity of the 2022 Electricity Purchases and Sales Agreement shall be paid by Gong County Electricity in cash on a monthly basis.

Historical Transaction Value

The aggregate fees paid by Gong County Electricity to Yiliangruiyuan Hydropower in respect of the electricity supply during each of the two years ended 31 December 2019 (which commenced from 28 March 2019) and 31 December 2020, and the estimated total fees for the year ending 31 December 2021 amounted to approximately RMB15,880,000, approximately RMB13,760,000 and approximately RMB12,520,000 respectively, all of which were within the relevant maximum caps as disclosed in the announcement of the Company dated 28 March 2019 in relation to the 2019 Electricity Purchases and Sales Agreement.

Annual Caps

The proposed annual caps of the transactions contemplated under the 2022 Electricity Purchases and Sales Agreement for the three years ending 31 December 2024 are set forth below:

| | Annual cap <i>(RMB)</i> |
|--------------------------------------|-----------------------------------|
| For the year ending 31 December 2022 | 16,000,000 |
| For the year ending 31 December 2023 | 16,000,000 |
| For the year ending 31 December 2024 | 16,000,000 |

The annual caps were determined based on the following factors:

- (i) the unit price of electricity to be sold under the 2022 Electricity Purchases and Sales Agreement;
- (ii) the historical actual amount paid by or to be paid by Gong County Electricity to Yiliangruiyuan Hydropower in respect of the 2019 Electricity Purchases and Sales Agreement for the three years ended/ending 31 December 2019 (which commenced from 28 March 2019), 31 December 2020 and 31 December 2021;
- (iii) the estimated amount of annual gross electricity to be generated by the hydropower station of Yiliangruiyuan Hydropower (the “**Hydropower Station**”) which is calculated according to the rated output capacity of electricity generation and the annual utilization hours of the Hydropower Station, taking into account the effect of the water-sufficient and water-deficit seasons; and
- (iv) the actual volume of the on-grid electricity per year calculated by deducting the estimated amount of electricity waste during the process of transmission from the amount of annual gross generation electricity of the Hydropower Station.

The Company also expects that the maximum volume of the on-grid electricity generated by such station would remain stable for the three years ending 31 December 2024.

INFORMATION ABOUT THE GROUP AND YILIANGRUIYUAN HYDROPOWER

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.

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, primarily engaged in power generation and supply in Gong County, Sichuan Province.

Yiliangruiyuan Hydropower

Yiliangruiyuan Hydropower is a limited liability company established in the PRC on 13 June 2007 and is owned as to 34% by Sichuan Tiantaiheneng Industry Co., Ltd* (四川天泰合能實業有限公司) (“**Tiantaiheneng**”), 33.18% by Sichuan Energy Investment Development Group Co., Ltd* (四川能投電力開發集團有限公司) (“**Energy Investment Development Group**”), 24.82% by Chengdu High-tech Jinkun Microloans Co., Ltd* (成都市高新區金坤小額貸款有限公司) (“**Jinkun Microloans**”) and 8% by Liu Yuanyuan, an independent third party. Yiliangruiyuan Hydropower is primarily engaged in hydropower generation and hydropower generation equipment maintenance.

Tiantaiheneng

Tiantaiheneng is a limited liability company established in the PRC on 12 November 2015 and is owned as to 90% and 10% by He Yuanmei and Zhang Jiaxian, respectively, all of whom are independent third parties.

Energy Investment Development Group

Energy Investment Development Group is a limited liability company established in the PRC on 27 April 2010 and is owned as to approximately 71.3% and 28.7% by Energy Investment Group and Hydropower Group, respectively.

Jinkun Microloans

Jinkun Microloans is a limited liability company established in the PRC on 12 October 2013 and is indirectly owned as to approximately 69.4% and 30.6% by Hydropower Group and Energy Investment Group, respectively.

Hydropower Group and Energy Investment Group

Hydropower Group, one of the Controlling Shareholders of the Company, is a company established 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 wholly-owned by Sichuan Development Co. (a wholly state-owned company and is one of the Controlling Shareholders of the Company). 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.

REASONS FOR ENTERING INTO 2022 ELECTRICITY PURCHASES AND SALES AGREEMENT

Yiliangruiyuan Hydropower is primarily engaged in hydropower generation, and its Hydropower Station was qualified for grid-connection for electricity generation in February 2019. The Company considered that the price of electricity to be purchased from Yiliangruiyuan Hydropower is not higher than sourcing from the Group's other major suppliers. The Directors believe that the Group will benefit from the continuation of supplies of electricity from Yiliangruiyuan Hydropower. Moreover, the suppliers of the electricity will be diversified and the reliance on the principle suppliers to source electricity will be mitigated.

Accordingly, the Directors (including the independent non-executive Directors) are of the view that the transactions under the 2022 Electricity Purchases and Sales Agreement are fair and reasonable, on normal commercial terms, 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, 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 2022 Electricity Purchases and Sales Agreement voluntarily. Saved and except for the aforesaid, none of the Directors has any material interest in the 2022 Electricity Purchases and Sales Agreement and was required to abstain from voting on the Board resolutions in relation to the 2022 Electricity Purchases and Sales Agreement.

LISTING RULES IMPLICATIONS

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DEFINITION

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

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| “2019 Electricity Purchases and Sales Agreement” | the agreement dated 28 March 2019 entered into between Gong County Electricity and Yiliangruiyuan Hydropower, pursuant to which Yiliangruiyuan Hydropower agreed to sell electricity to Gong County Electricity |
| “2022 Electricity Purchases and Sales Agreement” | the agreement dated 28 December 2021 entered into between Gong County Electricity and Yiliangruiyuan Hydropower, pursuant to which Yiliangruiyuan Hydropower agreed to sell electricity to Gong County Electricity |
| “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 |
| “Controlling Shareholders” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |

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| “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 |
| “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 |
| “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 |
| “kwh” | kilowatt-hour, a unit of energy. One kilowatt-hour is the amount of electric energy consumed by an electrical appliance with power of one kilowatt after usage for one hour or the amount of electric energy generated by a power generator with power of one kilowatt within one hour |
| “Listing Rules” | Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share(s)” | ordinary shares in the capital of the Company with a nominal value of RMB1.00 each |
| “Shareholder(s)” | holder(s) of the Shares of the Company |

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| “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 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Yiliangruiyuan Hydropower” | Yunnan Yiliangruiyuan Hydropower Development Co., Ltd* (雲南彝良瑞源水電開發有限公司), a limited liability company established in the PRC on 13 June 2007 and a non-wholly owned indirect subsidiary of Hydropower Group and Energy Investment Group |
| “%” | per cent |

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

Chengdu, Sichuan Province, the PRC
28 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