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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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The Board of Directors of Sichuan Energy Investment Development Co., Ltd.* is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2022 (the “**2022 Interim Results**”), together with the comparative figures for the corresponding period in 2021. The 2022 Interim Results have been reviewed by the Company’s Audit Committee.

CONSOLIDATED INCOME STATEMENT*For the six months ended 30 June 2022 – unaudited**(Expressed in RMB)*

		Six months ended 30 June	
	<i>Notes</i>	2022	2021
		RMB	RMB
Operating revenue	3	1,502,213,920.97	1,567,464,633.06
Less: Cost of sales		1,246,789,995.27	1,314,564,597.80
Tax and surcharge	4	9,356,010.24	7,561,044.89
Administrative expenses		85,596,927.76	83,520,784.61
Finance costs	5	4,526,607.04	14,100,333.94
Including: Interest expenses		5,049,699.71	4,637,106.94
Interest income		2,927,699.67	2,465,821.02
Add: Investment income	6	4,790,775.71	21,418,547.74
Including: Gain on investment in associates	6	3,907,609.35	691,349.64
Gain/(loss) on fair value changes		169,906.85	(1,128,601.92)
Credit impairment loss	7	(5,118,552.05)	(2,908,159.95)
Asset impairment loss	8	(328,549.78)	(3,114,402.87)
(Loss)/gain on asset disposal		(320.27)	2,678.02
Other income		109,897.31	22,879.34
Operating profit		155,567,538.43	162,010,812.18
Add: Non-operating income	9(1)	7,667,963.58	4,240,717.87
Less: Non-operating expenses	9(2)	4,337,197.67	343,541.93
Total profit		158,898,304.34	165,907,988.12
Less: Income tax expenses	10	29,157,529.52	27,089,737.01
Net profit		129,740,774.82	138,818,251.11

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022 – unaudited (continued)

(Expressed in RMB)

		Six months ended 30 June	
	Notes	2022	2021
		RMB	RMB
(i) Breakdown by continuity of operation:			
1. Net profit from continuing operations		129,740,774.82	138,818,251.11
2. Net profit from discontinued operations		–	–
(ii) Breakdown by attributable interests:			
1. Net profit attributable to shareholders of the parent company		129,713,416.10	138,195,119.53
2. Non-controlling interests		27,358.72	623,131.58
Other comprehensive income, after tax		–	–
Total comprehensive income		<u>129,740,774.82</u>	<u>138,818,251.11</u>
Total comprehensive income attributable to shareholders of the parent company		<u>129,713,416.10</u>	<u>138,195,119.53</u>
Total comprehensive income attributable to non-controlling interests		<u>27,358.72</u>	<u>623,131.58</u>
Earnings per share			
Basic and diluted	11	<u>0.12</u>	<u>0.13</u>

CONSOLIDATED BALANCE SHEET

As at 30 June 2022 – unaudited

(Expressed in RMB)

	<i>Notes</i>	As at 30 June 2022 RMB	As at 31 December 2021 RMB
Assets			
Current assets			
Cash and cash equivalents		490,401,801.49	589,976,784.39
Financial assets held for trading		152,169,906.85	–
Notes receivable		28,134,172.42	3,200,000.00
Accounts receivable	<i>14</i>	383,023,520.51	372,059,985.23
Prepayments		88,096,661.62	12,858,110.54
Other receivables		21,883,940.58	19,733,589.89
Inventories	<i>15</i>	80,203,846.68	70,279,839.11
Contract assets		100,151,722.27	92,746,010.09
Other current assets		21,070,329.05	8,956,731.67
Total current assets		<u>1,365,135,901.47</u>	<u>1,169,811,050.92</u>
Non-current assets			
Long-term equity investments		274,630,108.57	270,722,499.22
Other non-current financial assets		170,250.00	112,170,250.00
Fixed assets	<i>13</i>	2,735,366,669.56	2,785,047,920.89
Construction in progress		263,141,425.13	115,141,311.68
Right-of-use assets		5,460,169.56	5,844,877.08
Intangible assets		126,656,896.62	128,127,272.98
Long-term prepaid expenses		4,329,861.01	3,110,622.73
Deferred income tax assets		32,561,557.14	41,477,401.88
Total non-current assets		<u>3,442,316,937.59</u>	<u>3,461,642,156.46</u>
Total assets		<u><u>4,807,452,839.06</u></u>	<u><u>4,631,453,207.38</u></u>

CONSOLIDATED BALANCE SHEET

As at 30 June 2022 – unaudited (continued)

(Expressed in RMB)

	<i>Notes</i>	As at 30 June 2022 RMB	As at 31 December 2021 RMB
Liabilities and shareholders' equity			
Current liabilities			
Short-term borrowings		300,000,000.00	300,000,000.00
Accounts payable	<i>16</i>	503,467,590.28	602,593,587.62
Contract liabilities		263,385,171.15	206,432,892.20
Employee benefits payable		62,617,712.26	112,931,581.63
Tax payable		27,684,134.47	60,005,845.38
Other payables		279,487,711.10	137,499,593.52
Non-current liabilities due within one year		13,128,543.54	13,309,953.36
Total current liabilities		<u>1,449,770,862.80</u>	<u>1,432,773,453.71</u>
Non-current liabilities			
Lease liabilities		3,881,832.52	4,257,394.52
Deferred income		140,004,885.07	143,468,073.24
Deferred income tax liabilities		17,660,165.31	17,660,165.31
Long-term payables		200,659,287.09	37,394,687.09
Total non-current liabilities		<u>362,206,169.99</u>	<u>202,780,320.16</u>
Total liabilities		<u>1,811,977,032.79</u>	<u>1,635,553,773.87</u>

CONSOLIDATED BALANCE SHEET*As at 30 June 2022 – unaudited (continued)**(Expressed in RMB)*

	<i>Notes</i>	As at 30 June 2022 RMB	As at 31 December 2021 RMB
Shareholders' equity			
Share capital		1,074,357,700.00	1,074,357,700.00
Capital reserve		1,081,447,605.75	1,081,447,605.75
Other comprehensive income		–	–
Special reserve		19,203,671.75	19,925,149.81
Surplus reserve		104,468,551.68	104,468,551.68
Undistributed profit		700,251,304.21	699,460,812.11
Total equity attributable to shareholders of the parent company		<u>2,979,728,833.39</u>	<u>2,979,659,819.35</u>
Non-controlling interests		<u>15,746,972.88</u>	<u>16,239,614.16</u>
Total shareholders' equity		<u>2,995,475,806.27</u>	<u>2,995,899,433.51</u>
Total liabilities and shareholders' equity		<u><u>4,807,452,839.06</u></u>	<u><u>4,631,453,207.38</u></u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION

Sichuan Energy Investment Development Co., Ltd.* (the “**Company**”) is a limited liability company established and domiciled in the People’s Republic of China (the “**PRC**”).

The Company prepares its financial statements on a going concern basis.

These financial statements have been prepared in accordance with the requirements of the China Accounting Standards for Business Enterprises (“**Accounting Standards for Business Enterprises**”) issued by the Ministry of Finance of the People’s Republic of China (the “**MOF**”) and give a true and complete view of the consolidated financial position of the Company as of 30 June 2022 and the consolidated operating results for the period from January to June 2022.

2. ACCOUNTING POLICIES AND CHANGES

The Group’s current accounting period has no material impact on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 OPERATING REVENUE

(1) Operating revenue

Item	Six months ended 30 June	
	2022 RMB	2021 RMB
Revenue from principal business	1,498,732,043.43	1,564,348,778.40
Revenue from other business	3,481,877.54	3,115,854.66
Total	<u>1,502,213,920.97</u>	<u>1,567,464,633.06</u>
Including: Revenue from contracts	<u>1,500,731,523.93</u>	<u>1,566,372,078.40</u>

(2) Revenue from contracts of the Group

Type of contracts	Six months ended 30 June	
	2022	2021
	RMB	RMB
Classified by contract type		
Power supply contracts	1,324,765,990.74	1,354,772,765.83
Contracts of power installation projects	165,606,118.60	205,557,273.95
Material Sales Contracts	10,359,414.59	6,042,038.62
Total	<u>1,500,731,523.93</u>	<u>1,566,372,078.40</u>
Classified by time of revenue recognition		
Revenue recognized at a point in time	1,335,125,405.33	1,360,814,804.45
Revenue recognized over time	165,606,118.60	205,557,273.95
Total	<u>1,500,731,523.93</u>	<u>1,566,372,078.40</u>

4. TAX AND SURCHARGE

	Six months ended 30 June	
	2022	2021
	RMB	RMB
City maintenance and construction tax	2,573,312.43	2,253,693.44
Education surcharge	1,468,837.24	1,300,414.94
Housing property tax	1,958,720.11	1,372,021.94
Others	3,355,140.46	2,634,914.57
Total	<u>9,356,010.24</u>	<u>7,561,044.89</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	<i>RMB</i>	<i>RMB</i>
Interest expense on loans and payables	5,049,699.71	4,637,106.94
Interest expense on lease liabilities	135,864.14	128,489.76
Interest income on deposits	(2,927,699.67)	(2,465,821.02)
Foreign exchange losses	1,194,880.90	11,207,003.83
Other finance costs	1,073,861.96	593,554.43
	<u>4,526,607.04</u>	<u>14,100,333.94</u>

6. INVESTMENT INCOME

	Six months ended 30 June	
	2022	2021
	<i>RMB</i>	<i>RMB</i>
Investment income from long-term equity investments accounted for under cost method	–	–
Investment income from long-term equity investments accounted for under equity method	3,907,609.35	691,349.64
Investment income from financial assets at fair value through profit or loss	883,166.36	20,727,198.10
	<u>4,790,775.71</u>	<u>21,418,547.74</u>

7. CREDIT IMPAIRMENT LOSS

	Six months ended 30 June	
	2022	2021
	<i>RMB</i>	<i>RMB</i>
Accounts receivable	(7,043,203.55)	(3,674,961.18)
Other receivables	1,924,651.50	766,801.23
Contract assets	–	–
	<u>(5,118,552.05)</u>	<u>(2,908,159.95)</u>

8. ASSET IMPAIRMENT LOSS

	Six months ended 30 June	
	2022	2021
	<i>RMB</i>	<i>RMB</i>
Fixed assets	(328,549.78)	(3,114,402.87)
Intangible assets	–	–
Inventories	–	–
	<hr/>	<hr/>
Total	<u>(328,549.78)</u>	<u>(3,114,402.87)</u>

9. NON-OPERATING INCOME AND EXPENSES

(1) Non-operating income

	Six months ended 30 June	
	2022	2021
	<i>RMB</i>	<i>RMB</i>
Government grants	3,643,159.20	3,528,876.14
Others	4,024,804.38	711,841.73
	<hr/>	<hr/>
Total	<u>7,667,963.58</u>	<u>4,240,717.87</u>

(2) Non-operating expenses

	Six months ended 30 June	
	2022	2021
	<i>RMB</i>	<i>RMB</i>
Donation expense	–	–
Others	4,337,197.67	343,541.93
	<hr/>	<hr/>
Total	<u>4,337,197.67</u>	<u>343,541.93</u>

10. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	<i>RMB</i>	<i>RMB</i>
Income tax	28,339,631.03	26,728,097.68
Change in deferred income tax	<u>817,898.49</u>	<u>361,639.33</u>
Total	<u><u>29,157,529.52</u></u>	<u><u>27,089,737.01</u></u>

11. EARNINGS PER SHARE

The calculation of basic earnings per Share is based on net profit attributable to ordinary equity Shareholders of the Company of RMB129,740,774.82 (six months ended 30 June 2021: RMB138,818,251.11) and the weighted average number of ordinary Shares of 1,074,357,700 (six months ended 30 June 2021: 1,074,357,700 Shares) in issue during the interim period. There were no dilutive potential ordinary Shares for the six months ended 30 June 2022, and therefore, diluted earnings per Share are the same as the basic earnings per Share.

12. DIVIDENDS

(1) Dividends payable to the Shareholders of the Company attributable to the interim period

No interim dividend is declared for the six months ended 30 June 2022 (2021 interim dividend: Nil).

(2) Dividends payable to the Shareholders of the Company attributable to the previous financial year, approved during the interim period:

	Six months ended 30 June	
	2022	2021
	<i>RMB</i>	<i>RMB</i>
Final dividend approved in respect of previous financial year of RMB0.12 (2021: RMB0.12) per Share	<u><u>128,922,924.00</u></u>	<u><u>128,922,924.00</u></u>

13. FIXED ASSETS

	Buildings <i>RMB</i>	Machinery equipment <i>RMB</i>	Transportation equipment <i>RMB</i>	Office and other equipment <i>RMB</i>	Total <i>RMB</i>
Cost					
Balance as at 1 January 2021	1,140,527,417.24	2,953,076,560.32	43,235,914.27	75,404,387.18	4,212,244,279.01
Purchase	13,980,422.78	26,628,475.36	821,321.82	9,717,643.64	51,147,863.60
Transferred from construction in progress	183,756,625.97	61,980,010.86	—	98,684,044.63	344,420,681.46
Disposal or scrap	—	(2,757,626.94)	(2,992,709.34)	(2,409,955.35)	(8,160,291.63)
Balance as at 31 December 2021	1,338,264,465.99	3,038,927,419.60	41,064,526.75	181,396,120.10	4,599,652,532.44
Purchase	551,067.65	26,389,192.08	904,053.09	3,097,089.93	30,941,402.75
Transferred from construction in progress	1,083,657.81	16,688,405.87	—	308,147.04	18,080,210.72
Disposal or scrap	(3,633,613.85)	(19,309,827.08)	(670,953.32)	(965,515.23)	(24,579,909.48)
Balance as at 30 June 2022	1,336,265,577.60	3,062,695,190.47	41,297,626.52	183,835,841.84	4,624,094,236.43
Less: Accumulated depreciation					
Balance as at 1 January 2021	397,323,416.67	1,152,096,333.48	29,418,971.14	50,210,182.68	1,629,048,903.97
Depreciation charged during the year	35,382,049.97	96,298,410.68	2,692,483.10	14,099,639.92	148,472,583.67
Depreciation write-off	—	(336,467.01)	(2,823,093.97)	(2,283,677.93)	(5,443,238.91)
Balance as at 31 December 2021	432,705,466.64	1,248,058,277.15	29,288,360.27	62,026,144.67	1,772,078,248.73
Depreciation charged during the year	16,072,185.94	56,945,796.84	1,220,759.28	9,505,154.61	83,743,896.67
Depreciation write-off	(67,787.08)	(7,314,790.44)	(637,405.65)	(912,194.76)	(8,932,177.93)
Balance as at 30 June 2022	448,709,865.50	1,297,689,283.55	29,871,713.90	70,619,104.52	1,846,889,967.47
Less: Impairment provisions					
Balance as at 1 January 2021	6,259,242.71	21,587,987.77	20,830.10	115,792.79	27,983,853.37
Charge for the year	1,081,847.54	13,270,106.89	166,537.35	39,301.92	14,557,793.70
Written off on disposal	—	(158.74)	(15,125.51)	—	(15,284.25)
Balance as at 31 December 2021	7,341,090.25	34,857,935.92	172,241.94	155,094.71	42,526,362.82
Charge for the year	—	328,411.32	—	138.46	328,549.78
Written off on disposal	(1,804.86)	(991,683.32)	(14,653.80)	(9,171.22)	(1,017,313.20)
Balance as at 30 June 2022	7,339,285.39	34,194,663.92	157,588.14	146,061.95	41,837,599.40
Carrying amount					
As at 30 June 2022	880,216,426.71	1,730,811,243.00	11,268,324.48	113,070,675.37	2,735,366,669.56
As at 31 December 2021	898,217,909.10	1,756,011,206.53	11,603,924.54	119,214,880.72	2,785,047,920.89

14. ACCOUNTS RECEIVABLE

(1) Analysis of accounts receivable by customer type is as follows:

	As at 30 June 2022 RMB	As at 31 December 2021 RMB
Receivable from subsidiaries	–	–
Receivable from related companies	31,843,126.52	48,956,274.42
Other customers	478,509,092.27	443,389,205.54
	<u>510,352,218.79</u>	<u>492,345,479.96</u>
Subtotal	510,352,218.79	492,345,479.96
Less: Allowance for doubtful debts	127,328,698.28	120,285,494.73
	<u>383,023,520.51</u>	<u>372,059,985.23</u>
Total	<u>383,023,520.51</u>	<u>372,059,985.23</u>

(2) Ageing analysis of accounts receivable is as follows:

	As at 30 June 2022 RMB	As at 31 December 2021 RMB
Within 1 year (inclusive)	364,048,449.20	355,106,675.42
1 to 2 years (inclusive)	30,949,153.75	24,095,118.30
2 to 3 years (inclusive)	23,302,934.21	33,462,377.21
Over 3 years	92,051,681.63	79,681,309.03
	<u>510,352,218.79</u>	<u>492,345,479.96</u>
Subtotal	510,352,218.79	492,345,479.96
Less: Allowance for doubtful debts	127,328,698.28	120,285,494.73
	<u>383,023,520.51</u>	<u>372,059,985.23</u>
Total	<u>383,023,520.51</u>	<u>372,059,985.23</u>

Ageing is counted starting from the date when accounts receivable are recognised.

15. INVENTORIES

Type of inventories	As at 30 June 2022			As at 31 December 2021		
	Book balance	Provision for impairment of inventories	Carrying amount	Book balance	Provision for impairment of inventories	Carrying amount
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Raw materials	80,154,753.17	(72,545.53)	80,082,207.64	70,226,229.36	(72,545.53)	70,153,683.83
Low-value consumables	121,639.04	-	121,639.04	126,155.28	-	126,155.28
Total	<u>80,276,392.21</u>	<u>(72,545.53)</u>	<u>80,203,846.68</u>	<u>70,352,384.64</u>	<u>(72,545.53)</u>	<u>70,279,839.11</u>

The Group has no inventories for guarantee as at 30 June 2022 (31 December 2021: Nil).

Analysis of the Group's provision for impairment of inventories is as follows:

	As at	Provision for the year	Decrease during the year		As at
	1 January		Reversal	Write-off	30 June
	2022				2022
	Balance	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	Balance
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Raw materials	72,545.53	-	-	-	72,545.53
Low-value consumables	-	-	-	-	-
Engineering construction	-	-	-	-	-
Total	<u>72,545.53</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,545.53</u>

	As at	Provision for the year	Decrease during the year		As at
	1 January		Reversal	Write-off	31 December
	2021				2021
	Balance	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	Balance
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Raw materials	72,573.03	-	-	27.50	72,545.53
Low-value consumables	-	-	-	-	-
Engineering construction	-	-	-	-	-
Total	<u>72,573.03</u>	<u>-</u>	<u>-</u>	<u>27.50</u>	<u>72,545.53</u>

16. ACCOUNTS PAYABLE

	As at 30 June 2022 RMB	As at 31 December 2021 RMB
Accounts payable	<u>503,467,590.28</u>	<u>602,593,587.62</u>

As at the end of the Reporting Period, the ageing analysis of accounts payable, based on the invoice date, is as follows:

	As at 30 June 2022 RMB	As at 31 December 2021 RMB
Within 1 year (inclusive)	480,194,911.24	576,821,572.75
1 to 2 years (inclusive)	4,661,519.83	12,577,364.61
2 to 3 years (inclusive)	6,075,465.54	6,130,333.67
Over 3 years	<u>12,535,693.67</u>	<u>7,064,316.59</u>
Total	<u>503,467,590.28</u>	<u>602,593,587.62</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Analysis of Key Items in the Consolidated Income Statement

Operating Revenue

Business	Six months ended 30 June	
	2022	2021
	(RMB)	(RMB)
General power supply business	1,190,640,941.12	1,100,419,979.45
Incremental power transmission and distribution business	134,125,049.62	255,444,541.04
EECS business ⁽¹⁾	177,447,930.23	211,600,112.57
Total	<u>1,502,213,920.97</u>	<u>1,567,464,633.06</u>

Note:

- (1) Includes operating revenue from the sales of electric equipment and materials of RMB11.8 million for the six months ended 30 June 2022.

Operating revenue decreased by 4.2% from RMB1,567.5 million for the six months ended 30 June 2021 to RMB1,502.2 million for the six months ended 30 June 2022, primarily due to the scale reduction of the incremental power transmission and distribution business in the first half of 2022, leading to a decrease in operating revenue of RMB121.3 million.

General Power Supply Business

Operating revenue generated from general power supply business increased by 8.2% from RMB1,100.4 million for the six months ended 30 June 2021 to RMB1,190.6 million for the six months ended 30 June 2022. The increase was primarily due to an increase in the number of household and general industrial and commercial customers of over 48,232 and 3,472, respectively in the first half of 2022, as compared with the corresponding period of 2021, and the increase in power consumption of large-scale industrial customers, resulting in an increase in electricity sales made to such customers of 209,102.7 MWh in the first half of 2022. Operating revenue from general power supply business accounted for 70.2% and 79.3% of our total operating revenue for the six months ended 30 June 2021 and 2022, respectively.

Incremental Power Transmission and Distribution Business

Operating revenue generated from incremental power transmission and distribution business decreased by 47.5% from RMB255.4 million for the six months ended 30 June 2021 to RMB134.1 million for the six months ended 30 June 2022. The decrease was primarily due to the reduction of the scale of the incremental power transmission and distribution business in the first half of 2022. Operating revenue from incremental power transmission and distribution business accounted for 16.3% and 8.9% of our total operating revenue for the six months ended 30 June 2021 and 2022, respectively.

EECS Business

Operating revenue generated from undertaking EECS business decreased by 16.1% from RMB211.6 million for the six months ended 30 June 2021 to RMB177.4 million for the six months ended 30 June 2022. The decrease was primarily due to a reduction in scale of the EECS business as affected by market sentiment. Operating revenue from EECS business accounted for 13.5% and 11.8% of our total operating revenue for the six months ended 30 June 2021 and 2022, respectively.

Cost of Sales

Business	Six months ended 30 June	
	2022	2021
	(RMB)	(RMB)
General power supply business	982,779,916.14	889,500,942.51
Incremental power transmission and distribution business	129,834,078.07	249,991,701.37
EECS business	134,176,001.06	175,071,953.92
Total	<u>1,246,789,995.27</u>	<u>1,314,564,597.80</u>

Cost of sales decreased by 5.2% from RMB1,314.6 million for the six months ended 30 June 2021 to RMB1,246.8 million for the six months ended 30 June 2022, mainly due to scale reduction of the incremental power transmission and distribution business.

General Power Supply Business

Cost of sales associated with our general power supply business increased by 10.5% from RMB889.5 million for the six months ended 30 June 2021 to RMB982.8 million for the six months ended 30 June 2022. The increase was primarily due to the scale expansion of the general power supply business in the first half of 2022, resulting in an increase in external electricity purchase amount of 9.1% as compared with the corresponding period in 2021. Cost of sales associated with third-party power supply business accounted for 45.9% and 54.5% of our total cost of sales for the six months ended 30 June 2021 and 2022, respectively.

Incremental Power Transmission and Distribution Business

Cost of sales associated with the incremental power transmission and distribution business decreased by 48.1% from RMB250.0 million for the six months ended 30 June 2021 to RMB129.8 million for the six months ended 30 June 2022. The decrease was mainly due to scale reduction of the incremental power transmission and distribution business in the first half of 2022.

EECS Business

Cost of sales associated with the EECS business decreased by 23.4% from RMB175.1 million for the six months ended 30 June 2021 to RMB134.2 million for the six months ended 30 June 2022. The decrease was primarily due to a reduction in scale of the EECS business as affected by market sentiment.

Gross Profit and Gross Profit Margin

Business	Six months ended 30 June			
	2022	Gross Profit	2021	Gross Profit
	Gross Profit	Margin	Gross Profit	Margin
	(RMB)	%	(RMB)	%
General power supply business	207,861,024.98	17.5	210,919,036.94	19.2
Incremental power transmission and distribution business	4,290,971.55	3.2	5,452,839.67	2.1
EECS business	43,271,929.17	24.4	36,528,158.65	17.3
Total	<u>255,423,925.70</u>	<u>17.0</u>	<u>252,900,035.26</u>	<u>16.1</u>

As a result of the above, our gross profit increased by 1.0% from RMB252.9 million for the six months ended 30 June 2021 to RMB255.4 million for the six months ended 30 June 2022, which was mainly due to an increase in the gross profit of the EECS business.

General Power Supply Business

The gross profit of our general power supply business decreased by 1.4% from RMB210.9 million for the six months ended 30 June 2021 to RMB207.9 million for the six months ended 30 June 2022. The corresponding gross profit margin decreased from 19.2% for the six months ended 30 June 2021 to 17.5% for the six months ended 30 June 2022, which was mainly due to the new tariff policies imposed on the price of electricity for industrial and commercial purposes charged by our subsidiaries in the first half of 2022.

Incremental Power Transmission and Distribution Business

The gross profit of our incremental power transmission and distribution business decreased by 21.3% from RMB5.5 million for the six months ended 30 June 2021 to RMB4.3 million for the six months ended 30 June 2022. The decrease was primarily due to scale reduction of the incremental power transmission and distribution business in the first half of 2022. The corresponding gross profit margin increased from 2.1% for the six months ended 30 June 2021 to 3.2% for the six months ended 30 June 2022. The increase was primarily due to relatively high gross profit margin of our new business during the first half of 2022.

EECS Business

The gross profit of EECS business increased by 18.5% from RMB36.5 million for the six months ended 30 June 2021 to RMB43.3 million for the six months ended 30 June 2022. The corresponding gross profit margin increased from 17.3% for the six months ended 30 June 2021 to 24.4% for the six months ended 30 June 2022. The increase was primarily due to completion and settlement of construction projects with higher gross profit margin during the Reporting Period.

Finance Costs

Finance costs decreased by 67.9% from RMB14.1 million for the six months ended 30 June 2021 to RMB4.5 million for the six months ended 30 June 2022, which was mainly due to the fact that significant amount of foreign exchange loss was incurred in the corresponding period of 2021 as the Group had more outstanding balance of foreign currency loans on average as compared with the Reporting Period.

Gain on Investment in Associates

Gain on investment in associates increased by 465.2% from gains of RMB0.7 million for the six months ended 30 June 2021 to gains of RMB3.9 million for the six months ended 30 June 2022, primarily due to the fact that except for business suspension of one power generation company due to policy requirements, other associates recorded certain income in the first half of 2022.

Income Tax

Income tax expenses were RMB27.1 million and RMB29.2 million for the six months ended 30 June 2021 and 2022, representing effective tax rates of 16.3% and 18.3%, respectively.

Net Profit

As a result of the above, net profit decreased by 6.5% from RMB138.8 million for the six months ended 30 June 2021 to RMB129.7 million for the six months ended 30 June 2022.

Analysis of Key Items of Consolidated Balance Sheet

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

	As at 30 June 2022 RMB	As at 31 December 2021 RMB
Fixed assets	2,735,366,669.56	2,785,047,920.89
Construction in progress	263,141,425.13	115,141,311.68
Right-of-use assets	5,460,169.56	5,844,877.08
Total	3,003,968,264.25	2,906,034,109.65

As at 31 December 2021 and 30 June 2022, our fixed assets, construction in progress and right-of-use assets were RMB2,906.0 million and RMB3,004.0 million, respectively, which mainly included plant and building, machinery, vehicles, office equipment, projects under construction and right-of-use assets. Fixed assets, construction in progress and right-of-use assets increased from RMB2,906.0 million as at 31 December 2021 to RMB3,004.0 million as at 30 June 2022, mainly due to the increase in the balance of construction in progress due to the addition of rural power grid upgrading and reconstruction projects in the first half of 2022.

Intangible Assets

Our intangible assets decreased by 1.1% from RMB128.1 million as at 31 December 2021 to RMB126.7 million as at 30 June 2022, mainly due to amortisation of intangible assets in the first half of 2022.

Inventories

Our inventories primarily consisted of raw materials, spare parts and others, which amounted to RMB70.3 million and RMB80.2 million as at 31 December 2021 and 30 June 2022, respectively. The following table sets forth a breakdown of our inventories as at the dates indicated:

	As at 30 June 2022 (RMB)	As at 31 December 2021 (RMB)
Raw materials	80,082,207.64	70,153,683.83
Spare parts and others	121,639.04	126,155.28
Total	80,203,846.68	70,279,839.11

Our inventories increased from RMB70.3 million as at 31 December 2021 to RMB80.2 million as at 30 June 2022, mainly due to the delay in project settlement progress as affected by market sentiment.

The average turnover days of our inventories (calculated by using the average value of the opening and closing balance of inventories of the relevant period divided by the cost of sales for the period, and then multiplied by the number of days in the period) were 6.3 days and 10.9 days as at 30 June 2021 and 2022, respectively.

Receivables

Receivables include notes receivable, accounts receivable, prepayments and other receivables. Our receivables increased from RMB407.9 million as at 31 December 2021 to RMB521.1 million as at 30 June 2022, mainly due to the rural power grid projects in progress newly undertaken in the first half of 2022, leading to an increase in prepaid construction amounts and material costs.

Payables

Payables include accounts payable, contract liabilities, employee benefits payable, tax payable and other payables. Our payables remained relatively stable at RMB1,119.5 million as at 31 December 2021 and RMB1,136.6 million as at 30 June 2022, respectively.

The average turnover days of our payables (calculated by using the average value of opening and closing balance of the payables for a period divided by the cost of the period, and then multiplied by the number of days in the period) increased from 144.5 days as at 30 June 2021 to 162.9 days as at 30 June 2022, primarily due to the increase in balance of payables as a result of increase in general power supply business in the first half of 2022, and the corresponding decrease in cost of sales during the Reporting Period due to scale reduction of the incremental power transmission and distribution business.

Liquidity and Financial Resources

The Group manages its capital to ensure that entities in the Group will be able to continue operating as going concern while maximizing the return to our Shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year. The capital structure of the 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). The Group is not subject to any externally imposed capital requirements.

As at 30 June 2022, our cash amounted to RMB480.4 million (31 December 2021: RMB584.0 million).

As at 30 June 2022, the total borrowings of the Group amounted to RMB312.9 million (31 December 2021: RMB313.3 million), including bank and other borrowings. All of our bank and other borrowings bear interest at floating rate.

Gearing Ratio

As at 30 June 2022, the gearing ratio of the Group was 10.5% (31 December 2021: 10.5%). Gearing ratio is calculated based on our total interest-bearing liabilities divided by total equity as at the same date.

Capital Commitments

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

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

	As at 30 June 2022 (RMB)	As at 31 December 2021 (RMB)
Contracted for	<u>48,709,528.39</u>	<u>91,909,064.99</u>

Pledges of our Group's Assets

No property, plant and equipment was pledged to banks as at 30 June 2022 (31 December 2021: nil).

Foreign Exchange Risk

The Group currently does not engage in hedging activities that are designed or intended to manage foreign exchange rate risk. The Group conducts business in the PRC and receives revenue and pays its costs/ expenses in RMB. The Group distributes dividends in Hong Kong dollars.

Employees and Remuneration Policy

As at 30 June 2022, the Company had a total of 2,854 employees (30 June 2021: 2,875 employees).

The Group continued to press ahead with the “three-system” reform, and has established a total salary allocation system that is linked to the operating results of the Company and a remuneration allocation mechanism that is linked to the performance appraisal results of employees, so as to give full play to the incentive and constraint role of remuneration and activate the enthusiasm, initiatives and creativity of employees.

During the Reporting Period, no labour disputes had occurred in the Company and its subsidiaries which would affect the operations of the Group.

Contingent Liabilities

As at 30 June 2022, the Group did not have any contingent liabilities (31 December 2021: nil).

Significant Investments Held, Major Acquisitions and Disposals

During the six months ended 30 June 2022, the Group did not hold any significant investments, nor were there any major acquisitions or disposals of subsidiaries, associates or joint ventures.

The Group will pay close attention to changes in the market and proactively seek investment opportunities to constantly improve its results and profitability.

Interim Dividend

The Board does not recommend the declaration of any interim dividend in respect of the six months ended 30 June 2022 (2021 interim dividend: nil).

Global Offering and Use of Proceeds from Global Offering

The Company was listed on the Stock Exchange on 28 December 2018 and issued 268,800,000 H Shares with a nominal value of RMB1.00 each at HK\$1.77 per share (“**Global Offering**”). Net proceeds from the Global Offering were approximately RMB380.5 million. As at 30 June 2022, the Group has used the proceeds from the Global Offering of approximately RMB225.1 million in accordance with the relevant disclosure in the prospectus of the Company dated 13 December 2018 (the “**Prospectus**”), and the unused proceeds amounted to approximately RMB155.4 million. Use of proceeds is as follows:

Use of proceeds as disclosed in the Prospectus	Percentage of net proceeds from the initial public offering (as set out in the Prospectus)	Planned use of net proceeds from the initial public offering (as set out in the Prospectus) (RMB'000)	Amount unused as at 1 January 2022 (RMB'000)	Amount used for the Reporting Period (RMB'000)	Amount unused as at 30 June 2022 (RMB'000)	Estimated schedule ⁽¹⁾
Acquisition of power-related assets	40%	152,193	152,193	–	152,193	2022
Power grid construction and optimisation	30%	114,145	–	–	–	N/A
Establishment of centralised power dispatching control center and promotion of intelligent power grid system	20%	76,097	–	–	–	N/A
Working capital	10%	38,048	3,426	184	3,242	2030
Total	100%	380,483	155,619	184	155,435	

Note:

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

As at 30 June 2022, 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 net proceeds for the acquisition of power-related assets. However, due to the persistent outbreaks of the COVID-19 pandemic and the social restrictions caused by regional pandemic prevention measures, the intended investment project was not expected 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 is expediting the progress of the project and improving 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 at 30 June 2022, save for the delay in the acquisition of power-related assets, there have been no major changes or delays in the use or timeline for use of the net proceeds of the Company.

BUSINESS REVIEW

Overview

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. We have a stable user base and a comprehensive network of power supply in Yibin City, which allows us to optimise the balance usage of power resources within our power supply network through efficient allocation of electricity. Our business currently consists of (i) power business, which includes power production, distribution and sales, and is divided into general power supply business and incremental power transmission and distribution business; and (ii) EECS business, which consists of electrical engineering construction service and sales of electric equipment and materials.

During the first half of 2022, the Company realised operating revenue of RMB1,502.2 million, representing a year-on-year decrease of 4.2%. Our total profit was RMB158.9 million, representing a year-on-year decrease of 4.2%. During the same period, we achieved a net profit of RMB129.7 million, representing a year-on-year decrease of 6.5%, and net profit attributable to equity shareholders of the parent company of RMB129.7 million, representing a year-on-year decrease of 6.1%.

As at 30 June 2022, we had a total of 34 hydropower plants with an aggregated installed capacity of 138,355 kW. We also had two units of 220 kV substations with a 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.

Operating Results

The following table sets forth the operating revenue, cost of sales, gross profit margin and percentage of changes by business segments for the six months ended 30 June 2021 and 2022.

Business	2022		Six months ended 30 June				Change in percentage (%) / percentage points		
	Operating revenue (RMB)	Cost of sales (RMB)	Gross profit margin %	2021		Gross profit margin %	Operating revenue	Cost of sales	Gross profit margin
				Operating revenue (RMB)	Cost of sales (RMB)				
General power supply business	1,190,640,941.12	982,779,916.14	17.5	1,100,419,979.45	889,500,942.51	19.2	8.2	10.5	(1.7)
Incremental power transmission and distribution business	134,125,049.62	129,834,078.07	3.2	255,444,541.04	249,991,701.37	2.1	(47.5)	(48.1)	1.1
EECS business ⁽¹⁾	177,447,930.23	134,176,001.06	24.4	211,600,112.57	175,071,953.92	17.3	(16.1)	(23.4)	7.1
Total	1,502,213,920.97	1,246,789,995.27	17.0	1,567,464,633.06	1,314,564,597.80	16.1	(4.2)	(5.2)	0.9

Note:

- (1) Includes operating revenue from the sales of electric equipment and materials of RMB11.8 million for the six months ended 30 June 2022.

General Power Supply Business

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

Customer	2022		Six months ended 30 June		Change in percentage (%) / percentage points	
	Electricity Sales (MWh)	Operating revenue (RMB)	2021		Electricity Sales	Operating revenue
			Electricity Sales (MWh)	Operating revenue (RMB)		
Household	701,531.17	362,108,191.94	647,962.49	355,054,351.61	8.3	2.0
General industrial and commercial	502,429.02	280,679,429.55	494,939.20	293,559,195.28	1.5	(4.4)
Large industrial	960,978.22	508,381,856.43	812,934.06	428,619,645.58	18.2	18.6
State Grid	70,659.16	15,861,207.38	8,053.32	2,072,738.99	777.4	665.2
Others	47,038.62	23,610,255.82	48,745.91	21,114,047.99	(3.5)	11.8
Total	2,282,636.19	1,190,640,941.12	2,012,634.98	1,100,419,979.45	13.4	8.2

Most of our operating revenue for the six months ended 30 June 2022 was derived from our general power supply business, including generation, distribution and sales of power. We generated RMB1,190.6 million of operating revenue from our general power supply business, which accounted for 79.3% of our total operating revenue.

Incremental Power Transmission and Distribution Business

Our operating 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 RMB134.1 million of operating revenue from incremental power transmission and distribution business for the six months ended 30 June 2022, which accounted for 8.9% of our total operating revenue.

EECS Business

We also derived operating 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 six months ended 30 June 2022, we generated RMB177.4 million of operating revenue from our EECS business, which accounted for 11.8% of our total operating revenue.

Major Operational Measures

In the first half of 2022, the Group adopted multiple measures to guarantee the sustainable and steady increase of its operating results, which are mainly summarised as follows. Firstly, the Group endeavoured to expedite further improvement in operating efficiency with an on-going focus on reform and innovation. It completed the three-year action plan for corporate reform and strengthened the tenure system and contract-based remuneration and appraisal management for the executives. Secondly, the Group earnestly facilitated the formulation of its “14th Five-year” strategic planning, further improved grid structure, vigorously explored the “power source + power grid” business model, and promoted the transformation from traditional grids to intelligent new grids featuring source-grid-load-storage integration. Thirdly, the Group superseded the industrial and commercial catalogue electricity price with agency purchase service to maintain rational investment in the grid assets. Fourthly, the Group optimised service capacity, constantly improved service offerings and quality, made on-going efforts to build up its 96598 service hotline, and proactively promoted the “online case acceptance” and “unified online services” business to effectively improve user satisfaction and sense of fulfillment. Fifthly, the Group continued to reinforce safety production responsibilities, conscientiously implemented the new Safety Production Law, cemented the foundation of safety management and further strengthened security standards. Sixthly, the Group capitalised on the political advantages of state-owned enterprises and expedited quality development leveraging remarkable Party building, and continued to strengthen construction of political ideologies, management team, culture, discipline and the masses, thus providing strong ideological guarantee, spiritual driving force and cultural sustainment for the reform and development of the Company.

Important Events Subsequent to the Reporting Period

In addition to the events detailed elsewhere in this announcement, the Group had the following event after the Reporting Period:

On 15 August 2022, the Shareholders approved the amendments to the Articles of Association at the 2022 second extraordinary general meeting. For details of the amendments to the Articles of Association, please refer to the circular of the Company dated 29 July 2022.

Save as disclosed above, there are no material events affecting the Company or any of its subsidiaries after the Reporting Period and up to the date of this announcement.

OUTLOOK

During the first half of 2022, the Group constantly stepped up the foundation for power supply, maintained a steady upward trend for its operating results and further improved corporate management policies. The Group will focus on the following tasks in the second half of 2022:

- (1) Focus on “management enhancement” to unleash the Company’s development potential. Firstly, the Company will continue to press ahead with the “state-owned enterprise reform three-year action plan”, comprehensively summarize reform experience, explore and establish a long-term effective mechanism, constantly tap into the driving force of innovation, unleash development potential and boost corporate vitality, striving to break new grounds for sustainable growth. Secondly, the Company will remain committed to cost reduction and efficiency enhancement, step up lean management, continue to seek, refine and improve the procurement management policy, expedite the construction of the waste material recycling system and strictly control costs and expenditure, in an endeavor to achieve increase in both incremental value and profitability. Thirdly, the Company will constantly optimize supervision and appraisal, effectively tap into the guiding role of appraisal, further improve appraisal indicators, innovate on appraisal approaches, streamline appraisal measures, and gradually build up a scientific, performance-oriented and easy-to-implement appraisal system, so as to efficiently impose pressure, stimulate mobility and ensure effective duty performance.
- (2) Adhere to the “safety guarantee” bottom line to cement the foundation for corporate development. Firstly, the Company will make uncompromised efforts to guarantee production safety. Specifically, the Company will improve the comprehensive safety responsibility system featuring “joint safety responsibilities for Party members and government authorities, two duties for one post and participation by all staff”, proactively promote the production safety standardization construction, effectively establish a standardized, regulated and procedural production safety system, in a bid to constantly improve the basic safety level of the Company and adhere to the bottom line of precluding safety accidents. Secondly, the Company will spare no effort in strengthening risk prevention. In particular, the Company will comprehensively enhance budget management, establish and improve internal control management system, reinforce auditing and supervision over key business processes, and resolutely prevent systematic risks. Besides, the Company will continue to press ahead with the special task on reducing “balance of inventories and accounts receivable” and periodically announce the progress, so as to guarantee that the growth rate of balance of inventories and accounts receivable does not exceed that of operating revenue. Thirdly, the Company will make dedicated efforts to enhance compliance management. Particularly, the Company will thoroughly carry out General Secretary Xi Jinping’s thoughts on rule of law, step up prevention, control and management of legal risks, constantly improve legal approval process, facilitate legal approval of the Company’s important rules and regulations, economic contracts and major decisions, expedite the compliance management system, regulate connected transactions, and strive to build itself into a law-governed state-owned enterprise with well-established governance, compliance operation, standardized management and legality and honesty. Fourthly, the Company will make persistent efforts to prevent and control COVID-19 pandemic. It will strictly implement normalized pandemic control measures, improve anti-COVID-19 plans based on actual conditions, and coordinate with local government authorities to strengthen control over key regions and personnel, thereby effectively enhancing pandemic prevention and emergency responding capability.

- (3) Remain committed to the “quality service” goal to boost development driving force. Firstly, the Company will continue to improve the power supply capacity. In particular, the Company will strictly implement the Company’s power supply service rectification plan, make systematic planning and pledged rectification for problems identified in power supply services and marketing business standards through specifying the time limit for rectification, so as to achieve closed-loop rectification. Secondly, the Company will comprehensively step up complaint management. Specifically, it will establish power supply service emergency response management measures, and regulate response via the 96598 customer service hotline, so as to achieve standardized, procedural and timely service response. Meanwhile, the Company will develop a complaint handling mechanism covering “precaution, rectification, analysis, circulation, interview and appraisal”, so as to establish clear standards, define responsibilities, impose strict appraisal, and materialize reward and penalty, thus further promoting the regulated and procedure-based service offerings. Thirdly, the Company will comprehensively optimize service means. It will improve services with a focus on “three zeros, three saves and three upgrades” for users demanding power services, promote improvement in process and efficiency and cost reduction with higher standards and greater efforts, and earnestly establish a “transparent power grid platform”. In addition, the Company will innovate on customized personal power services, free-of-charge power equipment inspection, mobile business hall and other door-to-door service activities with prominent themes and distinctive features, and realize the change from “urging by users” to “proactive service provision” in a real sense, so as to effectively improve users’ satisfaction in electricity consumption.
- (4) Strengthen the philosophy of “promoting transformation” to enhance the Company’s development strength. Firstly, the Company will continue to develop the power grid business. In particular, the Company will continue to promote interconnection of 220 kV grid based on the actual situation in the supply area, vigorously promote the construction of key power grid projects, and propose to build a new power grid with 220 kV as the core and integrating power source, grid, load and storage. Besides, the Company will vigorously popularize the application of “four new” technologies, comprehensively expedite the construction of production management system, distribution automation system and centralized control management system of hydropower stations, and further enhance the power grid resource allocation capability, security guarantee capability and intelligent interaction capability. Secondly, the Company will earnestly expand the comprehensive energy business. Specifically, the Company will focus on the green low-carbon energy, optimize and integrate the energy resources in the supply area, establish a new power grid core industry featuring “source-grid-load-storage” integration, build a distributed photovoltaic storage, wind, solar and water (storage) integration project, and develop multi-energy supply, new energy utilization, energy trading, smart energy utilization and clean energy services with a focus on electricity. Thirdly, the Company will constantly venture into the capital operation business. It will accurately grasp the fundamental requirements of high-quality development, give full play to the advantages of the listing platform, scientifically pool various resources, proactively seek merger and acquisition investment opportunities, and promote high-quality cooperation projects.

- (5) Fulfill the “Party building enhancement” responsibility to pool concerted efforts for corporate development. Firstly, the Company will constantly strengthen the Party’s political construction. Guided by the implementation of the spirit of the 20th National Congress of the CPC, the Company will thoroughly study and understand the thoughts on socialism with Chinese characteristics in the new era proposed by General Secretary Xi Jinping and the spirit of the series of important speeches of the General Secretary Xi Jinping, profoundly appreciate the decisive significance of the “two establishments”, and constantly consolidate the ideological foundation of keeping abreast of the Party and maintaining the core position of the Party. Secondly, the Company will vigorously make efforts to promote the in-depth integration of Party building and business development. It will focus on the Company’s reform and development and the production and operation objectives and tasks, earnestly highlight the overall leadership role of the Party, fully implement the responsibility system for ideological work, endeavor to promote the construction of grass-roots Party organizations, and ensure the fulfillment of the function of Party committees in “managing the overall situation, steering the direction and promoting implementation”. Thirdly, the Company will continue to strengthen the construction of discipline and style. It will be committed to deployment, promotion and implementation of building the Party conduct and integrity and business operations at the same time. The Company will further rectify the discipline style, stick to the guiding principle of strictly promoting discipline, and build a well-trained team with rigorous discipline. Fourthly, the Company will promote cultural construction. It will focus on the overall situation and key tasks of the Company’s reform and development, integrate cultural construction and image building into the whole process and fields of the Company’s production, operation and management, and utilize multi-media channels to conduct publicity and reporting, so as to provide strong ideological guarantee, spiritual motivation and cultural support for the Company’s reform and development.

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.

For the six months ended 30 June 2022, 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 of the Company. Having made specific enquiries with all Directors and supervisors of the Company, all Directors and supervisors of the Company confirmed that they have complied with the required standard set out in the Model Code regarding securities transactions of directors during the six months ended 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

SUFFICIENCY OF PUBLIC FLOAT

During the six months ended 30 June 2022, based on the information that was publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the minimum public float required by the Listing Rules.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.com.hk) and the Company (www.scntgf.com). The interim report for the six months ended 30 June 2022 containing all the information required by 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:

“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
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“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: 1713), a company established in the PRC as a joint stock company with limited liability on 29 September 2011

“Corporate Governance Code”	the corporate governance code as 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“H Share(s)”	the ordinary Share(s) in issue in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
“HK\$” and “HK cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“kV”	kilovolt, a unit of voltage, which is equal to one thousand volts
“kVA”	kilovolt-ampere, the standard for measuring power
“kW”	kilowatt, which is equal to one thousand watts
“Model Code”	the model code for securities transactions by directors of listed issuers as set out in Appendix 10 of the Listing Rules
“MWh”	megawatt-hour, which is equal to one thousand kilowatt hours
“Reporting Period”	the period from 1 January 2022 to 30 June 2022
“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)
“Unlisted Foreign Share(s)”	ordinary Share(s) issued by the Company that are not listed on any stock exchange, with a nominal value of RMB1.00 each
“%”	per cent.

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

Chengdu, Sichuan Province, the PRC, 31 August 2022

As at the date of this announcement, the executive Directors of the Company are Mr. Xiong Lin, Mr. Li Hui and Ms. Xie Peixi; the non-executive Directors of the Company are Ms. Han Chunhong, Ms. Li Yu, Ms. Liang Hong and Ms. Lv Yan; and the independent non-executive Directors of the Company are Mr. Kin Kwong Kwok Gary, Ms. He Zhen, Mr. Wang Peng and Prof. Li Jian.

* For identification purposes only