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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)

**CONNECTED TRANSACTIONS
CONSTRUCTION AGREEMENTS**

CONSTRUCTION AGREEMENTS

On 28 December 2023, after trading hours, Xuzhou Electricity (being a subsidiary of the Company) entered into the Construction Agreement A with Sun Technology, pursuant to which Sun Technology agreed to provide construction services for the network security level protection upgrade and renovation of the ground distribution machine room of the Yibin electric dispatching center at the contract price of RMB688,000 (tax inclusive) .

On 28 December 2023, after trading hours, Pingshan Electricity (being a subsidiary of the Company) entered into the Construction Agreement B with Sun Technology, pursuant to which Sun Technology agreed to provide construction services for the information infrastructure construction of the power supply service command center of Pingshan Electricity at the contract price of RMB971,484.10 (tax inclusive).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Sun Technology is a non-wholly owned subsidiary of Hydropower Group, which is one of the controlling Shareholders of the Company. Accordingly, Sun Technology is an associate of Hydropower Group and therefore a connected person of the Company under Rule 14A.07 and the transactions contemplated under the Construction Agreements constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

During the period between January and November 2023, the Group had procured various equipment and technical services from Sun Technology, with an aggregate amount of RMB1,428,630.72 (“**2023 Equipment and Technical Service Procurement**”). As the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the 2023 Equipment and Technical Service Procurement was less than 5% and the total consideration was less than HK\$3,000,000, the transactions constituted de minimis transactions pursuant to Rule 14A.76(1)(c) of the Listing Rules and were fully exempt from announcement, reporting, annual review and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

However, upon the entering into the Construction Agreements, the total consideration payable by Xuzhou Electricity and Pingshan Electricity when aggregated with the consideration paid or payable under the 2023 Equipment and Technical Service Procurement will be in excess of HK\$3,000,000. Since the highest aggregated applicable percentage ratio in respect of the 2023 Equipment and Technical Service Procurement and the Construction Agreements exceeds 0.1% but is less than 5%, the entering into of the Construction Agreements are therefore subject to reporting, announcement and annual review requirements but is exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 28 December 2023, after trading hours, Xuzhou Electricity (being a subsidiary of the Company) entered into the Construction Agreement A with Sun Technology, pursuant to which Sun Technology agreed to provide construction services for the network security level protection upgrade and renovation of the ground distribution machine room of the Yibin electric dispatching center at the contract price of RMB688,000 (tax inclusive).

On 28 December 2023, after trading hours, Pingshan Electricity (being a subsidiary of the Company) entered into the Construction Agreement B with Sun Technology, pursuant to which Sun Technology agreed to provide construction services for the information infrastructure construction of the power supply service command center of Pingshan Electricity at the contract price of RMB971,484.10 (tax inclusive).

THE CONSTRUCTION AGREEMENTS

Construction Agreement A

The principal terms of the Construction Agreement A are set out below:

Date: 28 December 2023 (after trading hours)

Parties: (i) Xuzhou Electricity; and
(ii) Sun Technology

Transaction: Sun Technology agreed to provide construction service for the network security level protection upgrade and renovation of the ground distribution machine room of the Yibin electric dispatching center, which shall comprise supply of equipment and materials, installation and commissioning, survey and design, as well as information security rating assessment technical services.

Construction Period: 180 calendar days since the effective date of the Construction Agreement A

Contract price and payment terms:

The contract price under the Construction Agreement A is RMB688,000 (tax inclusive), which consists of equipment and material payment, installation and commissioning payment and other expenses and information security rating assessment technical services payment.

95% of the contract price shall be settled within 15 days after acceptance by Xuzhou Electricity of the works delivered by Sun Technology and Xuzhou Electricity 's receipt of the invoice from Sun Technology. 5% of the contract price shall be retained by Xuzhou Electricity as quality assurance fund and be paid to Sun Technology until the expiry of the one-year quality assurance period, which shall be one year starting from the date of the acceptance of works by Xuzhou Electricity.

Construction Agreement B

The principal terms of the Construction Agreement B are set out below:

Date: 28 December 2023 (after trading hours)

Parties: (i) Pingshan Electricity; and
(ii) Sun Technology

Transaction: Sun Technology agreed to provide construction service for the information infrastructure construction of the power supply service command center of Pingshan Electricity, which shall comprise supply of equipment and materials and installation and commissioning.

Contract price and payment terms:

The contract price under the Construction Agreement B is RMB971,484.10 (tax inclusive), which consists of equipment and material payment and installation and commissioning payment.

95% of the contract price shall be settled within 30 days after acceptance by Pingshan Electricity of the works delivered by Sun Technology and Pingshan Electricity's receipt of the invoice from Sun Technology. 5% of the contract sum shall be retained by Pingshan Electricity as quality assurance fund and be paid to Sun Technology until the expiry of the one-year quality assurance period, which shall be one year starting from the date of the acceptance of works by Xuzhou Electricity.

BASIS FOR DETERMINATION OF THE CONTRACT PRICES UNDER THE CONSTRUCTION AGREEMENTS

The contract price under each of the Construction Agreement A and Construction Agreement B was determined by the parties after arm's length negotiation and through a tendering selection process.

In particular, the Company has considered the following factors during the selection of the contractors for the Construction Agreement A and Construction Agreement B and the determination of the relevant contract price: (i) the design and project proposal submitted; (ii) the track record of the candidates of contractors on performing similar projects; (iii) the size of operation, manpower and financial performance of the candidates of contractors; and (iv) the prevailing market price of the provision of similar construction services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION AGREEMENTS

Construction Agreement A: According to the Measures for the Management of Network and Information Security in Power Industry (《電力行業網絡與信息安全管理辦法》) and the Notice of the National Energy Administration on the Issuance of Security Protection Programs and Evaluation Specifications including the Overall Program for Security Protection of Power Monitoring Systems (《國家能源局關於印發電力監控系統安全防護總體方案等安全防護方案和評估規範的通知》), power enterprises should, in accordance with the provisions on the security protection of power monitoring systems and the requirements of the national information security level protection system, carry out security protection for their own networks and information systems, which shall meet the requirements of the third level of protection according to the current regulations. The security level protection evaluation of relevant power monitoring system has not yet been carried out after the local dispatching machine room of Yibin Power Dispatching Center has been put into operation. Since the construction plan prepared by the local dispatching machine room of the dispatching center a few years ago did not cover the content related to security level protection, it is necessary to carry out the upgrading and transformation of network security level protection and to carry out the level protection test and the assessment filing and other work as soon as possible.

Construction Agreement B: In recent years, the optimization of the power business environment has imposed increasingly stringent requirements on the quality of power supply services. In order to effectively improve the quality of power supply service and meet the Company's requirements for high-quality development, the Company intends to build the power supply service command center. The construction project of the information infrastructure of the power supply service command center under the Construction Agreement B is part of the comprehensive transformation and upgrading of the power supply center. It aims to build a power supply service command center with customer service command, business coordination command, power distribution operation control, service quality supervision and other work functions, and use information automation auxiliary means to give play to the five major functions of the command center, namely safety supervision, accurate research and judgement, collaborative command, and intelligent support, to achieve process integration, information sharing, and system integration application, so as to better meet the needs of various parties such as business and customers, improve the quality service level of "access to electricity", and promote the high-quality development of the Company.

In light of the aforesaid, the Directors (including the independent non-executive Directors) are of the view that each of the Construction Agreements is entered into (i) on normal commercial terms or better; and (ii) on terms that are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

As Mr. He Jing, Mr. Li Hui and Ms. Xie Peixi are the Directors nominated by Hydropower Group, they have abstained from voting on the Board resolutions to approve the Construction Agreements voluntarily. Save as disclosed above, none of the Directors have material interest in the Construction Agreements and hence no other Director was required to abstain from voting on the relevant resolution approving the same.

LISTING RULES IMPLICATIONS

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During the period between January and November 2023, the Group had procured various equipment and technical services from Sun Technology, with an aggregate amount of RMB1,428,630.72. As the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the 2023 Equipment and Technical Service Procurement was less than 5% and the total consideration was less than HK\$3,000,000, the transactions constituted de minimis transactions pursuant to Rule 14A.76(1)(c) of the Listing Rules and were fully exempt from announcement, reporting, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, upon the entering into the Construction Agreements, the total consideration payable by Xuzhou Electricity and Pingshan Electricity when aggregated with the consideration paid or payable under the 2023 Equipment and Technical Service Procurement will be in excess of HK\$3,000,000. Since the highest aggregated applicable percentage ratio in respect of the 2023 Equipment and Technical Service Procurement and the Construction Agreements exceeds 0.1% but is less than 5%, the entering into of the Construction Agreements are therefore subject to reporting, announcement and annual review requirements but is exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION OF PARTIES INVOLVED

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.

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

Xuzhou Electricity is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company. It is primarily engaged in the development, production and sale of electricity.

Sun Technology is a limited liability company established in the PRC and is owned as to approximately 67% by Hydropower Group (one of the controlling Shareholders of the Company), approximately 25% by Sichuan LenSyn Technology Co., Ltd.* (四川能信科技股份有限公司) and approximately 8% by Mr. Li Guangying. Sichuan Lesyn Technology Co., Ltd. is a company established in the PRC with issued shares quoted on the National Equities Exchange and Quotations (stock code: 837522). Hydropower Group is owned as to approximately 77.74% by Energy Investment Group, and owned indirectly as to 9.16% by China Construction Bank Corporation* (中國建設銀行股份有限公司) (a bank with state-owned background in the PRC dually listed on the Stock Exchange (stock code: 00939) and the Shanghai Stock Exchange (stock code: 601939)), approximately 6.55% by Agricultural Bank of China Limited* (中國農業銀行股份有限公司) (a bank with state-owned background in the PRC dually listed on the Stock Exchange (stock code: 01288) and the Shanghai Stock Exchange (stock code: 601288)), and approximately 6.55% by Bank of China Limited* (中國銀行股份有限公司) (a bank with state-owned background in the PRC dually listed on the Stock Exchange (stock code: 03988) and the Shanghai Stock Exchange (stock code: 601988)). Energy Investment Group is wholly-owned by Sichuan Development Co., which is in turn owned as to 90% by the State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government* (四川省政府國有資產監督管理委員會) and as to 10% by the Sichuan Provincial Department of Finance* (四川省財政廳), respectively. Sun Technology is primarily engaged in the development and sales of computer hardware and software, information system integration services, information technology consulting and technology promotion.

DEFINITIONS

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

“Board”	the board of Directors
“Chairman”	the chairman of the Board
“Company”	Sichuan Energy Investment Development Co., Ltd.* (四川能投發展股份有限公司) (stock code: 1713), a joint stock company established in the PRC with limited liability on 29 September 2011
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Construction Agreement A”	the construction agreement dated 28 December 2023 and entered into between Xuzhou Electricity and Sun Technology, pursuant to which Sun Technology agreed to provide construction services for the network security level protection upgrade and renovation of the ground distribution machine room of the Yibin electric dispatching center at the contract price of RMB688,000 (tax inclusive)
“Construction Agreement B”	the construction agreement dated 28 December 2023 and entered into between Pingshan Electricity and Sun Technology, pursuant to which Sun Technology agreed to provide construction services for the information infrastructure construction of the power supply service command center of Pingshan Electricity at the contract price of RMB971,484.10 (tax inclusive)

“Construction Agreements”	collectively Construction Agreement A and Construction Agreement B
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in RMB by PRC nationals and/or PRC corporate entities
“Energy Investment Group”	Sichuan Province Energy Investment Group Co., Ltd.* (四川省能源投資集團有限責任公司), a limited liability company established in the PRC and one of the controlling shareholders of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	the ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK\$ and listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hydropower Group”	Sichuan Province Hydropower Investment and Management Group Co., Ltd* (四川省水電投資經營集團有限公司), a limited liability company established in the PRC and one of the controlling shareholders of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“PRC”	the People’s Republic of China, for the purposes of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the Domestic Share(s) and the H Share(s)

“Shareholder(s)”	holder(s) of the Shares
“Sichuan Development Co.”	Sichuan Development (Holding) Co., Ltd.* (四川發展(控股) 有限責任公司), a state-owned enterprise with limited liability established under the laws of the PRC and one of the controlling Shareholders of the Company
“Sun Technology”	Sun Technology Company Limited* (成都太陽高科技有限責任公司), a company established in the PRC with limited liability, which is an associate of Hydropower Group

By order of the Board
Sichuan Energy Investment Development Co., Ltd.*
He Jing
Chairman

Chengdu, Sichuan Province, the PRC, 28 December 2023

As at the date of this announcement, the executive Directors are Mr. He Jing, Mr. Li Hui and Ms. Xie Peixi; the non-executive Directors are Ms. Han Chunhong, Mr. Tao Xueqing, Ms. Liang Hong, Ms. Lv Yan and Mr. Kong Ce; and the independent non-executive Directors are Mr. Kin Kwong Kwok Gary, Ms. He Zhen, Mr. Wang Peng, Prof. Li Jian and Ms. He Yin.

* *For identification purposes only*