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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 TRANSACTION**  
**EPC CONTRACT**

**EPC CONTRACT**

On 13 June 2024, after trading hours, (i) Gong County Electricity (being a subsidiary of the Company) as principal, and (ii) Sichuan Energy Investment Development Construction and Sichuan Tuolang as contractors, entered into the EPC Contract, pursuant to which Gong County Electricity agreed to engage Sichuan Energy Investment Development Construction and Sichuan Tuolang to provide relevant EPC services in relation to the Project.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Hydropower Group is one of the controlling shareholders of the Company. Accordingly, Hydropower Group is a connected person of the Company under Rule 14A.07 of the Listing Rules.

Under the current EPC Contract, the payment of the contract price shall be financed by the Hydropower Group Construction and Management Agency Remaining Funds, and the ownership of the assets to be constructed shall belong to the Hydropower Group upon completion of the Project.

Against this backdrop, the Group considers that the transaction contemplated under the EPC Contract shall be connected transaction, given the payment of the contract sum shall be financed entirely by the Hydropower Group Construction and Management Agency Remaining Funds and the assets after construction shall belong to the Hydropower Group.

On the premise set out above, since all applicable percentage ratios in respect of the transactions under the EPC Contract is less than 5% but the relevant consideration exceeds HK\$3 million, the EPC Contract and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## EPC CONTRACT

The principal terms of the EPC Contract are set out below:

<b>Date:</b>	13 June 2024 (after trading hours)
<b>Parties:</b>	(1) Gong County Electricity (as principal);  (2) Sichuan Energy Investment Development Construction (as contractor); and  (3) Sichuan Tuolang (as contractor)
<b>Project:</b>	The Gong County Rural Power Grid Remaining Funds (from 2005 to 2015) Adjustment Project, comprising, among others, the construction of 10kV cable line, 10kV double circuit overhead line, steel poles, on-post circuit breakers and ring main units
<b>Scope of service:</b>	Design, construction, procurement and installation of essential equipment and materials under the Project
<b>Construction period:</b>	180 calendar days
<b>Defect liability period:</b>	24 months commencing from the delivery date to be set out under the project delivery certificate
<b>Total estimated contract price:</b>	RMB7,939,307 (tax inclusive) which comprises (i) the design fee of RMB320,232 (tax inclusive); (ii) the equipment procurement fee of RMB2,047,913 (tax inclusive); and (iii) the construction and installation fee of RMB5,571,162 (tax inclusive), including the labour costs of RMB405,147.

The entire sum of the contract sum of the EPC Contract would be financed by the Hydropower Group Construction and Management Agency Remaining Funds.

Pursuant to the arrangement set out under the EPC Contract, the implementation unit for the relevant works under the EPC Contract, the allocation of contract sum and source of funding are as follows:

Works	Implementation Unit	Relationship of the implementation unit with the Group	Source of funding (tax inclusive) and allocation of contract sum payment
			Hydropower Group Construction and Management Agency Remaining Funds
Design	Sichuan Tuolang	Independent third party	RMB320,232
Equipment procurement	Sichuan Energy Investment Development Construction	Subsidiary of the Company	RMB2,047,913
Construction and installation	Sichuan Energy Investment Development Construction	Subsidiary of the Company	RMB5,571,162*
<b>Total</b>			<b><u>RMB7,939,307</u></b>

\* Including the labour costs of RMB405,147.

**Payment terms:**

The contract price shall be paid in the following manners:

**(i) Advance payments**

- (a) 10% of the labour costs shall be paid as advance payment after the EPC Contract having become effective and the relevant contractor having set up the designated account for labour costs for the Project;
- (b) 30% of the equipment procurement fee shall be paid as advance payment after the principal having received the application for advance payment of equipment procurement fee from the contractor;
- (c) 10% of the design fees shall be paid as advance payment after the execution of the EPC Contract and the principal having received the performance guarantee and application for advance payment of design fee from the contractor;

- (d) 10% of the construction and installation fee (being the remaining sum of the contract price after deducting the design fee, the labour costs and the equipment procurement fee) shall be paid as advance payment after the execution of the EPC Contract and the principal having received the performance guarantee and application for advance payment of design fee from the contractor

**(ii) Progress payments**

- (a) construction and installation fee and equipment procurement fee
  - a. Up to 80% of the total construction and installation fee and total equipment procurement fee (inclusive of the advance payments of the labour costs, the construction and installation fee and equipment procurement fee) shall be paid, respectively, based on 80% of the actual amount of the construction work completed each month.
  - b. Up to 90% of the total construction and installation fee and total equipment procurement fee (inclusive of the advance payments of the labour costs, the construction and installation fee and equipment procurement fee) shall be paid, respectively, after completion and acceptance of the Project.
  - c. Up to 97% of the total construction and installation fee and total equipment procurement fee (inclusive of the advance payments of the labour costs, the construction and installation fee and equipment procurement fee) shall be paid, respectively, after completion of the audit.
  - d. The remaining 3% of the total construction and installation fee and total equipment procurement fee (inclusive of the advance payments of the labour costs, the construction and installation fee and equipment procurement fee) shall be retained, respectively, as quality warranty and shall be paid after the expiry of defect liability period.

(b) Design fee

- a. Up to 80% of the total design fee (inclusive of the advance payment of the design fee) shall be paid after submission of the construction drawings and completion of relevant procedures.
- b. Up to 90% of the total design fee (inclusive of the advance payment of the design fee) shall be paid after completion and acceptance of the Project.
- c. Up to 97% of the total design fee (inclusive of the advance payment of the design fee) shall be paid after completion of the audit.
- d. The remaining 3% of the total design fee shall be retained as quality warranty and shall be paid after the expiry of defect liability period.

**(iii) Quality warranty**

3% of the total contract price shall be retained as quality warranty, which shall be paid upon expiry of defect liability period.

**Performance Guarantee**

Under the EPC Contract, the contractors shall provide performance guarantee in the amount equivalent to 5% of the total contract price to the principal by way of cash or a letter of guarantee. The performance guarantee shall be returned to the contractors after the satisfactory completion inspection of the Project and upon the approval by the principal of the application to return the performance guarantee to be submitted by the contractors.

**Other:**

The contract shall become effective upon each party to the contract having executed the contract or affixed the seal thereto.

**BASIS FOR DETERMINATION OF THE CONTRACT PRICE UNDER THE EPC CONTRACT**

The contract price under the EPC Contract was the successful tender price offered in the public tender and was accepted by the bid evaluation committee (評標委員會) after thorough evaluation pursuant to the relevant rules and regulations of the PRC and the tender documents. When selecting the successful bidder, the bid evaluation committee had considered a basket of factors including, among others, (i) from the business aspects, the bidders' background, experience, credibility and the bidding price for the required services; and (ii) from the technical aspects, the construction timeliness, quality control and assurance and the qualification(s) possessed by the professional team of the bidder to be engaged.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC CONTRACT**

For the background of the Hydropower Group Construction and Management Agency Remaining Funds, please refer to the announcement of the Company dated 26 February 2024.

The Development and Reform Bureau of the relevant counties in Yibin City, Sichuan Province had approved the feasibility study of the adjustment of application of the rural power grid remaining funds from the period between 2005 and 2015 (including the Hydropower Group Construction Management Agency Remaining Funds), and imposed higher requirement on the reliability and quality of power supply in the area where the Company supplies power. Against this background, by applying the relevant rural power grid remaining funds (i.e. the Hydropower Group Construction Management Agency Remaining Funds) on the rural grid construction project contemplated under the EPC Contract, it would sustainably improve the power supply capacity of rural areas serviced by the Group, further enhance the power grid structure in the power supply area, and help to promote rural revitalization.

The Group, as the bidding entity, organized and conducted the public bidding process for the project contemplated under the EPC Contract. Based on the public bidding and final determination, the winning bidders of EPC Contract were Sichuan Energy Investment Development Construction and Sichuan Tuolang. The bidding process fully complied with the provisions of the Tendering and Bidding Law of the People's Republic of China《中華人民共和國(招投標法)》 and other relevant laws and regulations.

Moreover, Sichuan Tuolang is a well-known service provider in the power infrastructure construction industry of China with necessary qualifications and extensive experience, had participated in the past in several power grid construction projects of the Company, and are familiar with the relevant provisions of the electric power construction projects of the Company based on the past cooperation, which will help to ensure the quality and cycle of the project construction and bring economic benefits to the Company.

In light of the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the EPC Contract 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. Wang Yuanchun and Ms. Xie Peixi are the Directors nominated by Hydropower Group, they have abstained from voting on the Board resolutions to approve the EPC Contract voluntarily. Save as disclosed above, none of the Directors have material interest in the EPC Contract 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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## **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.

Gong County Electricity is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company engaged in power generation and supply and trading of electrical equipment.

Sichuan Energy Investment Development Construction is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company. It is primarily engaged in inspection and maintenance of transformer substations, hydropower stations and electricity transmission lines.

Sichuan Tuolang is a limited liability company established in the PRC and is a wholly-owned subsidiary of Sichuan Shengchang Construction Engineering Design Co., Ltd.\* (四川盛昶建築工程設計有限公司). Sichuan Shengchang Construction Engineering Design Co., Ltd.\* is in turn a limited liability company established in the PRC and is owned as to 70% and 30% by Wei Shunzhi (魏順智) and Hu Lang (胡浪), respectively, which are third parties independent from the Company and its connected person(s). Sichuan Tuolang is primarily engaged in construction engineering survey and design. To the best of the Directors' knowledge information and belief after making all reasonable enquiries, Sichuan Tuolang and its ultimate beneficial owners are third parties independent from the Company and its connected person(s).

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.

## 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
“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
“EPC”	engineering, procurement and construction
“EPC Contract”	the EPC contract dated 13 June 2024 and entered into between Gong County Electricity, Sichuan Energy Investment Development Construction and Sichuan Tuolang, pursuant to which Gong County Electricity agreed to engage Sichuan Energy Investment Development Construction and Sichuan Tuolang to provide relevant EPC services in relation to the Project
“Gong County Electricity”	Sichuan Energy Investment Gong County Electricity Co., Ltd.* (四川能投珙縣電力有限公司), a limited liability company established in the PRC on 29 December 1994 and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries



“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
“Hydropower Group Construction and Management Agency Remaining Funds”	the funds contributed by Hydropower Group which are used for financing portion of the contract sum under the EPC Contract pursuant to the terms set out thereunder. Such funding originated from the remaining balance of the funds contributed by Hydropower Group for use in the rural power grid projects between 2011 and 2015. For further details, please refer to the announcement of the Company dated 26 February 2024
“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
“Project”	The Gong County Rural Power Grid Remaining Funds (from 2005 to 2015) Adjustment Project, comprising, among others, the construction of 10kV cable line, 10kV double circuit overhead line, steel poles, on-post circuit breakers and ring main units
“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

“Sichuan Energy  
Investment Development  
Construction”

Sichuan Energy Investment Development Construction Co., Ltd.\* (四川能投發展建設有限公司) (formerly known as Sichuan Energy Yibin Electricity Engineering Co. Ltd.\* (四川能投宜賓電力工程建設有限公司)), a company established in the PRC with limited liability on 5 November 1996 and a wholly-owned subsidiary of the Company

“Sichuan Tuolang”

Sichuan Tuolang Construction Engineering Co., Ltd.\* (四川拓浪建設工程有限公司), a company established in the PRC with limited liability on 27 May 2021 and a wholly-owned subsidiary of Sichuan Shengchang Construction Engineering Design Co., Ltd.\* (四川盛昶建築工程設計有限公司)

By order of the Board

**Sichuan Energy Investment Development Co., Ltd.\***

**He Jing**

*Chairman*

Chengdu, Sichuan Province, the PRC, 13 June 2024

*As at the date of this announcement, the executive Directors are Mr. He Jing, Mr. Wang Yuanchun 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