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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)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

The Board of Directors of Sichuan Energy Investment Development Co., Ltd.\* is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020. These results have been audited by our auditor and reviewed by the Company's Audit Committee.

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
Operating revenue	2	<u>3,171,674</u>	<u>3,025,304</u>
Less: Operating cost	2	<b>2,619,737</b>	2,477,806
Tax and surcharge	3	<b>18,613</b>	18,117
Administrative expenses		<b>200,083</b>	186,696
Finance costs	4	<b>7,324</b>	5,603
Including: Interest expenses		<b>12,181</b>	19,433
Interest income		<b>5,823</b>	5,259
Add: Other income		<b>670</b>	–
Investment income	5	<b>5,469</b>	5,700
Including: Gain/(loss) on investment in associates		<b>1,747</b>	(1,000)
Gain/(loss) on fair value changes	6	<b>10,446</b>	(5,337)
Credit impairment loss	7	<b>(14,651)</b>	(33,526)
Asset impairment loss	8	<b>(16,078)</b>	(4,702)
Gain/(loss) on asset disposal		<b>(97)</b>	(140)
Operating profit		<u><b>311,676</b></u>	<u>299,077</u>
Add: Non-operating income	9(1)	<b>10,361</b>	11,828
Less: Non-operating expense	9(2)	<u><b>842</b></u>	<u>5,200</u>
Total profit		<u><b>321,195</b></u>	<u>305,705</u>
Less: Income tax expense	10	<u><b>50,278</b></u>	<u>48,503</u>
Net profit		<u><b>270,917</b></u>	<u>257,202</u>

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021 (continued)

(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
(i) Breakdown by continuity of operation:			
1. Net profit from continuing operations		270,917	257,202
2. Net profit from discontinued operations		–	–
(ii) Breakdown by attributable interests:			
1. Net profit attributable to shareholders of the parent company		269,558	256,028
2. Non-controlling interests		1,359	1,174
Other comprehensive income, after tax		–	–
Total comprehensive income		<u>270,917</u>	<u>257,202</u>
Total comprehensive income attributable to shareholders of the parent company		<u>269,558</u>	<u>256,028</u>
Total comprehensive income attributable to non-controlling interests		<u>1,359</u>	<u>1,174</u>
Earnings per share			
Basic and diluted	11	<u>0.25</u>	<u>0.24</u>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2021

(Expressed in Renminbi)

		At 31 December 2021	At 31 December 2020
	Note	RMB'000	RMB'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		589,977	504,799
Financial assets held for trading		–	160,000
Notes receivable		3,200	30,647
Accounts receivable	13	372,060	343,710
Prepayments		12,858	13,533
Other receivables		19,734	32,186
Inventories	14	70,280	64,191
Contract assets		92,746	48,639
Other current assets		8,956	4,244
<b>Total current assets</b>		<b>1,169,811</b>	<b>1,201,949</b>
<b>Non-current assets</b>			
Long-term equity investments		270,723	268,976
Other non-current financial assets		112,170	100,240
Fixed assets	12	2,785,048	2,555,212
Construction in progress		115,141	197,295
Right-of-use assets		5,845	5,274
Intangible assets		128,127	128,008
Long-term prepaid expenses		3,111	1,001
Deferred income tax assets		41,477	33,663
<b>Total non-current assets</b>		<b>3,461,642</b>	<b>3,289,669</b>
<b>Total assets</b>		<b>4,631,453</b>	<b>4,491,618</b>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2021 (continued)

(Expressed in Renminbi)

		At 31 December 2021	At 31 December 2020
	Note	RMB'000	RMB'000
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term borrowings		300,000	367,448
Derivative financial liabilities		–	11,379
Accounts payable	15	602,594	565,204
Contract liabilities		206,433	236,140
Employee benefits payable		112,931	101,861
Tax payables		60,006	50,344
Other payables		137,500	117,169
Non-current liabilities due within one year		13,310	15,721
<b>Total current liabilities</b>		<b>1,432,774</b>	<b>1,465,266</b>
<b>Non-current liabilities</b>			
Lease liabilities		4,257	3,556
Special payables		37,395	–
Deferred income		143,468	149,177
Deferred income tax liabilities		17,660	19,159
<b>Total non-current liabilities</b>		<b>202,780</b>	<b>171,892</b>
<b>Total liabilities</b>		<b>1,635,554</b>	<b>1,637,158</b>

**CONSOLIDATED BALANCE SHEET***As at 31 December 2021 (continued)**(Expressed in Renminbi)*

		<b>At 31 December 2021</b>	At 31 December 2020
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Shareholders' equity</b>			
Share capital	17	<b>1,074,358</b>	1,074,358
Capital reserve		<b>1,081,448</b>	1,081,448
Other comprehensive income		–	–
Special reserve		<b>19,925</b>	20,480
Surplus reserve		<b>104,468</b>	78,069
Undistributed profit		<b>699,461</b>	585,225
		<hr/>	<hr/>
<b>Total equity attributable to shareholders of the parent company</b>		<b>2,979,660</b>	2,839,580
		<hr/>	<hr/>
<b>Non-controlling interests</b>		<b>16,239</b>	14,880
		<hr/>	<hr/>
<b>Total shareholders' equity</b>		<b>2,995,899</b>	2,854,460
		<hr/>	<hr/>
<b>Total liabilities and shareholders' equity</b>		<b>4,631,453</b>	4,491,618
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## NOTES TO THE FINANCIAL STATEMENTS

### 1. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

#### a. Statement of compliance with Accounting Standards for Business Enterprises

These financial statements have been prepared in accordance with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China ("MOF"), and give a true and complete view of the consolidated financial position and financial position of the Company as at 31 December 2021, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for 2021.

In addition, certain notes in these financial statements have been prepared in accordance with requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company has prepared financial statements pursuant to the International Financial Reporting Standards which are generally accepted in Hong Kong for information disclosure in Hong Kong since Listing. According to the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) issued by the Hong Kong Stock Exchange in December 2010, commencing from the current financial year, the Company resolved to prepare financial statements pursuant to the China Accounting Standards for Business Enterprises and relevant requirements issued by the MOF. Set out below are the impacts on the Company's shareholders' equity and net profit arising from the transition from the International Financial Reporting Standards to the China Accounting Standards for Business Enterprises:

	Net profit (RMB'000)		Net assets (RMB'000)	
	2021	2020	2021	2020
Under the Accounting Standards for Business Enterprises	270,917	257,202	2,995,899	2,854,460
Under the International Financial Reporting Standards	270,362	270,135	2,995,899	2,854,460
Difference	555	(12,933)	-	-

#### b. No Changes in the Accounting Standards for Business Enterprises have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group did not adopt any new standards or interpretations which have not come into effect in the current accounting period.

## 2. OPERATING REVENUE AND OPERATING COST

### (1) Operating revenue and operating cost

	2021		2020	
	Revenue (RMB'000)	Cost (RMB'000)	Revenue (RMB'000)	Cost (RMB'000)
Principal activities	3,165,769	2,617,661	3,020,286	2,476,034
Other operating activities	5,905	2,076	5,018	1,772
Total	<u>3,171,674</u>	<u>2,619,737</u>	<u>3,025,304</u>	<u>2,477,806</u>
Including: Revenue from contracts				
with customers	3,167,557	-	3,021,594	-
Other income	4,117	-	3,710	-
	<u>3,171,674</u>	<u>2,619,737</u>	<u>3,025,304</u>	<u>2,477,806</u>

The Group's customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group's revenue.

### (2) Revenue from contracts

Type of contracts	2021 (RMB'000)	2020 (RMB'000)
Classified by contract		
Power supply contracts	2,789,639	2,621,731
Contracts of power installation projects	367,471	383,177
Material sales contracts	8,659	15,378
Others	1,788	1,308
Total	<u>3,167,557</u>	<u>3,021,594</u>
Classified by time of transfer of goods		
Revenue recognized at a point in time	2,800,086	2,638,416
Revenue recognized over time	367,471	383,178
Total	<u>3,167,557</u>	<u>3,021,594</u>

## 3. TAX AND SURCHARGE

	2021 (RMB'000)	2020 (RMB'000)
City maintenance and construction tax	5,255	5,752
Education surcharge	5,112	5,348
Housing property tax	3,115	2,617
Others	5,131	4,400
Total	<u>18,613</u>	<u>18,117</u>



#### 4. FINANCE COSTS

	2021 (RMB'000)	2020 (RMB'000)
Interest expenses on loans and payables	12,616	20,410
Interest expenses on lease liabilities	336	331
Less: Interest expenses capitalized	771	1,308
Interest income on deposits and receivables	(5,823)	(5,259)
Net foreign exchange losses	(353)	(9,863)
Other finance costs	1,319	1,292
	<u>7,324</u>	<u>5,603</u>
Total	<u>7,324</u>	<u>5,603</u>

The interest rate per annum, at which the borrowing costs were capitalized by the Group, was 3.5% for the year (2020: 3.6%).

#### 5. INVESTMENT INCOME

	2021 (RMB'000)	2020 (RMB'000)
Investment income from long-term equity investments accounted for using the equity method	1,747	(1,000)
Investment income from financial assets held for trading during the holding period	3,722	6,700
	<u>5,469</u>	<u>5,700</u>
Total	<u>5,469</u>	<u>5,700</u>

#### 6. GAINS FROM CHANGES IN FAIR VALUE

	2021 (RMB'000)	2020 (RMB'000)
Gains from changes in fair value of derivative financial liabilities	(1,484)	(11,379)
Other non-current financial assets	11,930	6,042
	<u>10,446</u>	<u>(5,337)</u>
Total	<u>10,446</u>	<u>(5,337)</u>

#### 7. CREDIT IMPAIRMENT LOSS

	2021 (RMB'000)	2020 (RMB'000)
Accounts receivable	9,135	32,854
Other receivables	5,516	672
	<u>14,651</u>	<u>33,526</u>
Total	<u>14,651</u>	<u>33,526</u>

**8. ASSET IMPAIRMENT LOSSES**

	<b>2021</b> <i>(RMB'000)</i>	2020 <i>(RMB'000)</i>
Inventories	–	73
Fixed assets	<b>14,558</b>	2,706
Contract assets	<b>1,520</b>	1,494
Intangible assets	–	429
	<hr/>	<hr/>
Total	<b>16,078</b>	4,702
	<hr/> <hr/>	<hr/> <hr/>

**9. NON-OPERATING INCOME AND EXPENSES**

(1) Non-operating income by item is as follows:

	<b>2021</b> <i>(RMB'000)</i>	2020 <i>(RMB'000)</i>
Government grants	<b>8,465</b>	8,103
Others	<b>1,896</b>	3,725
	<hr/>	<hr/>
Total	<b>10,361</b>	11,828
	<hr/> <hr/>	<hr/> <hr/>

(2) **Non-operating expense**

	<b>2021</b> <i>(RMB'000)</i>	2020 <i>(RMB'000)</i>
Donations provided	<b>54</b>	118
Overdue payment	–	953
Others	<b>788</b>	4,129
	<hr/>	<hr/>
Total	<b>842</b>	5,200
	<hr/> <hr/>	<hr/> <hr/>

**10. INCOME TAX EXPENSES**

	2021 (RMB'000)	2020 (RMB'000)
Income tax expenses for the year calculated based on tax laws and regulations	58,299	50,277
Changes in deferred tax	(9,313)	(2,641)
Adjustments of tax filing differences	1,292	867
	<u>50,278</u>	<u>48,503</u>
Total	<u>50,278</u>	<u>48,503</u>

**11. BASIC EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE****(1) Basic earnings per share**

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue:

	2021 (RMB'000)	2020 (RMB'000)
Consolidated net profit attributable to ordinary shareholders of the Company	269,558	256,028
Weighted average number of ordinary shares in issue	1,074,358	1,074,358
Basic earnings per share (RMB/share)	<u>0.25</u>	<u>0.24</u>

Weighted average number of ordinary shares is calculated as follows:

	2021 ('000)	2020 ('000)
Number of ordinary shares in issue as at the beginning of the year	1,074,358	1,074,358
Weighted average number of ordinary shares as at the end of the year	<u>1,074,358</u>	<u>1,074,358</u>

There are no dilutive potential ordinary shares for the year ended 31 December 2021, and therefore, diluted earnings per share are the same as the basic earnings per share.

## 12. FIXED ASSETS

### (1) Information of fixed assets

Item	Plant & buildings (RMB'000)	Machinery & equipment (RMB'000)	Motor vehicles (RMB'000)	Office and other equipment (RMB'000)	Total (RMB'000)
Cost					
Opening balance	1,140,529	2,953,076	43,235	75,404	4,212,244
Addition during the year	197,738	88,608	821	108,402	395,569
– Purchase	13,980	26,628	821	9,718	51,147
– Transferred from construction in progress	183,758	61,980	–	98,684	344,422
Disposal or scrap during the year	–	2,757	2,993	2,410	8,160
Closing balance	<u>1,338,267</u>	<u>3,038,927</u>	<u>41,063</u>	<u>181,396</u>	<u>4,599,653</u>
Accumulated depreciation					
Opening balance	397,323	1,152,096	29,419	50,210	1,629,048
Charge for the year	35,383	96,298	2,692	14,100	148,473
Disposal or scrap during the year	–	336	2,823	2,284	5,443
Closing balance	<u>432,706</u>	<u>1,248,058</u>	<u>29,288</u>	<u>62,026</u>	<u>1,772,078</u>
Impairment provision					
Opening balance	6,259	21,588	21	116	27,984
Charge for the year	1,082	13,271	166	39	14,558
Disposal or scrap during the year	–	–	15	–	15
Closing balance	<u>7,341</u>	<u>34,859</u>	<u>172</u>	<u>155</u>	<u>42,527</u>
Carrying amount					
Closing carrying amount	<u>898,220</u>	<u>1,756,010</u>	<u>11,603</u>	<u>119,215</u>	<u>2,785,048</u>
Opening carrying amount	<u>736,947</u>	<u>1,779,392</u>	<u>13,795</u>	<u>25,078</u>	<u>2,555,212</u>

- (a) As at 31 December 2021, plant and buildings of the Group with a net carrying amount of RMB26,859 thousand (2020: RMB10,590 thousand) had not obtained the certificate of ownership.
- (b) No property, plant and equipment were pledged to banks as at 31 December 2021 (2020: nil).
- (c) All of the property, plant and equipment owned by the Group are located in the Chinese mainland.
- (d) During the year, certain property, plant and equipment were physically damaged or ceased for operation. The Group assessed the recoverable amounts of those property, plant and equipment as nil and as a result impairment losses of RMB14,558 thousand (2020: RMB2,706 thousand) were recognised in “Asset impairment losses” for the year.

### 13. ACCOUNTS RECEIVABLE

(1) Accounts receivable by customer type is as follows:

Customer type	2021 (RMB'000)	2020 (RMB'000)
Receivable from related parties	48,956	77,029
Receivable from others	443,389	377,179
Subtotal	<u>492,345</u>	<u>454,208</u>
Less: Allowance for doubtful debts	<u>120,285</u>	<u>110,498</u>
Total	<u><u>372,060</u></u>	<u><u>343,710</u></u>

(2) Accounts receivable by ageing is as follows:

Ageing	2021 (RMB'000)	2020 (RMB'000)
Within 1 year (inclusive)	355,107	325,529
1 to 2 years (inclusive)	24,095	33,583
2 to 3 years (inclusive)	33,462	15,905
Over 3 years	<u>79,681</u>	<u>79,191</u>
Subtotal	<u>492,345</u>	<u>454,208</u>
Less: Allowance for doubtful debts	<u>120,285</u>	<u>110,498</u>
Total	<u><u>372,060</u></u>	<u><u>343,710</u></u>

The ageing is counted starting from the date when accounts receivable are recognized.

### 14. INVENTORIES

(1) Inventories by category:

Type of inventories	2021			2020		
	Book balance (RMB'000)	Provision for impairment of inventories (RMB'000)	Carrying amount (RMB'000)	Book balance (RMB'000)	Provision for impairment of inventories (RMB'000)	Carrying amount (RMB'000)
Raw materials	70,227	73	70,154	64,119	73	64,046
Low-value consumables	<u>126</u>	<u>-</u>	<u>126</u>	<u>145</u>	<u>-</u>	<u>145</u>
Total	<u><u>70,353</u></u>	<u><u>73</u></u>	<u><u>70,280</u></u>	<u><u>64,264</u></u>	<u><u>73</u></u>	<u><u>64,191</u></u>

The Group had no inventories for guarantee as at 31 December 2021 (31 December 2020: nil).

## 15. ACCOUNTS PAYABLE

(1) Information of accounts payable:

	2021 <i>(RMB'000)</i>	2020 <i>(RMB'000)</i>
Payment for purchase of electricity	245,177	248,110
Construction payment	210,731	188,281
Materials payment	145,466	126,329
Others	1,220	2,484
	<u>602,594</u>	<u>565,204</u>
Total	<u><u>602,594</u></u>	<u><u>565,204</u></u>

(2) The ageing analysis of accounts payable, based on the invoice date, is as follows:

Ageing	2021 <i>(RMB'000)</i>	2020 <i>(RMB'000)</i>
Within 1 year (inclusive)	576,822	526,672
1 to 2 years (inclusive)	12,578	23,113
2 to 3 years (inclusive)	6,130	9,324
Over 3 years	7,064	6,095
	<u>702,594</u>	<u>565,204</u>
Total	<u><u>602,594</u></u>	<u><u>565,204</u></u>

## 16. DIVIDEND

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Final dividend proposed after the end of the year of RMB0.12 per ordinary share (2020: RMB0.12 per ordinary share)	<u>128,923</u>	<u>128,923</u>

On 24 March 2022, a dividend for the year ended 31 December 2021 of approximately RMB128,923 thousand, representing RMB0.12 per share was proposed by the Board of Directors of the Company. Such dividend is to be approved by the shareholders at the Annual General Meeting of the Company. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) **Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:**

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year	<u><b>128,923</b></u>	<u>107,436</u>

On 18 June 2021, a final dividend for the year ended 31 December 2020 of RMB128,923 thousand, representing RMB0.12 per share was approved by the shareholders at the annual general meeting of the Company.

**17. SHARE CAPITAL**

	<b>2021</b> <i>'000</i>	2020 <i>'000</i>
Total number of shares	<u><b>1,074,358</b></u>	<u>1,074,358</u>

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. INDUSTRY OVERVIEW

The value chain of China's power industry consists of power generation, power transmission and distribution as well as power sales. Power generation process converts other types of energy into power, such as hydropower plants using flowing water energy to generate power. The grid transmission and distribution system is the core of power supply, which includes power transmission network that reaches various provinces and cities in China, distribution network for end-use purposes, as well as step-up and step-down substations. Lastly, power sales activities distribute power directly to end users.

In 2021, national total electricity consumption reached 8.3 trillion kWh, a year-on-year increase of 10.3%, of which, total electricity consumption of Sichuan Province was 327.48 billion kWh, a year-on-year growth of 14.3%. Highly guaranteed power supply and a leading position in terms of increase in electricity consumption in Sichuan Province suggested sound economic momentum.

With Sichuan Province's accelerated construction of the Chengdu-Chongqing dual-city economic cycle, and expedition in forging Yibin City into a national-level regional center along the drive towards socialist modernization, we believe that the Company is well-positioned for further growth with respect to power sales, distributed energy, engineering construction and integrated energy services and other businesses.

### 2. BUSINESS OVERVIEW

#### 2.1 Overview

We are a vertically integrated power supplier and service provider in Yibin City, Sichuan Province, with a full value chain of power supply covering power generation and electricity distribution and sales. We have a stable user base and a comprehensive network of power supply in Yibin City, which allows us to optimize the balance usage of power resources within our power supply network through efficient allocation of electricity. Our businesses currently consist of (i) power business, including production, distribution and sales of power, which is divided into general power supply business and incremental power transmission and distribution business; and (ii) EECS business, which includes electrical engineering construction service and sales of electric equipment and materials.

In 2021, the Company realized revenue of RMB3,171.7 million, representing a year-on-year increase of 4.8%. Our profit before taxation was RMB321.2 million, representing a year-on-year increase of 5.1%. In the same year, the Company achieved net profit of RMB270.9 million, representing a year-on-year increase of 5.3%, and net profit attributable to equity shareholders of the parent company of RMB269.6 million, representing a year-on-year increase of 5.3%.

As of the end of 2021, we had an aggregate of 34 hydropower plants with a total installed capacity of 138,355 kW. We also had 2 units of 220 kV substations with an aggregated capacity of 720,000 kVA, 19 units of 110 kV substations with an aggregated capacity of 942,000 kVA, and 59 units of 35 kV substations with an aggregated capacity of 572,050 kVA.



## 2.2 Operating Results

The following table sets forth the breakdown of the principal operating revenue, cost and gross profit by category of business for the years ended 31 December 2020 and 2021, and the percentage of changes.

Principal activities	Year ended 31 December 2021			Year ended 31 December 2020			Percentage of changes (%)/ Percentage points		
	Revenue	Cost	Gross profit	Revenue	Cost	Gross profit	Revenue	Cost of sales	Gross profit
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)			
General power supply business	2,300,502	1,840,446	460,056	2,105,535	1,658,094	447,441	9.3	11.0	2.8
Incremental power transmission and distribution business	489,137	470,130	19,007	516,196	492,717	23,479	(5.2)	(4.6)	(19.0)
EECS business <sup>(1)</sup>	376,130	307,085	69,045	398,555	325,223	73,332	(5.6)	(5.6)	(5.8)
<b>Total</b>	<b>3,165,769</b>	<b>2,617,661</b>	<b>548,108</b>	<b>3,020,286</b>	<b>2,476,034</b>	<b>544,252</b>	<b>4.8</b>	<b>5.7</b>	<b>0.7</b>

Note:

- (1) Include revenue from the sales of electric equipment and materials of RMB8.7 million for the year ended 31 December 2021.

### 2.2.1 General Power Supply Business

The following table sets forth the breakdown of revenue from our general power supply business by customer category for the periods indicated.

Customer	Year ended 31 December				Percentage of changes (%)/ Percentage points	
	2021		2020		Electricity Sales	Revenue
	Electricity Sales (MWh)	Revenue (RMB'000)	Electricity Sales (MWh)	Revenue (RMB'000)		
Household	1,422,688	790,703	1,290,095	713,740	10.3	10.8
General industrial and commercial	1,112,936	635,681	983,593	567,459	13.2	12.0
Large industrial	1,522,072	811,882	1,444,633	763,109	5.4	6.4
State Grid	110,889	29,655	94,103	20,353	17.8	45.7
Others	91,769	32,581	116,264	40,874	(21.1)	(20.3)
<b>Total</b>	<b>4,260,354</b>	<b>2,300,502</b>	<b>3,928,688</b>	<b>2,105,535</b>	<b>8.4</b>	<b>9.3</b>

Most of our revenue for the year ended 31 December 2021 was derived from general power supply business, including generation, distribution and sales of power. We generated RMB2,300.5 million of revenue from our general power supply business, which accounted for 72.7% of our principal operating revenue.

### **2.2.2 Incremental Power Transmission and Distribution Business**

Our revenue from incremental power transmission and distribution business mainly consists of electricity retail business outside our normal power supply service area and other power distribution business related to new-energy vehicles. By implementing measures to diversify the industry chain, we generated RMB489.1 million of revenue from incremental power transmission and distribution business for the year ended 31 December 2021, which accounted for 15.4% of our principal operating revenue.

### **2.2.3 EECS Business**

We also derived revenue from our EECS business, which mainly involves undertaking the engineering construction projects for, and selling electric equipment and materials to, the users and grid companies in our power supply area. For the year ended 31 December 2021, we generated RMB376.1 million of revenue from our EECS business, which accounted for 11.9% of our principal operating revenue.

## **2.3 Major Operational Measures**

### **2.3.1 Steadily Advancing Reform and Innovation with a Focus on Lean Operation**

We are in constant pursuit of the corporate vision of “being a first-class modern integrated energy service provider”. Upholding the philosophy of addressing the changing environment via reform and exerting on-going efforts to explore brand-new development chapter, the Company continued to improve its governance model and management structure, boosted its internal growth engine and development dynamics, and witnessed further improvement in terms of innovation capacity and market competitiveness. In particular, (i) the Company formulated scientific strategic planning, aiming to transform itself into a “modern integrated energy service provider with a focus on power supply”. It also scientifically prepared the “14th Five-year” strategic planning and grid development planning, and proactively solicited opinions from local party committees and government, key customers, Sichuan Province Energy Bureau, Southwest Electric Power Design Institute Co., Ltd. and other institutions, with a view to formulating more reasonable planning and setting clearer development goals; (ii) the Company steadily advanced its reform tasks, and coordinated the three-year reform campaign of state-owned enterprises and improvement initiative in benchmarking to world leading management practices. It was enrolled as one of the 70 pilot “State-owned Enterprises to Undergo Comprehensive Reforms in Sichuan” by the State-owned Assets Supervision and Administration Commission of Sichuan Province for the compliance management system, and secured the “1+3+1” compliance management system construction achievements for trial run, which effectively enhanced operation efficiency; (iii) the Company continued to motivate talents, carried forward reform of internal organizational structure, and comprehensively established the promotion channels and remuneration system based on multiple standards, including management, technique and skill, so as to further broaden the development potential and promotion channels for employees. It also continuously improved the market-oriented talent selection and recruitment mechanism, and pressed ahead with open recruitment, in a move to bridge the imminent talent gap in key and technical posts; and (iv) the Company further promoted the innovation-based development strategy, and its independently developed VR power security experience training system successfully obtained the computer software copyright issued by the National Copyright Administration.

### ***2.3.2 Improving Service Quality with a Focus on Safeguards for Livelihood***

Adhering to the business philosophy of “generating power for the people”, we continued to optimize the operation environment, effectively improved service quality and made every effort to provide satisfactory and convenient services to users. Specifically, (i) the Company endeavored to enhance power supply quality. Its Yibin Comprehensive Information Dispatching Center successfully commenced operation, the capacity increase and technological renovation project of 220 kV substation of Yujing in Gongxian County was completed as scheduled, and two on-grid interfaces of 110 kV connecting to the State Grid were launched. Meanwhile, it vigorously promoted the rectification of low-voltage power supply areas, and further strengthened the power supply safeguards, service and optimal grid operation capabilities; (ii) the Company continued to improve power operation environment, formulated the “Action Plan on Comprehensive Promotion of ‘Acquisition of Electricity’ Service Quality and On-going Improvement of Business Environment (2021-2022)”, and guided by such plan, the Company continuously improved the business processing, business expansion installation, engineering construction, complaint handling and other procedures. Apart from payment at service outlets, via WeChat and withheld by the bank, the Company also set up convenient facilities such as WeChat QR code scanning terminals, mobile POS machine and self-service terminals, allowing users to complete payment in about five minutes with the proportion of self-service and online payment reaching 70% in 2021; (iii) the Company strictly implemented the “Three Zeros and Three Savings” services to proactively reduce the processes to undergo, time required, materials and costs incurred, and sought to put efforts in innovating service models and optimizing service means, aiming to establish more digital means to save trouble for the people, and reduce burdens and improve efficiency for power installation and utilization. In 2021, more than 5,000 users benefited from the Company’s “Three Zeros and Three Savings” services and over RMB20 million was thus saved; and (iv) the Company effectively enhanced complaint management, stepped up propaganda campaigns on the 12398 energy supervision hotline, launched its own 96598 service hotline, and identified and evaluated the complaints lodged according to Measures for the Implementation of Reward and Punishment Management of Power Supply Services of the Company, with the handling ratio of low-voltage complaints and customer revisit satisfaction both reaching 100%.

### ***2.3.3 Maintaining Stability and Striving for Progress with a Focus on Fulfilling Responsibilities***

We have always followed the concept of “putting people and life first and foremost”, kept a close eye on crucial processes and important periods, and promoted safe and stable operation and effectively implemented anti-COVID-19 measures. The Company did not record any general incident of casualties or above, damage to grid or equipment, forest fires, environmental pollution or other incidents throughout the year. Particularly, (i) the Company conducted special rectification of fire hazards in power transmission and distribution facilities in forest and pastoral areas, formulated special rectification schemes, executed responsibility undertakings with persons in charge at each level, and established an organizational structure covering all aspects and extending to the lowest level without dead zone, so as to ensure timely identification and proper handling of fire hazards. The Company did not record any forest fire in its power supply areas throughout the year and unexpected power failure caused by bended bamboos or tree branches also recorded a sharp decline; (ii) the Company steadily advanced the three-year power safety generation special rectification action, continued to consolidate the basis for safety operation, and boosted the scientific and information-based improvement of the safety operation of the Company; (iii) the Company effectively rummaged and rectified safety hazards, carried out extensive safety inspections and investigated into and rectified all safety hazards and management loopholes in the principle of “full coverage, zero tolerance, strict law enforcement and efficiency”; (iv) the Company constantly cemented its safety foundation, earnestly implemented the new Safety Production Law, flexibly conducted safety production theme trainings through “on-line self-learning and off-line training”, and pressed ahead with the propaganda and education on “safety production month” campaign, thereby further enhancing the safety production awareness of the employees of the Company; and (v) the Company took resolute anti-COVID-19 measures, proactively carried out pandemic prevention requirements, formulated comprehensive and effective prevention measures, effectively consolidated its anti-pandemic shield and achieved zero case of infection. Meanwhile, the Company fulfilled the social responsibilities required of a state-owned enterprise, focused on propaganda of anti-pandemic policies, and cooperated with local party committee and governments to implement various prevention measures to jointly build an anti-COVID-19 shield.

### **2.3.4 Constantly Promoting the Guiding Role of the Party with a Focus on Party Building**

We have been upholding the leadership of the Party, and with a focus on learning the Party's history and celebration of the 100th anniversary of the Party, we initiated activities to study the Party's history, understand its theories, do practical work and make new advances, which set the solid ideological, political and organizational foundation for the quality development of the Company. Firstly, the Company insisted on reinforcing belief during the course of studying the Party's history, and successfully conducted the "do practical things in the interests of the masses" activity. Secondly, the Company kept strengthening the Party spirit among grassroots, meticulously carried out the "re-troubleshooting" special rectification and "case-based improvement" special act, and vigorously promoted the standardization and normalization of Party branches and establishment of distinct Party building brand. Thirdly, the Company persisted in pooling strength through intensifying the guiding role of the Party ideology, thoroughly implemented the ideological accountability system, proactively advanced construction of corporate culture and consolidated and extracted the core philosophy of the corporate culture. Fourthly, the Company adhered to tightening discipline and improving the Party conduct through full and strict governance over the Party. The Company conscientiously implemented the accountability system in construction of a clean Party, proactively coordinated and implemented the Party integrity and production and operation, and continued to step up awareness of discipline and rules, thereby materializing the integrity responsibility at each level.

## **3. FINANCIAL REVIEW**

### **Analysis of Key Items in the Consolidated Income Statement**

#### ***Operating revenue***

<b>Principal activities</b>	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>(RMB'000)</b>	<b>(RMB'000)</b>
General power supply business	<b>2,300,502</b>	2,105,535
Incremental power transmission and distribution business	<b>489,137</b>	516,196
EECS business <sup>(1)</sup>	<b>376,130</b>	398,555
Total	<b><u>3,165,769</u></b>	<b><u>3,020,286</u></b>

*Note:*

(1) Includes revenue from the sales of electric equipment and materials of RMB8.7 million for the year ended 31 December 2021.

Revenue increased by 4.8% from RMB3,020.3 million for the year ended 31 December 2020 to RMB3,165.8 million for the year ended 31 December 2021, primarily due to an increase of RMB145.2 million in revenue from our general power supply business as a result of an increase in electricity sales made to our household and general industrial and commercial customers of 261,936 MWh in 2021.

### ***General Power Supply Business***

Revenue generated from general power supply business increased by 9.3% from RMB2,105.6 million for the year ended 31 December 2020 to RMB2,300.5 million for the year ended 31 December 2021, primarily due to an increase in the number of our household and general industrial and commercial customers by 11,542 and 2,169, respectively in 2021 compared to 2020. Revenue generated from general power supply business accounted for 69.7% and 72.7% of our principal operating revenue for the years ended 31 December 2020 and 2021, respectively.

### ***Incremental Power Transmission and Distribution Business***

Revenue generated from incremental power transmission and distribution business decreased by 5.2% from RMB516.2 million for the year ended 31 December 2020 to RMB489.1 million for the year ended 31 December 2021, primarily due to a decrease in electricity demands from our customers in 2021 compared to 2020.

### ***EECS Business***

Revenue generated from the EECS business decreased by 5.6% from RMB398.6 million for the year ended 31 December 2020 to RMB376.1 million for the year ended 31 December 2021, primarily due to a decrease of the average contract amount of EECS business and relevant projects the Group undertook in 2021.

### ***Operating Cost***

<b>Principal activities</b>	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>(RMB'000)</b>	<b>(RMB'000)</b>
General power supply business	<b>1,840,446</b>	1,658,094
Incremental power transmission and distribution business	<b>470,130</b>	492,717
EECS business	<b>307,085</b>	325,223
Total	<b><u>2,617,661</u></b>	<b><u>2,476,034</u></b>

Cost of sales increased by 5.7% from RMB2,476.0 million for the year ended 31 December 2020 to RMB2,617.7 million for the year ended 31 December 2021, mainly due to an increase in electricity purchase from third-party suppliers as a result of expansion in the scale of general power supply business.

### **General Power Supply Business**

Cost of sales associated with our general power supply business increased by 11.0% from RMB1,658.1 million for the year ended 31 December 2020 to RMB1,840.4 million for the year ended 31 December 2021, primarily due to an increase in electricity purchase from third-party suppliers as a result of expansion in the scale of general power supply business in 2021. Cost of sales from our general power supply business accounted for 67.0% and 70.3% of our principal operating cost for the years ended 31 December 2020 and 2021, respectively.

### **Incremental Power Transmission and Distribution Business**

Cost of sales associated with the incremental power transmission and distribution business decreased by 4.6% from RMB492.7 million for the year ended 31 December 2020 to RMB470.1 million for the year ended 31 December 2021, primarily due to a decrease in scale of our incremental power transmission and distribution business in 2021.

### **EECS Business**

Cost of sales associated with the EECS business decreased by 5.6% from RMB325.2 million for the year ended 31 December 2020 to RMB307.1 million for the year ended 31 December 2021, primarily due to the decrease of the average contract amount of EECS business and relevant projects we undertook in 2021.

### **Gross Profit and Gross Profit Margin**

	Year ended 31 December			
	2021		2020	
Principal activities	Gross Profit (RMB'000)	Gross Profit Margin %	Gross Profit (RMB'000)	Gross Profit Margin %
General power supply business	460,056	20.0	447,441	21.3
Incremental power transmission and distribution business	19,007	3.9	23,479	4.5
EECS business	69,045	18.4	73,332	18.4
Total	<u>548,108</u>	<u>17.3</u>	<u>544,252</u>	<u>18.0</u>

Our gross profit increased by 0.7% from RMB544.3 million for the year ended 31 December 2020 to RMB548.1 million for the year ended 31 December 2021. Our gross profit margin decreased by 0.7 percentage points from 18.0% for the year ended 31 December 2020 to 17.3% for the year ended 31 December 2021, mainly due to a decrease of gross profit margin from general power supply business as we had no longer enjoyed a progressive reduction or exemption policy for the payment of basic endowment insurance, unemployment insurance and work-related injury insurance by enterprises and a decrease in scale of our incremental power transmission and distribution business in 2021.

### ***General Power Supply Business***

The gross profit of general power supply business increased by 2.8% from RMB447.4 million for the year ended 31 December 2020 to RMB460.1 million for the year ended 31 December 2021, primarily due to an increase in the amount of electricity sales made to our household users and general industrial and commercial users in 2021.

### ***Incremental Power Transmission and Distribution Business***

The gross profit of incremental power transmission and distribution business decreased by 19.0% from RMB23.5 million for the year ended 31 December 2020 to RMB19.0 million for the year ended 31 December 2021, primarily due to a decrease in scale of our incremental power transmission and distribution business in 2021.

### ***EECS Business***

The gross profit of EECS business decreased by 5.8% from RMB73.3 million for the year ended 31 December 2020 to RMB69.0 million for the year ended 31 December 2021, primarily due to the adverse market conditions.

### ***Credit Impairment Loss***

Credit impairment loss decreased by 56.3% from RMB33.5 million for the year ended 31 December 2020 to RMB14.7 million for the year ended 31 December 2021, mainly due to the strengthened management of over receivables, thus reducing the expected credit loss rate.

### ***Finance Costs***

Finance costs increased by 30.7% from RMB5.6 million for the year ended 31 December 2020 to RMB7.3 million for the year ended 31 December 2021, primarily due to a decrease of net exchange gains in 2021 as we incurred less foreign loans.

### ***Asset Impairment Loss***

Asset impairment loss increased by 241.9% from RMB4.7 million for the year ended 31 December 2020 to RMB16.1 million for the year ended 31 December 2021, mainly because we found that certain plant and equipment were physically damaged or ceased for operation during the year, and as a result we provided asset impairment loss in this respect.



### ***Gain/(loss) on investment in associates***

Gain/(loss) on investment in associates increased by 274.7% from RMB-1.0 million for the year ended 31 December 2020 to RMB1.7 million for the year ended 31 December 2021, primarily due to an increase of RMB1.6 million in income from two small loan companies, which are the Group's associates with the improvement of market conditions.

### ***Income Tax***

Income tax expenses were RMB48.5 million and RMB50.3 million for the years ended 31 December 2020 and 2021 at effective tax rates of 15.9% and 15.7%, respectively. The increase in income tax was primarily attributable to an increase in total profit.

### ***Net Profit***

As a result of the above, profit for the year increased from RMB257.2 million for the year ended 31 December 2020 to RMB270.9 million for the year ended 31 December 2021.

### **Analysis of Key Items of Consolidated Balance Sheet**

#### ***Fixed Assets, Construction in Progress and Right-of-use Assets***

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>(RMB'000)</b>	<b>(RMB'000)</b>
Fixed assets	<b>2,785,048</b>	2,555,212
Construction in progress	<b>115,141</b>	197,295
Right-of-use assets	<b>5,845</b>	5,274
	<hr/>	<hr/>
Total	<b><u>2,906,034</u></b>	<b><u>2,757,781</u></b>

Fixed assets, construction in progress and right-of-use assets (mainly including plant and buildings, machinery, vehicles, office equipment, projects under construction and right-of-use assets) increased from RMB2,757.8 million as of 31 December 2020 to RMB2,906.0 million as of 31 December 2021, mainly due to an increase in purchase of fixed assets and an increase of construction in progress completed in 2021.

#### ***Intangible Assets***

Our intangible assets remained stable, representing RMB128.0 million and RMB128.1 million as at 31 December 2020 and 2021, respectively.

### ***Accounts Receivable***

Our accounts receivable were RMB343.7 million and RMB372.0 million as at 31 December 2020 and 2021, respectively, primarily due to an increase of revenue in 2021.

Excluding certain accounts receivable for which bad debts have been provided, the average turnover days of our accounts receivable (calculated by using the average value of the opening and closing balance of the accounts receivable of the relevant period divided by the revenue for the period, and then multiplied by the number of days in the period) remained relatively stable in 2020 and 2021.

### **Financial Assets Held for Trading**

Financial assets held for trading were RMB160.0 million and RMB0.0 million as at 31 December 2020 and 2021, respectively. The decrease of financial assets held for trading was mainly due to maturity of structured deposits at the end of 2021.

### ***Accounts Payable***

Our accounts payable were RMB565.2 million and RMB602.6 million as at 31 December 2020 and 2021, respectively. The increase in accounts payable was mainly due to an increase in accounts payable caused by the increase in quantity of EECS projects.

The average turnover days of our accounts payable (calculated by using the average value of opening and closing balance of the accounts payable of the relevant period divided by the cost for the period, and then multiplied by the number of days in the period) increased from 77.6 days as at 31 December 2020 to 80.2 days as at 31 December 2021. The increase in accounts payable is mainly due to the increase in accounts payable from the increase in quantity of EECS projects in 2021.

### ***Liquidity and Financial Resources***

Our Group manages its capital to ensure that entities of our Group will be able to operate as a going concern while maximizing the return to our Shareholders through the optimization of the debt and equity balance. Our Group's overall strategy remains unchanged throughout the year. The capital structure of our Group consists of net debts (which includes borrowings net of cash and cash equivalents) and total equity (comprising paid-in capital/share capital, capital reserve, statutory surplus reserve, retained profits and non-controlling interests). Our Group is not subject to any externally imposed capital requirements.

As at 31 December 2021, our cash and cash equivalents amounted to RMB584.0 million (31 December 2020: RMB500.8 million), among which, the amount for daily operating purpose is approximately RMB300 million, and the remaining consists of unused proceeds and special funds for rural grid upgrade and transformation projects. The increase of the balance of cash and cash equivalents is mainly because of increase of special funds of rural grid upgrade and transformation projects received in 2021.

As at 31 December 2021, the total borrowings of our Group amounted to RMB313.3 million (31 December 2020: RMB381.3 million), including bank and other borrowings. All of our bank and other borrowings bear interest at floating rate.

### ***Gearing Ratio***

As at 31 December 2021, the gearing ratio of our Group was 10.5% (31 December 2020: 13.1%). Gearing ratio is calculated based on our total interest-bearing liabilities divided by total equity as of the same date.

#### 4. GLOBAL OFFERING AND USE OF PROCEEDS FROM GLOBAL OFFERING

The Company was listed on the Stock Exchange on 28 December 2018 and 268,800,000 H Shares with a nominal value of RMB1.00 each was issued at a price of HK\$1.77 per share (the “**Global Offering**”). The net proceeds from the Global Offering amounted to approximately RMB380.5 million. The Group has utilized approximately RMB224.9 million of such proceeds from the Global Offering according to those disclosed in the Prospectus as at 31 December 2021. The remaining approximately RMB155.6 million has not been used. The use of proceeds is as follows:

Use of Proceeds as Disclosed in the Prospectus	Percentage of net proceeds from initial public offering (as set out in the Prospectus)	Planned usage of net proceeds from initial public offering (as set out in the Prospectus) (RMB'000)	Amount unused as at		Estimated schedule	
			1 January 2021 (RMB'000)	Amount used for the year (RMB'000)		
Acquisition of power-related assets	40%	152,193	152,193	-	2022	
Construction and optimization of power grid	30%	114,145	4,947	4,947	-	N/A
Establishment of centralized power dispatching and control center and promotion of smart grid system	20%	76,097	-	-	-	N/A
Working capital	10%	38,048	3,907	481	3,426	2030
<b>Total</b>	<b>100%</b>	<b>380,483</b>	<b>161,047</b>	<b>5,428</b>	<b>155,619</b>	

Note:

- (1) The estimated schedule for utilizing the remaining proceeds is based on the best estimation made by the Group on future market condition and may change with the current market condition and future development.

As of 31 December 2021, the unused net proceeds from the Global Offering for each business strategy mentioned in the above table have been deposited as deposits in licensed banks in China and will be used in accordance with the progress of the Company’s investment projects. As disclosed in the Prospectus, the Company intended to use 40% of the unused net proceeds for the acquisition of power-related assets. However, due to the outbreak of COVID-19 pandemic and the social restrictions caused by regional epidemic prevention and blockade measures, the intended investment project was unable to complete as scheduled considering that both parties of the transaction have not reached an agreement on the transaction conditions as the progress of the investigation and research work related to the project failed to meet the expectation. It is expected to be postponed to the end of 2022 to complete the acquisition of power-related assets. The Company will accelerate the progress of the project and improve the efficiency of the use of proceeds.

The net proceeds from the Global Offering have been and are expected to be used as previously disclosed in the Prospectus. As of 31 December 2021, save as the delay in the acquisition of power-related assets, there have been no major changes or delays in the usage or use of the net proceeds of the Company.

## 5. CAPITAL COMMITMENTS

We have certain capital commitments relating to the construction of our centralized power dispatching and control center. We will undertake those classified as authorized but not contracted for if our management has identified potential capital commitments and has determined that it is more likely to make the commitment.

The following table sets forth our capital commitments outstanding for the periods indicated:

	As at 31 December	
	2021	2020
	(RMB'000)	(RMB'000)
Contracted for	<u>91,909</u>	<u>68,994</u>

## 6. SIGNIFICANT INVESTMENTS HELD, MAJOR ACQUISITIONS AND DISPOSALS

For the year ended 31 December 2021, we did not have any significant investments held, nor were there acquisitions and disposals of subsidiaries, associates and joint ventures.

## 7. PLEDGES OF OUR GROUP'S ASSETS

No property, plant and equipment were pledged to banks as at 31 December 2021 (31 December 2020: nil).

## 8. FOREIGN EXCHANGE RISK

Our Group does not currently hedge its exposure to foreign currencies and recognises the profits and losses resulting from fluctuations as and when they arise. The Group carries out business in the PRC and receives revenue and pay its costs/expenses in RMB. The Group distributes dividends in Hong Kong dollar.

## 9. CONTINGENT LIABILITIES

As at 31 December 2021, our Group did not have any contingent liabilities (31 December 2020: nil).

## **10. MAJOR INVESTMENT PLAN**

We plan to expedite the construction of the high pressure level power grids, including the investment in the construction of a new 110 kV power transmission and distribution project in Dahe of Xingwen County, which obtained investment approval in January 2022. We plan to build one 110 kV substation and one main transformer with a capacity of 50,000 kVA. The total investment is RMB58.98 million, 40% of which are self-raised funds and 60% of which are bank loans. The project is expected to be completed by June 2023 in order to improve the power supply and support capabilities, operational efficiency and service level of the regional power grid.

## **11. EMPLOYEE AND REMUNERATION POLICY**

As at 31 December 2021, the Company had a total of 2,880 full-time employees (31 December 2020: 3,006). The related employee costs (including Directors' fees) for the year were approximately RMB421.4 million. The Company believes that attracting, recruiting and retaining high-quality employees is essential to the success of the Company. Our employee compensation is determined based on current industry practices and employees' educational background, experience and performance. The Company has contributed to a number of employee social security plans managed by local governments for employees, including housing provident funds, pensions, medical insurance, social insurance and unemployment insurance, etc., which are vested in the employees and will not be confiscated by the Company when they leave the Company. Accordingly, there are no forfeited contributions under the employee social security plans which may be used by the Group to reduce its existing level of contributions during the year ended 31 December 2021. The Group also provides employees with adequate job training. To attract outstanding employees, the remuneration committee under the Board regularly reviews employees' remuneration policies and benefits.

## **12. ALIGNMENT IN PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES AND CHANGE OF AUDITOR**

In order to improve working efficiency, lower disclosure costs and audit costs, on 20 April 2021, the Board resolved to propose to the Company to change the international financial reporting disclosure standards from the International Financial Reporting Standards to China Accounting Standards for Business Enterprises. On the same date, the Board also proposed to (i) cease to re-appoint the international auditor of the Company and (ii) select an appropriate firm of practicing accountants which has been approved by the Ministry of Finance of the People's Republic of China and the China Securities Regulatory Commission and eligible to provide auditing services by using the China Standards on Auditing to the Mainland China incorporated issuers listed in Hong Kong to be the Company's auditor for 2021 to undertake other responsibilities of international auditor which are required by the Listing Rules. The above resolutions were proposed and approved at the annual general meeting of the Company held on 18 June 2021, and KPMG Huazhen LLP (the "**KPMG Huazhen**") has been appointed as the auditor of the Company for 2021. The financial statements and annual results of the Company for the year ended 31 December 2021 have been prepared under the China Accounting Standards for Business Enterprises and relevant requirements. The Company is of the view that the preparation of all of its financial statements in accordance with the China Accounting Standards for Business Enterprises and relevant requirements will not have a significant impact on the financial position, operating results and cash flows of the Company in 2021 and in the future.

Please refer to the announcements dated 20 April 2021 and 17 May 2021 as well as the circular dated 18 May 2021 of the Company for details.

### **13. SUBSEQUENT EVENTS**

Except for the distribution of dividends, there are no material events affecting the Company or any of its subsidiaries after 31 December 2021 and up to the date of this announcement.

### **14. IMPACT OF COVID-19 PANDEMIC ON THE COMPANY**

On the whole, COVID-19 pandemic had no significant impact on the Company's financial position and operation performance for this year. Our Group strengthened management of receivables during the year, formulated policies about receivables management and assessment, all of which improved receivable turnover in 2021.

### **15. OUTLOOK**

According to the 14th Five-Year Plan formulated for the country and the industry, we will proactively define development strategies and report to our Shareholders and the Board for decision-making. Dedicated to the goal of building our Company into a first-class domestic modern integrated energy service provider with a focus on power supply at the end of the 14th Five-Year Period, the Company will put emphasis on promoting reform, further enhance capital efficiency, improve corporate management system, and consolidate the foundation for stable power supply to guarantee the successful accomplishment of major issues, tasks and projects.

#### **(1) Striving for further improvement in operating performance with a commitment to reform and innovation**

Firstly, the Company will complete its three-year reform, stimulate innovation drive, unlock growth potential and bolster corporate dynamics, with a view to constantly creating new landscape for sustainable development. Secondly, it will focus on the formulation of the strategic planning for the 14th Five-year Period, and based on such blueprints, further improve grid structure, vigorously explore the "power source + power grid" business model, and expedite the transformation from traditional grids to intelligent new grids featuring source-grid-load-storage integration. Thirdly, the Company will proactively grasp opportunities brought about by the "carbon peak and carbon neutrality" campaign, earnestly implement the industrial layout requirements for the development of the low-carbon and green economy, and accelerate the pace of optimization and upgrading of industrial structure and low-carbon transformation of energy mix. Fourthly, it will attach great importance to capital operations, maintain accurate insight into the basic principle underlying quality development, and identify other mergers and acquisitions opportunities in the market, in a move to strengthening the profitability of the Company and broadening its prospects in the capital market.

**(2) Endeavoring to further promote security standards leveraging coordinated development**

Firstly, the Company will continue to emphasize safety production responsibilities. It will conscientiously implement the new Safety Production Law, and establish safety production responsibilities and working requirements for the primary staff in line with the list-based management requirements. Secondly, the Company will keep inspecting and rectifying safety hazards. Focusing on the three-year planning on power generation safety special rectification, it will cement the foundation of safety management, and further promote security standards. Thirdly, it will persist in normalization of COVID-19 prevention, maintain close track of anti-COVID-19 information relating to the Company, effectively implement coordination and deployment, and earnestly conduct pandemic monitoring, in a bid to guard the primary defense in pandemic containment.

**(3) Sparing no efforts in enhancing corporate governance via improvement of quality and efficiency**

Firstly, the Company will enhance the law-based governance standards. It will carry out in-depth Mr. Xi Jinping’s rule-of-law ideology, and establish and optimize the unified and effective regulatory system with complete coverage and specific contents, as well as compliance management mechanism with clearly defined duties, focused highlights and standard procedures. Secondly, the Company will enhance its management capacity. It will embrace world leading management enhancement practices, take thorough reference from the “eight commitments and eight abilities” initiative, vigorously boost the construction of management systems and capabilities, and effectively improve management level. Thirdly, the Company will strengthen talent efficiency, further optimize talent mix, build up employee quality and reinforce talent pool to support the development of the Company. Besides, it will proactively explore the market-oriented remuneration incentive system of non-grid companies, so as to tap into the guiding role of remunerations in incentive and constraint.

**(4) Seeking to improve service quality with a focus on the customer-oriented strategy**

Firstly, the Company will considerably consolidate the power supply foundation. Based on the existing grid network of the Company, it will earnestly promote inspection by unmanned aerial vehicles, forest fire prevention facilities, tripping lightning arresters and other technologies, and comprehensively advance the construction of production management system, distribution automation system and substation intelligent inspection system, thereby further enhancing the power grid resource allocation, security guarantee and intelligent interaction capacity. Secondly, it will improve deployment and management. The Company will give full play to the coordination of regional power grid networking and Yibin Comprehensive Information Dispatching Center, and meticulously prepare its power grid dispatching operation plan, so as to further enhance the safe and economic operation of power grids, power supply safeguard and overall planning. Thirdly, it will comprehensively rectify the inadequate power supply services. For the prominent issues complained by the users, it will formulate a systematic long-term remediation work plan. Fourthly, the Company will comprehensively improve the service standards. It will constantly optimize service means and standards, and proactively promote the “online case acceptance” and “unified online services”, to effectively improve user satisfaction and sense of fulfillment. In addition, it will continue to optimize the 96598 service hotline, formulate service assessment methods that are in line with the actual situation of the Company, and standardize the power utilization services.



**(5) Dedicated to promoting Party building while following the ideological leadership of the Party**

We will hold fast to the overall requirements of Party building in the new area, capitalize on the political advantages of state-owned enterprises and expedite quality development leveraging remarkable Party building. Upholding the spirit of the Sixth Plenary Session of the 19th CPC Central Party Committee, we will continue to strengthen construction of political ideologies, management team, culture, discipline and the masses, aiming to provide strong ideological guarantee, spiritual driving force and cultural sustainment for the reform and development of the Company.

**Dividends and Distribution**

The Board proposed to declare a final dividend of RMB0.12 per Share (tax inclusive) for the year ended 31 December 2021 to Shareholders whose names appear on the register of members on 28 June 2022, with the total amount of dividend amounting to RMB128,922,924. The declaration of dividend shall be subject to approval by the Shareholders at the Annual General Meeting, and the final dividend is expected to be paid on or before 20 July 2022.

For the distribution of dividends, dividends for holders of Domestic Shares and Unlisted Foreign Shares will be distributed and paid in RMB, while dividends for holders of H Shares will be declared in RMB but paid in HK\$. The exchange rate adopted for conversion was the average of the medium conversion price between RMB and HK\$ as announced by China Foreign Exchange Trading Center for the calendar week immediately prior to 24 March 2022, being the date of proposed declaration of dividend (i.e. 17 March 2022 to 23 March 2022) (HK\$1.0 to RMB0.8123). Accordingly, the amount of the final dividends payable in HK\$ will be HK\$0.14773 per Share.

**Final Dividend Income Tax Applicable to Overseas Shareholders**

Under the relevant tax rules and regulations of the PRC (collectively the “**PRC Tax Law**”), the Company is required to withhold enterprise income tax at the rate of 10% when distributing final dividends to non-resident enterprises (such term shall have the meaning as defined under the PRC Tax Law) whose names appear on the H shares register of members of the Company.

In accordance with the PRC Tax Law, the Company is also required to withhold individual income tax when distributing final dividends to individual shareholders whose names appeared on the H shares register of members of the Company. The Company will determine the country of domicile of the individual H Shareholders based on the registered addresses as recorded in the H shares register of members of the Company on the Record Date with details as follows:

For individual H Shareholders who are Hong Kong and Macau residents and those whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of them.

For individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of them. If such individual H Shareholders would like to apply for a refund of the additional amount of tax withheld and paid, the Company may make applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to the tax treaties.

For individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of higher than 10% but lower than 20%, the Company would withhold and pay the individual income tax at the agreed-upon effective tax rate on behalf of them.

For individual H Shareholders who are residents of those countries without any tax treaties with the PRC or having tax treaties with the PRC stipulating a dividend tax rate of 20% or more and other situations, the Company would withhold and pay the individual income tax at a tax rate of 20% on behalf of them.

Should H Shareholders have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax implications in Mainland China, Hong Kong and other countries (regions) on the possession and disposal of the H shares of the Company.

The Company will strictly comply with the requirements of relevant government departments, and will withhold and pay the enterprise/individual income tax on behalf of its shareholders whose names appear on the H-share register of the Company on the record date. The Company will take no responsibility and will reject any requests from shareholders whose identity cannot be confirmed within the specified time or cannot be confirmed at all or any disputes arising from the arrangement of withholding tax or paying tax. However, the Company may provide assistance to the extent of its ability.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to determine the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from 18 May 2022 to 17 June 2022 (both days inclusive), during which period no transfer of Shares will be effected. In order to be qualified to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the H share registrar of the Company, namely Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by holders of H Shares, or to the Company's registered office at No. 789, Renhe Road, Wenjiang District, Chengdu City, Sichuan Province, the PRC for registration by holders of Domestic Shares and Unlisted Foreign Shares no later than 4:30 p.m. on 17 May 2022.

In order to determine the entitlement of Shareholders for the final dividends, subject to the approval of the Shareholders at the Annual General Meeting, the register of members of the Company will be closed from 23 June 2022 to 28 June 2022 (both days inclusive), during which period no transfer of Shares of the Company will be effected. The Company will distribute final dividends to Shareholders whose names appear on the register of members of the Company on 28 June 2022. In order to be qualified to obtain final dividends, all transfers accompanied by the relevant share certificates must be lodged with the H share registrar of the Company, namely Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by holders of H Shares, or to the Company's registered office at No. 789, Renhe Road, Wenjiang District, Chengdu City, Sichuan Province, the PRC for registration by holders of Domestic Shares and Unlisted Foreign Shares no later than 4:30 p.m. on 22 June 2022.

## **PUBLIC FLOAT**

As at the date of this announcement, based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company maintained sufficient public float, that is, the public Shareholders held not less than 25% of the issued share capital of the Company as required by the Listing Rules.

## **CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining high-quality corporate governance. The Company believes that corporate governance practices are essential to the stability, efficiency and transparency of the Company's operation, as well as its ability to attract investment, and can protect the rights of shareholders and enhance the value of shares held by Shareholders.

From 1 January 2021 to 31 December 2021, the Company had complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules and had adopted most of the recommended best practices as set out in Appendix 14 to the Listing Rules.

## **COMPLIANCE WITH CODE PROVISIONS OF THE MODEL CODE BY DIRECTORS AND SUPERVISORS**

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors and the Supervisors. Having made specific inquiries with all Directors and Supervisors, all Directors and Supervisors confirmed that they have complied with the required standard set out in the Model Code regarding securities transactions of directors and supervisors for the year ended 31 December 2021.

## **AUDIT COMMITTEE**

The Audit Committee comprises two independent non-executive Directors, Mr. Kin Kwong Kwok Gary (郭建江) and Prof. Li Jian (李堅), and a non-executive Director, Ms. Han Chunhong (韓春紅).

The Group's audited annual results for the year ended 31 December 2021 have been reviewed by the Audit Committee. The Audit Committee considered that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group, and the selection and appointment of external accountants.

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary results announcement have been compared by the Group's auditor, KPMG Huazhen, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2021.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

In 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

## **ANNUAL GENERAL MEETING**

The forthcoming Annual General Meeting is expected to be held on 17 June 2022. The notice of the Annual General Meeting will be published on the websites of the Company ([www.scntgf.com](http://www.scntgf.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and be dispatched to the Shareholders in due course.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.scntgf.com](http://www.scntgf.com)). The annual report for the year ended 31 December 2021 of the Company containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the Shareholders and available on the same websites in due course.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Annual General Meeting”	the annual general meeting to be convened by the Company on 17 June 2022
“Articles of Association” or “Articles”	the articles of association of the Company adopted by the written resolution of the Shareholders on 16 May 2017 and as amended, supplemented and otherwise modified from time to time
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of Directors of the Company
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“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
“Corporate Governance Code”	code on corporate governance practices contained in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	domestic ordinary share(s) in the Company’s registered capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and held by PRC nationals or PRC-incorporated entities, and are not listed or traded on any stock exchange
“EECS business”	electrical engineering construction service and related business, which includes the construction, installation, testing and maintenance of power facilities and related sales of electric equipment and materials
“Group”	the Company and its subsidiaries
“H Share(s)”	the issued ordinary share(s) of RMB1.00 each in the share capital of the Company, which are listed on the Main Board of the Stock Exchange

“Listing”	listing of the H Shares of the Company on the Main Board of the Stock Exchange
“Listing Date”	28 December 2018, the date on which the H Shares of the Company were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
“Prospectus”	the prospectus of the Company dated 13 December 2018 issued in connection with its initial public offering in Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of RMB1.00 each in the share capital of the Company, including H Shares, Domestic Shares and Unlisted Foreign Shares
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in Section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

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

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

Chengdu, Sichuan Province, the PRC, 24 March 2022

*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