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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 2023**

The Board 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 2023, together with the comparative figures for the year ended 31 December 2022. These results have been audited by the Company's auditors and reviewed by the Audit Committee.

Certain amounts and percentage figures contained in this announcement have been adjusted or rounded to one or two decimal places. Any differences between the totals and the sum of the amounts shown in any table, chart or elsewhere are due to rounding.

**CONSOLIDATED INCOME STATEMENT***For the year ended 31 December 2023**(Expressed in Renminbi)*

		<b>2023</b>	2022
	<i>Notes</i>	<b>RMB</b>	<b>RMB</b>
Operating revenue	2	<u><b>4,160,192,577.95</b></u>	<u>3,313,256,211.05</u>
Less: Operating costs	2	<b>3,484,310,248.78</b>	2,740,916,362.02
Tax and surcharges	3	<b>17,513,057.46</b>	19,108,297.85
Administrative expenses		<b>235,814,901.82</b>	203,793,957.15
Finance costs	4	<b>13,309,483.67</b>	8,557,733.92
Including: Interest expenses		<b>15,273,924.55</b>	10,386,241.73
Interest income		<b>5,104,366.37</b>	6,386,186.05
Add: Other income		<b>2,541,769.80</b>	2,337,578.93
Investment income	5	<b>4,628,076.16</b>	13,121,964.93
Including: Income from investment in associates		<b>4,628,076.16</b>	11,867,127.34
Gains on fair value changes	6	<b>1,136,000.00</b>	–
Credit impairment losses (“( )” for losses)	7	<b>(20,054,730.96)</b>	(3,062,705.31)
Asset impairment losses (“( )” for losses)	8	<b>(9,768,078.76)</b>	(735,451.17)
Gains on asset disposal	9	<u><b>15,489,027.27</b></u>	<u>6,441.81</u>
Operating profit		<u><b>403,216,949.73</b></u>	<u>352,547,689.30</u>
Add: Non-operating income	10(1)	<b>12,850,270.44</b>	13,994,696.88
Less: Non-operating expenses	10(2)	<u><b>6,876,885.47</b></u>	<u>4,996,447.16</u>
Total profit		<u><b>409,190,334.70</b></u>	<u>361,545,939.02</u>
Less: Income tax expenses	11	<u><b>67,190,179.11</b></u>	<u>58,997,245.27</u>
Net profit		<u><b>342,000,155.59</b></u>	<u>302,548,693.75</u>

**CONSOLIDATED INCOME STATEMENT (continued)***For the year ended 31 December 2023**(Expressed in Renminbi)*

	<i>Notes</i>	<b>2023</b> <b>RMB</b>	2022 <b>RMB</b>
(i) Breakdown by continuity of operation:			
1. Net profit from continuing operations		<b>342,000,155.59</b>	302,548,693.75
2. Net profit from discontinued operations		–	–
(ii) Breakdown by attributable interests:			
1. Net profit attributable to shareholders of the parent company		<b>338,999,671.13</b>	301,441,634.66
2. Non-controlling interests		<b>3,000,484.46</b>	1,107,059.09
Other comprehensive income, after tax		–	–
Total comprehensive income		<b><u>342,000,155.59</u></b>	<u>302,548,693.75</u>
Total comprehensive income attributable to shareholders of the parent company		<b><u>338,999,671.13</u></b>	<u>301,441,634.66</u>
Total comprehensive income attributable to non-controlling interests		<b><u>3,000,484.46</u></b>	<u>1,107,059.09</u>
Earnings per Share			
Basic and diluted	<i>12</i>	<b><u>0.32</u></b>	<u>0.28</u>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2023

(Expressed in Renminbi)

		As at 31 December 2023 RMB	As at 31 December 2022 RMB
<b>Assets</b>			
<b>Current assets</b>			
Monetary capital		500,263,848.63	770,087,145.82
Notes receivable		1,000,000.00	200,000.00
Accounts receivable	14	693,160,459.12	363,526,861.94
Prepayments		59,193,472.70	14,919,626.24
Other receivables		56,420,623.13	22,186,662.89
Inventories	15	96,133,952.52	87,892,616.33
Contract assets		117,035,084.73	74,010,659.53
Other current assets		39,790,906.73	40,005,526.27
<b>Total current assets</b>		<b>1,562,998,347.56</b>	<b>1,372,829,099.02</b>
<b>Non-current assets</b>			
Long-term equity investments		369,261,254.81	242,965,216.18
Other non-current financial assets		170,250.00	170,250.00
Fixed assets	13	3,888,494,489.50	3,062,952,630.19
Construction in progress		277,005,824.43	272,105,986.58
Right-of-use assets		6,889,472.80	6,597,730.52
Intangible assets		156,299,365.47	149,469,058.02
Long-term prepaid expenses		8,430,156.18	3,314,992.28
Deferred income tax assets		55,286,224.84	37,605,948.52
<b>Total non-current assets</b>		<b>4,761,837,038.03</b>	<b>3,775,181,812.29</b>
<b>Total assets</b>		<b>6,324,835,385.59</b>	<b>5,148,010,911.31</b>

**CONSOLIDATED BALANCE SHEET (continued)**

As at 31 December 2023

(Expressed in Renminbi)

		As at 31 December 2023 RMB	As at 31 December 2022 RMB
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term borrowings		150,000,000.00	300,000,000.00
Notes payable	16	149,999,930.97	–
Accounts payable	17	786,663,444.29	598,916,839.30
Contract liabilities		405,318,701.64	295,247,950.78
Employee benefits payable		147,004,535.58	129,350,952.84
Tax payable		72,095,886.54	58,447,348.06
Other payables		159,833,143.25	115,414,446.80
Non-current liabilities due within one year		<u>36,122,122.20</u>	<u>14,197,718.07</u>
<b>Total current liabilities</b>		<u><b>1,907,037,764.47</b></u>	<u><b>1,511,575,255.85</b></u>
<b>Non-current liabilities</b>			
Long-term borrowings		323,500,000.00	–
Lease liabilities		3,558,682.06	4,163,211.28
Long-term payables		545,981,000.00	293,974,587.09
Deferred income		126,185,501.51	136,586,729.31
Deferred income tax liabilities		<u>14,735,206.57</u>	<u>16,492,878.60</u>
<b>Total non-current liabilities</b>		<u><b>1,013,960,390.14</b></u>	<u><b>451,217,406.28</b></u>
<b>Total liabilities</b>		<u><b>2,920,998,154.61</b></u>	<u><b>1,962,792,662.13</b></u>

**CONSOLIDATED BALANCE SHEET (continued)***As at 31 December 2023**(Expressed in Renminbi)*

		<b>As at 31 December 2023 RMB</b>	As at 31 December 2022 RMB
<b>Shareholders' equity</b>			
Share capital	<i>19</i>	<b>1,074,357,700.00</b>	1,074,357,700.00
Capital reserve		<b>1,081,447,605.75</b>	1,081,447,605.75
Special reserve		<b>12,963,709.80</b>	15,112,314.76
Surplus reserve		<b>163,408,762.58</b>	132,895,011.72
Undistributed profit		<b>1,023,116,059.00</b>	843,553,062.73
<b>Total equity attributable to shareholders of the parent company</b>		<b><u>3,355,293,837.13</u></b>	<u>3,147,365,694.96</u>
<b>Non-controlling interests</b>		<b><u>48,543,393.85</u></b>	<u>37,852,554.22</u>
<b>Total shareholders' equity</b>		<b><u>3,403,837,230.98</u></b>	<u>3,185,218,249.18</u>
<b>Total liabilities and shareholders' equity</b>		<b><u><u>6,324,835,385.59</u></u></b>	<u><u>5,148,010,911.31</u></u>

## 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 Group as at 31 December 2023, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for 2023.

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 Listing Rules.

#### 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 COSTS

#### (1) Operating revenue and operating costs

	2023		2022	
	Revenue (RMB)	Costs (RMB)	Revenue (RMB)	Costs (RMB)
Principal business	4,151,758,087.03	3,483,937,006.07	3,309,625,246.30	2,740,883,162.02
Other business	8,434,490.92	373,242.71	3,630,964.75	33,200.00
Total	<u>4,160,192,577.95</u>	<u>3,484,310,248.78</u>	<u>3,313,256,211.05</u>	<u>2,740,916,362.02</u>
Including: Revenue from				
contracts	4,155,596,460.94	–	3,310,211,651.37	–
Other income	<u>4,596,117.01</u>	<u>–</u>	<u>3,044,559.68</u>	<u>–</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**

<b>Type of contracts</b>	<b>2023</b> <i>(RMB)</i>	<b>2022</b> <i>(RMB)</i>
Classified by contract type		
Power supply contracts	3,681,784,222.54	2,908,759,220.60
Contracts of power installation projects	447,619,015.50	379,477,962.08
Material sales contracts	22,354,848.99	21,388,063.62
Others	3,838,373.91	586,405.07
	<u>4,155,596,460.94</u>	<u>3,310,211,651.37</u>
Classified by time of transfer of goods		
Revenue recognized at a point in time	3,707,977,445.44	2,930,733,689.29
Revenue recognized over time	447,619,015.50	379,477,962.08
	<u>4,155,596,460.94</u>	<u>3,310,211,651.37</u>

**3. TAX AND SURCHARGES**

	<b>2023</b> <i>(RMB)</i>	<b>2022</b> <i>(RMB)</i>
City maintenance and construction tax	4,702,403.59	5,378,634.27
Education surcharge	3,978,787.87	4,985,729.62
Housing property tax	3,789,684.26	3,883,352.98
Others	5,042,181.74	4,860,580.98
	<u>17,513,057.46</u>	<u>19,108,297.85</u>

**4. FINANCE COSTS**

	<b>2023</b> <i>(RMB)</i>	<b>2022</b> <i>(RMB)</i>
Interest expenses on loans and payables	14,926,666.38	9,971,456.94
Interest expenses on lease liabilities	347,258.17	414,784.79
Interest income on deposits and receivables	(5,104,366.37)	(6,386,186.05)
Net foreign exchange loss/(gain)	1,411,443.97	2,380,454.78
Other finance costs	1,728,481.52	2,177,223.46
	<u>13,309,483.67</u>	<u>8,557,733.92</u>

The capitalization rate per annum, at which the borrowing costs were capitalized by the Group, was 0% for the year (2022: 0%).



**5. INVESTMENT INCOME**

	<b>2023</b> <i>(RMB)</i>	2022 <i>(RMB)</i>
Investment income from long-term equity investments accounted for using the equity method	<b>4,628,076.16</b>	11,867,127.34
Investment income from financial assets held for trading	–	1,938,846.57
Others	–	(684,008.98)
Total	<b><u>4,628,076.16</u></b>	<b><u>13,121,964.93</u></b>

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

	<b>2023</b> <i>(RMB)</i>	2022 <i>(RMB)</i>
Financial assets held for trading	<b><u>1,136,000.00</u></b>	–
Total	<b><u>1,136,000.00</u></b>	–

**7. CREDIT IMPAIRMENT LOSSES**

	<b>2023</b> <i>(RMB)</i>	2022 <i>(RMB)</i>
Accounts receivable	<b>25,495,589.55</b>	10,168,951.93
Other receivables	<b><u>(5,440,858.59)</u></b>	<u>(7,106,246.62)</u>
Total	<b><u>20,054,730.96</u></b>	<b><u>3,062,705.31</u></b>

**8. ASSET IMPAIRMENT LOSSES**

	<b>2023</b> <i>(RMB)</i>	2022 <i>(RMB)</i>
Fixed assets	<b>8,406,351.10</b>	1,254,608.89
Contract assets	<b><u>1,361,727.66</u></b>	<u>(519,157.72)</u>
Total	<b><u>9,768,078.76</u></b>	<b><u>735,451.17</u></b>

**9. GAINS ON ASSET DISPOSAL**

	<b>2023</b> <i>(RMB)</i>	2022 <i>(RMB)</i>
Gains on disposal of fixed assets	<u>15,489,027.27</u>	<u>6,441.81</u>
Total	<u><u>15,489,027.27</u></u>	<u><u>6,441.81</u></u>

**10. NON-OPERATING INCOME AND EXPENSES****(1) Non-operating income by item is as follows:**

	<b>2023</b> <i>(RMB)</i>	2022 <i>(RMB)</i>
Government grants	11,148,558.19	7,752,643.13
Gain from fine payments	89,418.27	3,090,001.30
Tax refund	–	1,328,481.01
Others	<u>1,612,293.98</u>	<u>1,823,571.44</u>
Total	<u><u>12,850,270.44</u></u>	<u><u>13,994,696.88</u></u>

**(2) Non-operating expenses**

	<b>2023</b> <i>(RMB)</i>	2022 <i>(RMB)</i>
Expenses on charity donation	4,540,494.29	61,159.40
Penalty fee and compensation	810,296.19	3,090,000.00
Others	<u>1,526,094.99</u>	<u>1,845,287.76</u>
Total	<u><u>6,876,885.47</u></u>	<u><u>4,996,447.16</u></u>

**11. INCOME TAX EXPENSES**

	<b>2023</b> <i>(RMB)</i>	2022 <i>(RMB)</i>
Income tax expenses for the year calculated based on tax laws and regulations	<b>79,087,457.02</b>	55,316,992.05
Movements in deferred tax	<b>(19,437,948.35)</b>	2,704,166.65
Adjustments of tax filing differences	<b>7,540,670.44</b>	976,086.57
Total	<b><u>67,190,179.11</u></b>	<b><u>58,997,245.27</u></b>

**12. 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 parent company by the weighted average number of ordinary shares in issue:

	<b>2023</b> <i>(RMB)</i>	2022 <i>(RMB)</i>
Consolidated net profit attributable to ordinary shareholders of the Company	<b>338,999,671.13</b>	301,441,634.66
Weighted average number of shares in issue <i>(share)</i>	<b>1,074,357,700.00</b>	1,074,357,700.00
Basic earnings per share <i>(RMB/share)</i>	<b><u>0.32</u></b>	<u>0.28</u>

Weighted average number of ordinary shares is calculated as follows:

	<b>2023</b> <i>(Share)</i>	2022 <i>(Share)</i>
Number of ordinary shares in issue as at the beginning of the year	<b>1,074,357,700.00</b>	1,074,357,700.00
Weighted average number of ordinary shares as at the end of the year	<b><u>1,074,357,700.00</u></b>	<u>1,074,357,700.00</u>

**(2) Diluted earnings per Share**

There are no potentially dilutive Shares for the year ended 31 December 2023, and therefore, diluted earnings per Share are the same as the basic earnings per Share.

### 13. FIXED ASSETS

Item	Plant and buildings (RMB)	Machinery and equipment (RMB)	Motor vehicles (RMB)	Office and other equipment (RMB)	Total (RMB)
Original value					
Opening balance	1,357,152,828.39	3,422,591,891.31	41,499,213.03	205,018,061.95	5,026,261,994.68
Addition during the year	98,965,434.94	911,611,772.57	7,586,444.60	13,047,226.06	1,031,210,878.17
– Purchase	17,785,695.13	42,750,793.72	7,586,444.60	8,518,078.23	76,641,011.68
– Transferred from construction in progress	81,179,739.81	868,860,978.85	–	4,529,147.83	954,569,866.49
Disposal or scrap during the year	(4,744,697.86)	(36,569,542.34)	(1,748,328.32)	(1,257,114.82)	(44,319,683.34)
Closing balance	<u>1,451,373,565.47</u>	<u>4,297,634,121.54</u>	<u>47,337,329.31</u>	<u>216,808,173.19</u>	<u>6,013,153,189.51</u>
Accumulated depreciation					
Opening balance	464,522,884.72	1,348,179,899.70	29,414,018.37	78,466,304.39	1,920,583,107.18
Provision for the year	34,793,009.50	128,893,242.92	2,406,620.37	20,427,529.16	186,520,401.95
Disposal or scrap during the year	(1,118,905.62)	(23,958,584.72)	(1,663,121.90)	(1,163,113.59)	(27,903,725.83)
Closing balance	<u>498,196,988.60</u>	<u>1,453,114,557.90</u>	<u>30,157,516.84</u>	<u>97,730,719.96</u>	<u>2,079,199,783.30</u>
Impairment provision					
Opening balance	7,339,285.39	35,104,942.64	157,588.14	124,441.14	42,726,257.31
Provision for the year	4,139,667.33	4,236,030.87	–	30,652.90	8,406,351.10
Disposal or scrap during the year	–	(5,635,186.97)	(16,544.55)	(21,960.18)	(5,673,691.70)
Closing balance	<u>11,478,952.72</u>	<u>33,705,786.54</u>	<u>141,043.59</u>	<u>133,133.86</u>	<u>45,458,916.71</u>
Carrying amount					
Closing carrying amount	<u>941,697,624.15</u>	<u>2,810,813,777.10</u>	<u>17,038,768.88</u>	<u>118,944,319.37</u>	<u>3,888,494,489.50</u>
Opening carrying amount	<u>885,290,658.28</u>	<u>2,039,307,048.97</u>	<u>11,927,606.52</u>	<u>126,427,316.42</u>	<u>3,062,952,630.19</u>

- (a) As at 31 December 2023, plant and buildings of the Group with a net carrying amount of RMB164,162,781.39 (2022: RMB148,113,997.11) had not obtained the certificate of ownership.
- (b) No property, plant and equipment were pledged to banks as at 31 December 2023 (2022: 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 loss of RMB8,406,351.10 (2022: RMB1,254,608.89) was recognized in “Asset impairment losses” for the year.

#### 14. ACCOUNTS RECEIVABLE

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

Customer type	2023 (RMB)	2022 (RMB)
Receivable from related parties	48,500,946.27	77,535,576.55
Receivable from others	799,305,331.31	415,141,514.30
Subtotal	847,806,277.58	492,677,090.85
Less: Allowance for doubtful debts	154,645,818.46	129,150,228.91
Total	693,160,459.12	363,526,861.94

(2) Accounts receivable by ageing is as follows:

Ageing	2023 (RMB)	2022 (RMB)
Within 1 year (inclusive)	637,143,365.56	339,185,826.24
1 to 2 years (inclusive)	80,356,895.77	46,969,704.26
2 to 3 years (inclusive)	36,729,082.14	11,727,367.32
Over 3 years	93,576,934.11	94,794,193.03
Subtotal	847,806,277.58	492,677,090.85
Less: Allowance for doubtful debts	154,645,818.46	129,150,228.91
Total	693,160,459.12	363,526,861.94

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

#### 15. INVENTORIES

Type of inventories	2023			2022		
	Book balance (RMB)	Provision for impairment of inventories (RMB)	Carrying amount (RMB)	Book balance (RMB)	Provision for impairment of inventories (RMB)	Carrying amount (RMB)
Raw materials	96,106,234.17	72,545.53	96,033,688.64	87,866,201.78	72,545.53	87,793,656.25
Low-value consumables	100,263.88	-	100,263.88	98,960.08	-	98,960.08
Total	96,206,498.05	72,545.53	96,133,952.52	87,965,161.86	72,545.53	87,892,616.33

The Group had no inventories for guarantee as at 31 December 2023 (31 December 2022: nil).

**16. NOTES PAYABLE**

	<b>2023</b> <i>(RMB)</i>	2022 <i>(RMB)</i>
Bank acceptance bill	<b>4,720,000.00</b>	–
letter of credit	<b>145,279,930.97</b>	–
Total	<b>149,999,930.97</b>	–

**17. ACCOUNTS PAYABLE**

(1) Information of accounts payable is as follows:

	<b>2023</b> <i>(RMB)</i>	2022 <i>(RMB)</i>
Payment for purchase of electricity	<b>303,237,953.45</b>	169,650,057.56
Construction payment	<b>174,101,488.88</b>	235,011,455.95
Materials payment	<b>309,250,379.75</b>	193,932,605.11
Others	<b>73,622.21</b>	322,720.68
Total	<b>786,663,444.29</b>	598,916,839.30

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

<b>Ageing</b>	<b>2023</b> <i>(RMB)</i>	2022 <i>(RMB)</i>
Within 1 year (inclusive)	<b>747,859,299.01</b>	574,028,979.89
1 to 2 years (inclusive)	<b>22,644,848.56</b>	12,282,057.47
2 to 3 years (inclusive)	<b>7,655,540.99</b>	2,897,832.80
Over 3 years	<b>8,503,755.73</b>	9,707,969.14
Total	<b>786,663,444.29</b>	598,916,839.30

## 18. DIVIDEND

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

	<b>2023</b>	2022
	<b>RMB</b>	RMB
Final dividend proposed after the end of the year of RMB0.13 per ordinary share (2022: RMB0.12 per ordinary share)	<u><b>139,666,501.00</b></u>	<u>128,922,924.00</u>

On 14 March 2024, a dividend for the year ended 31 December 2023 of approximately RMB139,666,501.00 was proposed by the Board. Such dividend is to be approved by the Shareholders at the AGM of the Company. The final dividend proposed after the end of the Reporting Period has not been recognized 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>2023</b>	2022
	<b>RMB</b>	RMB
Final dividend in respect of the previous financial year, approved and paid during the year	<u><b>128,922,924.00</b></u>	<u>128,922,924.00</u>

On 16 June 2023, a final dividend for the year ended 31 December 2022 of RMB128,922,924.00, representing RMB0.12 per share was approved by the shareholders at the annual general meeting of the Company.

## 19. SHARE CAPITAL

	<b>2023</b>	2022
	<b>Share</b>	Share
Total number of Shares	<u><b>1,074,357,700.00</b></u>	<u>1,074,357,700.00</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 the annual general 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 2023, total power consumption in China reached 9.2241 trillion kWh, representing a year-on-year increase of 6.7%. In particular, power consumption in the primary sector reached 127.8 billion kWh, representing a year-on-year increase of 11.5%; power consumption in the secondary sector reached 6.0745 trillion kWh, representing a year-on-year increase of 6.5%; power consumption in the tertiary sector reached 1,669.4 billion kWh, representing a year-on-year increase of 12.2%; urban and rural household consumption reached 1,352.4 billion kWh, a year-on-year growth of 0.9%. The total power consumption in Sichuan Province reached 371.1 billion kWh, representing a year-on-year increase of 7.7%, and benefiting from the superior transportation and economic geographical location, the total power consumption in Yibin City this year reached 20.1 billion kWh, representing a year-on-year increase of 21.64%.

As Sichuan Province is expediting the construction of the dual-city economic circle in Chengdu-Chongqing area to drive the regional coordinated development, Yibin was awarded the "China Power Battery Capital of China", and was selected as one of the top 100 cities in the national advanced manufacturing industry. We believe that the Company will embrace further development opportunities in electricity sales, distributed energy, engineering construction and comprehensive energy services.

### 2. BUSINESS OVERVIEW

#### 2.1 Overview

The Group is a vertically integrated power supplier and service provider in Yibin City, Sichuan Province, with a full power supply value chain covering power generation, 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 consists of electrical engineering construction service and sales of electric equipment and materials.

In 2023, the Company realized operating revenue of approximately RMB4,160.2 million, representing a year-on-year increase of approximately 25.6%. Our total profit was approximately RMB409.2 million, representing a year-on-year increase of approximately 13.2%. In the same year, the Company achieved net profit of approximately RMB342.0 million, representing a year-on-year increase of approximately 13.0%, and net profit attributable to equity shareholders of the parent company of approximately RMB339.0 million, representing a year-on-year increase of approximately 12.5%.



As of the end of 2023, we had and operated an aggregate of 6 hydropower plants with a total installed capacity of 127,030 kW. We also had 3 units of 220 kV substations with an aggregated capacity of 1,080,000 kVA, 21 units of 110 kV substations with an aggregated capacity of 1,379,400 kVA, and 59 units of 35 kV substations with an aggregated capacity of 626,900 kVA.

## 2.2 Operating Results

The following table sets forth the breakdown of the revenue, cost and gross profit of the principal business by segment for the years ended 31 December 2022 and 2023, and the percentage of changes.

Principal business	Year ended 31 December 2023			Year ended 31 December 2022			Percentage of changes		
	Revenue (RMB)	Cost (RMB)	Gross profit (RMB)	Revenue (RMB)	Cost (RMB)	Gross profit (RMB)	Revenue (%)	Cost (%)	Gross profit (%)
General power supply business	3,322,959,805.99	2,758,587,553.15	564,372,252.84	2,524,319,212.99	2,052,839,170.23	471,480,042.76	31.6	34.4	19.7
Incremental power transmission and distribution business	358,824,416.55	336,403,647.92	22,420,768.63	384,440,007.61	376,750,248.89	7,689,758.72	(6.7)	(10.7)	191.6
EECS business <sup>(1)</sup>	469,973,864.49	388,945,805.00	81,028,059.49	400,866,025.70	311,293,742.90	89,572,282.80	17.2	24.9	(9.5)
<b>Total</b>	<b>4,151,758,087.03</b>	<b>3,483,937,006.07</b>	<b>667,821,080.96</b>	<b>3,309,625,246.30</b>	<b>2,740,883,162.02</b>	<b>568,742,084.28</b>	<b>25.4</b>	<b>27.1</b>	<b>17.4</b>

*Note:*

- (1) Includes revenue from the sales of electric equipment and materials of approximately RMB22.4 million for the year ended 31 December 2023.

### 2.2.1 General Power Supply Business

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

Customer	2023		Year ended 31 December 2022		Percentage of changes	
	Electricity Sales	Revenue	Electricity Sales	Revenue	Electricity Sales	Revenue
	(MWh)	(RMB)	(MWh)	(RMB)	(%)	(%)
Household	1,696,378	891,990,488.50	1,520,280	841,312,565.25	11.6	6.0
General industrial and commercial	1,222,331	668,591,745.99	1,200,165	664,402,049.54	1.8	0.6
Large industrial	3,202,129	1,699,788,921.94	1,620,478	953,164,185.37	97.6	78.3
State Grid	20,431	3,719,228.21	114,598	32,202,452.88	-82.2	-88.5
Others	179,390	58,869,421.35	94,839	33,237,959.95	89.2	77.1
Total	<u>6,320,659</u>	<u>3,322,959,805.99</u>	<u>4,550,360</u>	<u>2,524,319,212.99</u>	<u>38.9</u>	<u>31.6</u>

Most of our revenue for the year ended 31 December 2023 was derived from general power supply business, including generation, distribution and sales of power. We generated revenue of approximately RMB3,323.0 million from our general power supply business, which accounted for approximately 80.0% of revenue from principal business.

### 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 revenue of approximately RMB358.8 million from incremental power transmission and distribution business for the year ended 31 December 2023, which accounted for approximately 8.6% of revenue from principal business.

### 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 2023, we generated revenue of approximately RMB470.0 million from our EECS business, which accounted for approximately 11.3% of revenue from principal business.

## **2.3 Major Operational Measures**

### ***2.3.1 Enhanced Power Supply Security***

Firstly, the Company accelerated the construction of a new type of power grid integrating source, grid, load and storage, and under the severe challenge of a 17.76% year-on-year increase in the maximum daily load of power grid, we successfully ensured the power supply for major events such as the Chengdu Universiade and the World Power Battery Conference. There were no large-scale power outage accidents throughout the year, providing a strong and reliable power security for local socioeconomic development and the people's productive and living requirements. Secondly, the Company insisted on increasing power sources, actively drove forward the construction of Xuzhou District Pumped Storage Project and Xingwen County Natural Gas Power Generation Project, fully completed the investment, construction and networking of rooftop distributed photovoltaic projects such as the Yangtze River Industrial Park, the High-tech Jinyun Industrial Park and the Xingwen Bamboo Industrial Park, and our local power supply capacity was further enhanced. Thirdly, the Company insisted on strengthening power grid, added 7 lines connected with State Grid, and completed the capacity increase and transformation of the twin main transformers of 7 substations. Besides, the Company increased the maximum power supply capacity to 1.95 million kW, and further improved the distribution network structure. Finally, we insisted on sci-tech innovation, proactively promoted the construction of hydropower station basin integrated controlling centers, generalized the application of new equipment such as primary/secondary fusion intelligent circuit breakers, skylight lightning protectors, and line monitoring systems, and piloted the use of laser cannon technology to clean up obstacles in line passages, so as to effectively improve the safe operation level of power grid.

### ***2.3.2 Improved the Quality of Services***

On the one hand, the Company focused on the power supply “urgent needs, difficulties, worries and expectations” of the public, continued to solidify the service basis, optimize the service approach, and innovate the service manner. We prepared and printed the 12398 Complaint & Whistle-blowing “Clear Statement” Themed Reporting System, listened to 30,916 hotline calls, effectively solved various user complaints in time, and implemented complaint sorting, classification, disciplinary control, with the number of complaints recorded last year decreasing by 19.35% on a year-on-year basis. On the other hand, we continued to optimize electricity business climate, and throughout the year, we proceeded with cumulatively 525 business expansion applications from 10kV and above clients, and the Company as the second largest power supplier of Yibin City took the third place in the yearly business environment online evaluation and field examination of Sichuan Province, within which we ranked the first in terms of power supply convenience, which promoted the ranking of Yibin City to 12th from the previous 17th in “Access to Electricity” business environment evaluation in Sichuan Province. In particular, we solved power-using difficulties for 13 tea plants, and were invited to share our experience at the Hubei 2023 Power Empowering Rural Revitalization Exchange Meeting, marking the first time for local power representatives to speak at national meeting, which greatly improved the image and influence of the Company or even local power industry.

### **2.3.3 Strictly Controlled Risks in Key Areas**

Firstly, the Company strictly prevented capital risks, continued to enhance compliance management, and completed the settlement audit on Xingwen County Lianhua 220 kV New Substation Project, Pingshan County Wangchang-Chaxiang 110 kV New Transmission Line Project and other projects, which saved the cost of construction, and effectively ensured the safe and efficient application of corporate funds. Secondly, we strictly prevented against safety risks, conducted “Year of Safety Management Enhancement” activity in depth, built and enhanced the risk classified control and risk governance dual prevention mechanism, to ensure all risks are under control; we hosted the Sichuan Energy Investment 2023 Peak Summer Power Supply Security Emergency Drill, hosted the Fifth Workers “Ankang Cup” Safety Knowledge Competition, continued the production safety profile stably, with no accidents of general or serious personal injuries or casualties, equipment safety, occupational health and environmental protection occurred. Thirdly, we strictly prevented debt risks, continued to improve cost & expense accounting system, enhanced debt risk dynamic monitoring, and realized full process monitoring and management analysis on accounts receivable and inventories by establishing the dynamic qualitative management mechanism for the “balance of inventories and accounts receivable”.

### **2.3.4 Promoted Transformation and Upgrading Development**

Firstly, the Company greatly promoted green energy project construction, and completed 19 charging stations, 2 heavy truck replacement stations and 1 energy storage project throughout the year, and established 3 green energy limited liability companies with Junlian County, Xingwen County, and Changning County of Yibin City, of which, Wangchang 220 kV Transformer Substation became the first “carbon neutrality substation” of Sichuan Province. The Company was rated as “AAA Low Carbon Enterprise” of the province, and the regional green novel power system was in initial form, with superior grid as the support, with virtual power plants as the platform, and with green power grid as the core. Secondly, we took full advantage of listing on the Stock Exchange strategically acquired 15% equity interests of Shenzhen CEGN Co., Ltd\* (深圳市車電網絡有限公司) and completed the “full circulation” of H shares, which further improved the capital attraction and market value influence of the Company.

### **2.3.5 Strengthened Communist Construction**

Firstly, the Company learned and practised Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era, insisted on theoretical study, survey, promotion, review integrated with rectification, and practically translated educative outcome into high quality development of the Company. Secondly, we fully strengthened the construction of the Party, strictly performed communist committee theoretical study central team learning and “First Topic” learning system, conducted “Five First-Class” innovation program, and erected three demonstrative benchmarks, namely, first-class communist construction brand, first-class communist-mass position, and first-class communist team. Thirdly, we insisted on joint research, joint deployment, joint implementation, joint assessment of Party conduct and integrity and corporate reform, regularly carried out special surveillance and efficiency supervision, and promoted continuous shift of the mindset and work style of all staff and employees.

## **3. FINANCIAL REVIEW**

### **Analysis of key items in the consolidated income statement**

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

<b>Principal business</b>	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RMB)</b>	<b>(RMB)</b>
General power supply business	<b>3,322,959,805.99</b>	2,524,319,212.99
Incremental power transmission and distribution business	<b>358,824,416.55</b>	384,440,007.61
EECS business <sup>(1)</sup>	<b>469,973,864.49</b>	400,866,025.70
Total	<b><u>4,151,758,087.03</u></b>	<b><u>3,309,625,246.30</u></b>

*Note:*

(1) Includes revenue from the sales of electric equipment and materials of approximately RMB22.4 million for the year ended 31 December 2023.

Operating revenue from principal business increased by approximately 25.4% from approximately RMB3,309.6 million for the year ended 31 December 2022 to approximately RMB4,151.8 million for the year ended 31 December 2023, primarily due to an increase in revenue from the general power supply business and EECS business.

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

Revenue generated from general power supply business increased by approximately 31.6% from approximately RMB2,524.3 million for the year ended 31 December 2022 to approximately RMB3,323.0 million for the year ended 31 December 2023, primarily due to an increase in the scale of electricity demands of large industrial customers in 2023 as compared with 2022. For the years ended 31 December 2022 and 2023, revenue from the general power supply business accounted for approximately 76.3% and 80.0% of revenue from our principal business, respectively.

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

Revenue generated from incremental power transmission and distribution business decreased by approximately 6.7% from approximately RMB384.4 million for the year ended 31 December 2022 to approximately RMB358.8 million for the year ended 31 December 2023, primarily due to a reduction in the scale of our incremental power transmission and distribution business in 2023.

### ***EECS Business***

Revenue generated from the EECS business increased by approximately 17.2% from approximately RMB400.9 million for the year ended 31 December 2022 to approximately RMB470.0 million for the year ended 31 December 2023, primarily due to an increase in the scale of our EECS business after strengthening market expansion in 2023.

### ***Operating Costs***

<b>Principal business</b>	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>(RMB)</b>	<b>(RMB)</b>
General power supply business	<b>2,758,587,553.15</b>	2,052,839,170.23
Incremental power transmission and distribution business	<b>336,403,647.92</b>	376,750,248.89
EECS business	<b><u>388,945,805.00</u></b>	<u>311,293,742.90</u>
Total	<b><u>3,483,937,006.07</u></b>	<u>2,740,883,162.02</u>

Operating costs of principal business increased by approximately 27.1% from approximately RMB2,740.9 million for the year ended 31 December 2022 to approximately RMB3,483.9 million for the year ended 31 December 2023, mainly due to an increase in the scale of general power supply business and a greater decrease in power generation of its own power stations and grid-connected hydropower stations due to the impact of adverse weather conditions, resulting in increased procurement of electricity from third party suppliers at higher prices.

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

Operating costs associated with our general power supply business increased by approximately 34.4% from approximately RMB2,052.8 million for the year ended 31 December 2022 to approximately RMB2,758.6 million for the year ended 31 December 2023, primarily due to an increase in the scale of general power supply business, and a greater decrease in power generation of its own power stations and grid-connected hydropower stations due to the impact of adverse weather conditions, resulting in increased procurement of electricity from third party suppliers in 2023. For the years ended 31 December 2022 and 2023, operating costs of general power supply business accounted for approximately 74.9% and 79.2% of the operating costs of our principal business, respectively.

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

Operating costs associated with our incremental power transmission and distribution business decreased by approximately 10.7% from approximately RMB376.8 million for the year ended 31 December 2022 to approximately RMB336.4 million for the year ended 31 December 2023, primarily due to a reduction in the scale of our incremental power transmission and distribution business in 2023.

### ***EECS Business***

Operating costs associated with our EECS business increased by approximately 24.9% from approximately RMB311.3 million for the year ended 31 December 2022 to approximately RMB388.9 million for the year ended 31 December 2023, primarily due to an increase in the scale of our EECS business.

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

	Year ended 31 December			
	2023		2022	
Principal business	Gross Profit (RMB)	Gross Profit Margin %	Gross Profit (RMB)	Gross Profit Margin %
General power supply business	564,372,252.84	17.0	471,480,042.76	18.7
Incremental power transmission and distribution business	22,420,768.63	6.2	7,689,758.72	2.0
EECS business	81,028,059.49	17.2	89,572,282.80	22.3
Total	<u>667,821,080.96</u>	<u>16.1</u>	<u>568,742,084.28</u>	<u>17.2</u>

Our gross profit from principal business increased by 17.4% from approximately RMB568.7 million for the year ended 31 December 2022 to approximately RMB667.8 million for the year ended 31 December 2023. Our gross profit margin was recorded at 16.1% and 17.2% for the years ended 31 December 2023 and 2022, respectively.

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

The gross profit of general power supply business increased by approximately 19.7% from approximately RMB471.5 million for the year ended 31 December 2022 to approximately RMB564.4 million for the year ended 31 December 2023. The gross profit margin of general power supply business decreased by approximately 1.7 percentage points from 18.7% for the year ended 31 December 2022 to 17.0% for the year ended 31 December 2023, primarily due to the increase in scale of general power supply business, and a greater decrease in power generation of our own power stations and grid-connected hydropower stations due to the impact of adverse weather conditions, resulting in an increase in the proportion of electricity procurement suppliers at higher price.

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

The gross profit of incremental power transmission and distribution business increased by approximately 191.6% from approximately RMB7.7 million for the year ended 31 December 2022 to RMB22.4 million for the year ended 31 December 2023, primarily due to our addition of incremental power transmission and distribution business with higher gross profit in 2023.

### ***EECS Business***

The gross profit of EECS business decreased by approximately 9.5% from approximately RMB89.6 million for the year ended 31 December 2022 to approximately RMB81.0 million for the year ended 31 December 2023, mainly due to the reduction of profits from some projects for business expansion purposes during the year.

### ***Gains on asset disposal***

The gains on asset disposal in 2023 were approximately RMB15.5 million, mainly due to the economic compensation received for the demolition of a property in 2023.

### ***Credit Impairment Losses***

Credit impairment losses increased from approximately RMB3.1 million for the year ended 31 December 2022 to approximately RMB20.1 million for the year ended 31 December 2023, mainly due to an increase in the expected credit loss rate of the account receivables of electrical engineering construction service projects resulting from the uncertainty caused by market fluctuations to the operating and financial position of certain customers.

### ***Finance Costs***

Finance costs increased from approximately RMB8.6 million for the year ended 31 December 2022 to approximately RMB13.3 million for the year ended 31 December 2023, primarily due to an increase in bank loans resulting from the Company's increased investment in power grid assets in 2023, with a corresponding increase in interest expenses of approximately RMB5.0 million.

### ***Asset Impairment Losses***

Asset impairment losses increased from approximately RMB0.7 million for the year ended 31 December 2022 to approximately RMB9.8 million for the year ended 31 December 2023, mainly due to the write-off of the book value of some micro-hydropower stations which the Group had terminated their operation due to policy factors, insufficient economic efficiency and safety factors in 2023.

### ***Income from Investment in Associates***

Income from investment in associates decreased from approximately RMB11.9 million for the year ended 31 December 2022 to approximately RMB4.6 million for the year ended 31 December 2023, mainly due to the fact that the properties of a real estate company that made largest contributions to investment income in 2022 were substantially sold in 2022.



### ***Income Tax***

Income tax expenses were approximately RMB59.0 million and RMB67.2 million for the years ended 31 December 2022 and 2023, respectively, at effective tax rates of 16.3% and 16.4%, respectively. The increase in income tax was primarily attributable to an increase in total profit.

### ***Net Profit***

As a result of the above, net profit increased from approximately RMB302.5 million for the year ended 31 December 2022 to approximately RMB342.0 million for the year ended 31 December 2023.

### **Analysis of key items in the consolidated balance sheet**

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

	As at 31 December	
	2023	2022
	(RMB)	(RMB)
Fixed assets	<b>3,888,494,489.50</b>	3,062,952,630.19
Construction in progress	<b>277,005,824.43</b>	272,105,986.58
Right-of-use assets	<b>6,889,472.80</b>	6,597,730.52
Total	<b><u>4,172,389,786.73</u></b>	<b><u>3,341,656,347.29</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 approximately RMB3,341.7 million as at 31 December 2022 to approximately RMB4,172.4 million as at 31 December 2023, mainly due to an increase in purchase of fixed assets and an increase in the number of construction in progress completed in 2023, and the increase in the number of rural grid consolidation and improvement projects secured in 2022 and commencing construction during the year.

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

Our intangible assets were approximately RMB149.5 million and RMB156.3 million as at 31 December 2022 and 2023, respectively, primarily due to the addition of a centralized control system for hydropower plants.

### ***Accounts Receivable***

Our accounts receivable were approximately RMB363.5 million and RMB693.2 million as at 31 December 2022 and 2023, respectively, primarily due to the fact that the payment for purchase of electricity was usually made at the beginning of the following month after the adjustment of the reading cycle of statements.

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) were approximately 46.9 days and 52.6 days as at 31 December 2022 and 2023, respectively. The increase in turnover days of accounts receivable during the year was mainly due to the increase in accounts receivable resulting from the adjustment of the reading cycle of statements.

### ***Notes Payable***

As at 31 December 2023, we utilized an aggregate of approximately RMB150.0 million in bank acceptance bills and letters of credit to settle the electricity charges from upstream suppliers, which reduced the integrated finance costs.

### ***Accounts Payable***

Our accounts payable were approximately RMB598.9 million and RMB786.7 million as at 31 December 2022 and 2023, respectively. The increase in accounts payable was mainly due to the fact that the payment for purchase of electricity was usually made at the beginning of the following month after the adjustment of the reading cycle of statements.

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) decreased from approximately 78.9 days as at 31 December 2022 to approximately 71.6 days as at 31 December 2023, mainly due to the accelerated settlement of construction costs after the expansion of power engineering construction services in 2023.

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

The Group manages its capital to ensure that entities of the 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. 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 31 December 2023, our cash and cash equivalents amounted to approximately RMB490.2 million (31 December 2022: approximately RMB757.9 million), among which, the amount for daily operating purpose is approximately RMB240 million, and the remaining consists of unused proceeds and special funds for rural grid consolidation and improvement projects. The decrease of the balance of cash and cash equivalents was mainly due to the strengthening of the centralized management of funds in 2023, and the use of the proceeds of approximately RMB115.2 million for the acquisition of the equity interests of Shenzhen CEGN Co., Ltd\* (深圳市車電網絡有限公司). For details, please see 6. SIGNIFICANT INVESTMENTS HELD, MAJOR ACQUISITIONS AND DISPOSALS under MANAGEMENT DISCUSSION AND ANALYSIS.

As at 31 December 2023, the total borrowings of the Group amounted to approximately RMB657.4 million (31 December 2022: approximately RMB314.2 million), including bank loans, bank acceptance remittances, letter of credit and other borrowings. All of our bank and other borrowings bear interest at floating rate.

### ***Gearing Ratio***

As at 31 December 2023, the gearing ratio of the Group was approximately 19.3% (31 December 2022: approximately 9.9%). 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 RMB340.9 million of such proceeds from the Global Offering according to purposes disclosed in the Prospectus as at 31 December 2023. The remaining approximately RMB39.6 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 1 January 2023 (RMB'000)	Amount used for the Reporting Period (RMB'000)	Amount unused as at 31 December 2023 (RMB'000)	Estimated schedule
Acquisition of power-related assets	40%	152,193	152,193	115,200	36,993	2024
Construction and optimization of power grid	30%	114,145	-	-	-	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	2,989	364	2,625	2030
<b>Total</b>	<b>100%</b>	<b>380,483</b>	<b>155,182</b>	<b>115,564</b>	<b>39,618</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 at 31 December 2023, 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 stated in the Prospectus, the Company intends to use 40% of the net proceeds in the acquisition of power-related assets, which was expected to be fully utilized by 2023 pursuant to the 2022 annual report of the Company. As at 31 December 2023, there remained an unutilized sum of approximately RMB37.0 million allocated for the acquisition of power-related assets which is expected to be fully utilized in 2024, given that the Company had already utilized approximately RMB115.2 million of the net proceeds for the acquisition of power-related assets as stated in the prospectus during the year ended 31 December 2023, and the Company is still in the process of identifying suitable potential targets for acquisition. The Company shall strive to accelerate the progress of the projects and improve the efficiency of the use of the remaining sum of net proceeds from the Global Offering.

The net proceeds from the Global Offering have been and are expected to be used as previously disclosed in the Prospectus. As at 31 December 2023, save for the delay in the acquisition of power-related assets as aforementioned, 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 outstanding capital commitments for the periods indicated:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>(RMB)</b>	<b>(RMB)</b>
Contracted for	<u><b>73,852,517.30</b></u>	<u>104,883,250.10</u>

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

On 17 March 2023, the Company entered into the Share Transfer Agreement with Shenzhen Yuanzhi Huaxin Emerging Industry Equity Investment Fund Partnership (L.P.)<sup>\*</sup> 深圳市遠致華信新興產業股權投資基金合夥企業(有限合夥), Shenzhen Jianyuan Investment Loan Linkage Equity Investment Fund Partnership (L.P.)<sup>\*</sup> (深圳建遠投貸聯動股權投資基金合夥企業(有限合夥)) and Shenzhen Xinfuhui No.2 Investment Partnership (Limited Partnership)<sup>\*</sup> (深圳市信福匯二號投資合夥企業(有限合夥)), pursuant to which the Company has agreed to purchase and the above parties agreed to sell the Sale Shares, representing 15% of the equity interest in Shenzhen CEGN Co., Ltd<sup>\*</sup> (深圳市車電網絡有限公司), at the total consideration of approximately RMB115.2 million. For further details of the aforesaid acquisition, please refer to the announcement of the Company dated 17 March 2023.

For the year ended 31 December 2023, save as disclosed above, the Group had no other material acquisitions and disposals of subsidiaries, associates or joint ventures.

## 7. PLEDGES OF THE GROUP'S ASSETS

No property, plant and equipment were pledged to banks as at 31 December 2023 (31 December 2022: nil).

## 8. FOREIGN EXCHANGE RISK

The Group does not currently hedge its exposure to foreign currencies and recognizes the profits and losses resulting from fluctuations as and when they arise. The Group carries out business in the PRC and receives revenue and pays its costs/expenses in RMB and the dividend paid by the Company to H Shareholders is paid in Hong Kong dollars.

## **9. CONTINGENT LIABILITIES**

As at 31 December 2023, the Group did not have any contingent liabilities (31 December 2022: nil).

## **10. MAJOR INVESTMENT PLAN**

The planned investment in 2024 is approximately RMB1,502.0 million, of which approximately RMB295.8 million for power grid infrastructure, approximately RMB262.0 million for comprehensive energy projects, approximately RMB66.3 million for small-scale infrastructure, approximately RMB438.1 million for renovation of fixed assets, approximately RMB63.9 million for purchase of productive fixed assets, approximately RMB35.4 million for purchase of non-production fixed assets, approximately RMB204.1 million for industrial expansion supporting power grid projects, and approximately RMB98.5 million for the equity projects.

## **11. EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2023, the Group had a total of 2,749 full-time employees (31 December 2022: 2,828). The related employee costs (including Directors' fees) for the year were approximately RMB477.4 million. The Group 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 Group has contributed to a number of employee social security plans managed by local governments for employees as required by PRC laws and regulations, including housing provident funds, enterprise annuity, medical insurance, pension insurance, maternity insurance and unemployment insurance, etc., which are vested in the employees and will not be confiscated by the Group when they leave the Group. 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 2023. The Group also provides employees with adequate job trainings. To attract outstanding employees, the remuneration committee under the Board regularly reviews employees' remuneration policies and benefits.

## **12. SUBSEQUENT EVENTS**

On 26 February 2024, Mr. Li Hui has tendered his resignation as deputy chairman, executive director, general manager, joint company secretary and authorized representative under Rule 3.05 of the Listing Rules of the Company due to retirement. On the same day, the board of directors has resolved to appoint Mr. Wang Yuanchun as the general manager of the Company, and has recommended the appointment of Mr. Wang Yuanchun as executive director, which will be subject to the consideration and approval by the shareholders of the Company at the extraordinary general meeting, and the above resignations as deputy chairman, joint company secretary and authorised representative under Rule 3.05 of the Listing Rules of the Company will take effect from the date on which the new deputy chairman, joint company secretary and authorised representative are elected respectively. For details, please refer to the announcement of the Company dated 26 February 2024.

Except for the above matter and the declaration of dividends, there are no material events affecting the Company or any of its subsidiaries after 31 December 2023 and up to the date of this announcement.

## 13. OUTLOOK

### (1) Strengthen Business Expansion, and Promote Quality Development

Firstly, the Company will further increase power sources. We will proactively seek supports from Sichuan Energy Investment Group Co., Ltd.\* and local communist committees, accelerate the construction of Xuzhou District Pumped Storage Project and Xingwen County Natural Gas Power Generation Project, and plan new energy power generation projects in Junlian County, Gong County and other places, to increase the scale of self-owned power source points; meanwhile, we conducted global power source layout research based on regional economic development planning and energy resource advantages, with assistance of research institutes, to promote the construction of a diversely developed, sufficient, reliable power supply system. Secondly, we will further strengthen power grid. We will largely promote the major grid project construction and key grid equipment upgrading/renovation, continue to promote the approval for three 220 kV projects in Xuzhou of Yibin, Wangzhong of Gao County, and Yunlong Temple of Junlian County, among other preliminary efforts; accelerate grid digitization, intelligent transformation, and fully construct a regional smart green power system with operating safety and stability, and with sufficient capacity to meet the load requirements. Thirdly, we will further optimize the capital. We will take full advantage of listing on the Stock Exchange and our managerial experience and technical edges, positively merger and acquire quality clean energy power source projects and new energy projects, to maximize the profit, owner's equity and corporate value. Finally, we will further deploy in green energy. We will accelerate the green energy projects such as integrated energy stations, distributed photovoltaic, recharging & replacement infrastructure, and energy storage, and fully build a novel power grid industry chain integrating "source, grid, load and storage".

### (2) Adhere to User Centered, and Constantly Improve Service Quality and Service Capability

Firstly, the Company will continue optimizing service approach. We will further implement the National Energy Administration's requirements for improving "power acquisition" service level, insist on benchmark against State Grid and Southern Power Grid, further regulate power business service behaviors, improve reporting, installing and connecting service efficiency, regulate business expansion reporting and installing service, accelerate power supply stations reform piloting, make efforts in "zero distance" service, "zero delay" efficiency, "zero obstacle" power transaction. Secondly, we will continue improving power supply reliability. We will improve rural power grid renovation and upgrading, continue specific rectification on frequent power outages against the weak points in transmission & distribution grid structure, equipment & facilities, technologies and management etc. To solve outstanding problems reflected strongly by the people; actively generalize the primary and secondary fusion circuit breakers, fault indicators and other "four new" technical equipment, to further shorten fault scope, mitigate troubleshooting time, and practically improve grid safe operation & maintenance level. Thirdly, we will continue optimizing grid operation style. We will scientifically optimize grid running style, according to local load features, key users distribution, safety requirements and other conditions, as well as historical running experience and load prompt development, to ensure work system efficiency and measures execution; collectively develop annual power outage plans, gradually promote non-outage operation, and do the best to prevent outage without force majeure and prevent unplanned outage.

**(3) Consolidate Bottom Line Mindset, and Enhance Corporate Safety Level**

Firstly, the Company will continue strengthening internal risk prevention. We will promote the operational philosophy transformation from focus on front end investment to more focus on project full life cycle operation management, and greatly increase our overall profitability. We will practically change the mind of emphasizing on investment yet neglecting management, or emphasizing construction yet neglecting operation, make great efforts in tapping the potential of existing projects, largely reduce cost and increase efficiency, reduce or stop loss, enhance productive factors security and productive cost control, reduce low-effect/zero-effect asset percentage, and increase the overall profitability. Meanwhile, we will strictly perform the comprehensive risk management reporting system, regularly evaluate management status and risk tolerance, continuously increase the standardization level of financial management, effectively prevent capital and asset risks, establish the accountability system for non-compliant operation and investment, and ensure the safety and stability of internal operating conditions. Secondly, we will continue persisting in the bottom line of safety production. We will insist on people first, strictly perform the “Three Managements and Three Musts” and “responsible persons to be accountable” principles, and the “Two ‘do not’s, Three ‘in place’s” requirements, rapidly form a safety product profile with strong measures, solid responsibilities and penetrated pressure; continue collective governance on “risk removal”, in particular, solve the problems in casualty risk, equipment risk and power line/channel risk, effectively control and solve the risks in production and environment, and create a sound and safe environment for the high quality development of the Company.

**(4) Deepen and Promote Party Building in an All-round and Strict Manner**

Firstly, the Company will firmly insist on communist leadership, and that the communist committee shall plan for the big picture, discuss on the big events, and grasp the key points, fully implement various decisions and tasks from the corporate communist committee, and form a corporate governance mechanism with transparent rights and responsibilities, efficient coordination, and effective balancing. Secondly, we will always enhance our political mindset, deeply learn Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era, solidify our political loyalty, harden our faith, and converge the strong energy in work. Thirdly, we will emphasize on grassroots direction, fully enhance grassroots political function and organization through “basic education, basic organization, basic team, basic system, and basic security”, to erect the fortress that leads the development of various business operations. Fourthly, we will continue disciplinary control, insist on “strict” keynote without shaking, make artistic use of “four forms”, promote “three non-corruptions” simultaneously, and use strict disciplines to solidify and grow a clean, good political ecosystem. Finally, we will insist on communist control over publicity and political ideology, continue perfecting the ideological work study and exam mechanisms, make outstanding efforts in news publicity, theory telling, public opinion guidance and cultural construction, and create a sound public opinion atmosphere and cultural environment for the corporate reform and development.



## **DIVIDENDS AND DISTRIBUTION**

As at the date of this announcement, the Board proposed to declare a final dividend of RMB0.13 per Share (tax inclusive) for the year ended 31 December 2023 to Shareholders whose names appear on the register of members of the Company on 9 July 2024, with the total amount of dividend amounting to approximately RMB139,666,501.00. The declaration of dividend shall be subject to approval by Shareholders at the AGM, and the final dividend is expected to be paid on 25 July 2024.

For the distribution of dividends, dividends to domestic shareholders will be declared and paid in RMB, while dividends to H shareholders will be declared in RMB but paid in Hong Kong dollars. The exchange rate adopted for currency conversion was the average of the median price (HK\$1.0 for RMB0.9074) for conversion of RMB into Hong Kong dollars announced by the China Foreign Exchange Trading Center in the calendar week (i.e. 7 March 2024 to 13 March 2024) immediately preceding 14 March 2024 (i.e. the proposed date of dividend declaration). Therefore, the final dividend payable in Hong Kong dollars is HK\$0.14327 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 share 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 appear on the H share 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 share 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 AGM, the register of members of the Company will be closed from 14 June 2024 to 19 June 2024 (both days inclusive), during which period no transfer of Shares will be effected. In order to be qualified to attend and vote at the AGM, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by holders of H Shares, or to the registered office of the Domestic Shares of the Company at No. 789, Renhe Road, Wenjiang District, Chengdu City, Sichuan Province, the PRC for registration by holders of Domestic Shares no later than 4:30 p.m. on 13 June 2024.

In order to determine the entitlement of Shareholders for the final dividend, subject to the approval of the Shareholders at the AGM, the register of members of the Company will be closed from 4 July 2024 to 9 July 2024 (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 9 July 2024. 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by holders of H Shares, or to the registered office of the Domestic Shares of the Company at No. 789, Renhe Road, Wenjiang District, Chengdu City, Sichuan Province, the PRC for registration by holders of Domestic Shares no later than 4:30 p.m. on 3 July 2024.

### **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**

As a company listed on the Main Board of the Stock Exchange, the Company has adopted the Corporate Governance Code as its own code for corporate governance. During the period from 1 January 2023 to 31 December 2023, the Company has complied with all the applicable Corporate Governance Code provisions.

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

The Company has also adopted the Model Code set out in Appendix C3 to 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 Model Code throughout the year ended 31 December 2023.

## **AUDIT COMMITTEE**

The Audit Committee is mainly responsible for supervising our internal control, risk management, financial information disclosure and financial reporting.

The Audit Committee comprises Mr. Kin Kwong Kwok Gary (郭建江) (independent non-executive Director), Ms. Han Chunhong (韓春紅) (non-executive Director) and Prof. Li Jian (李堅) (independent non-executive Director), with Mr. Kin Kwong Kwok Gary serving as the chairman of such committee. The Group's audited annual results for the year ended 31 December 2023 have been reviewed by the Audit Committee, which was of the opinion 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 for selection and appointment of the external auditors and the financial management and internal control systems of the Group.

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 2023 as set out in the preliminary results announcement have been compared by the Group's auditor, KPMG Huazhen LLP, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2023, and the amounts were found to be in agreement. The work performed by KPMG Huazhen LLP in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

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

During the Reporting Period, 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 AGM is expected to be held on 19 June 2024. The notice of the AGM 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 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 2023 of the Company containing all the information required by Appendix D2 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:

“Accounting Standards for Business Enterprises”	the accounting standards for business enterprises issued by the Ministry of Finance of the PRC
“AGM”	the annual general meeting to be convened by the Company on 19 June 2024
“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”	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”	code on corporate governance practices contained in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	domestic ordinary shares 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
“Prospectus”	the prospectus dated 13 December 2018 in relation to the initial public offering of H Shares
“Reporting Period”	the period from 1 January 2023 to 31 December 2023
“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 and Domestic 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

“%” per cent.

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

**He Jing**  
*Chairman*

Chengdu, Sichuan Province, the PRC, 14 March 2024

*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*