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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)

PROPOSED CONTINUING CONNECTED TRANSACTIONS
THE 2025-2027 RURAL POWER GRID ASSETS
USAGE AGREEMENT

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As each of the Company and Hydropower Group has to complete its own internal procedures before entering into the 2025-2027 Rural Power Grid Assets Usage Agreement, the 2025-2027 Rural Power Grid Assets Usage Agreement has not been formally executed. The Company will make further announcement regarding the 2025-2027 Rural Power Grid Assets Usage Agreement as and if necessary in accordance with the Listing Rules.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Hydropower Group is one of the Controlling Shareholders. Accordingly, Hydropower Group is a connected person of the Company under Rule 14A.07 of the Listing Rules and the transactions under the 2025-2027 Rural Power Grid Assets Usage Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the respective applicable percentage ratios calculated according to Rule 14.07 of the Listing Rules in respect of the annual caps for the transactions contemplated under the 2025-2027 Rural Power Grid Assets Usage Agreement exceed 0.1% but less than 5%, the transactions under the the 2025-2027 Rural Power Grid Assets Usage Agreement are subject to reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

On 18 March 2025 (after trading hours), the Board resolved to approve the Company to enter into the 2025-2027 Rural Power Grid Assets Usage Agreement with Hydropower Group, one of the Controlling Shareholders. Pursuant to the 2025-2027 Rural Power Grid Assets Usage Agreement, the Company shall be entitled to use the Excluded Rural Power Grid Projects controlled by Hydropower Group from 1 January 2025 to 31 December 2027.

As each of the Company and Hydropower Group has to complete its own internal procedures before entering into the 2025-2027 Rural Power Grid Assets Usage Agreement, the 2025-2027 Rural Power Grid Assets Usage Agreement has not been formally executed. The Company will make further announcement regarding the 2025-2027 Rural Power Grid Assets Usage Agreement as and if necessary in accordance with the Listing Rules.

PRINCIPAL TERMS OF THE 2025-2027 RURAL POWER GRID ASSETS USAGE AGREEMENT

The principal terms of the 2025-2027 Rural Power Grid Assets Usage Agreement are summarised as follows:

- Parties:**
- (1) the Company; and
 - (2) Hydropower Group

Transaction: During the term of the 2025-2027 Rural Power Grid Assets Usage Agreement, the Company shall be entitled to use the Excluded Rural Power Grid Projects controlled by Hydropower Group for the purpose of supplying electricity to remote rural areas, improving the electricity accessibility of the remote rural areas.

Term: 1 January 2025 to 31 December 2027

Usage Fee: The asset usage fee shall be determined based on arms’ length negotiation between the parties with reference to the impact of the electricity price reform policy, and shall be calculated in accordance with the following formula:

$$\text{The asset usage fee} = \frac{\text{The income from electricity sales in rural areas}^{(1)}}{\text{The proportion attributable to the rural power grid assets of the Excluded Rural Power Grid Projects}^{(2)}} \times \text{The proportion of depreciation expenses}^{(3)}$$

Notes:

(1) For the purpose of catering for the Company’s usage demand and with reference to the Company’s historical usage volume, and based on the Company’s actual situation, after negotiation between the two parties, it is determined that the upper limits of the overall annual electricity sales income of the Group (to be generated from the rural power grid assets of the Excluded Rural Power Grid Projects and from the assets owned by the Group) are expected to be RMB240,565,300, RMB254,990,200, and RMB268,524,800 for each of the three years ending 31 December 2027 respectively.

- (2) The proportion attributable to the rural power grid assets of the Excluded Rural Power Grid Projects shall be calculated as follows:

$$\frac{\text{The proportion attributable to the rural power grid assets of the Excluded Rural Power Grid Projects}}{\text{Value of the rural power grid assets of the Excluded Rural Power Grid Projects}} = \frac{\text{(The value of the rural power grid assets of the Excluded Rural Power Grid Projects + value of the rural power grid assets owned by the Group)}}{\text{Value of the rural power grid assets of the Excluded Rural Power Grid Projects}}$$

Pursuant to the 2025-2027 Rural Power Grid Assets Usage Agreement, for the three years ending 31 December 2027, pursuant to the agreed assumption that the value of the rural power grid assets of the Excluded Rural Power Grid Projects shall remain the same, and that the value of the rural power grid assets owned by the Group will be increased each year in light of the estimated investment to be made by the Group to the rural grid assets, it is estimated that the proportion attributable to the rural power grid assets of the Excluded Rural Power Grid Projects would be 60.34%, 58.95% and 57.62% for each of the three years ending 31 December 2027, respectively.

- (3) The proportion of depreciation refers to the proportion of depreciation expenses in the power supply cost of the power grid enterprise, which shall be calculated as follows:

$$\frac{\text{The proportion of depreciation expenses}}{\text{(Depreciation of the rural power grid assets of the Excluded Rural Power Grid Projects + Depreciation of the six power companies of the Group)}} = \frac{\text{(Costs of power transmission and distribution of the six power companies of the Group + management fees of the six power companies of the Group + depreciation of the rural power grid assets of the Excluded Rural Power Grid Projects)}}{\text{(Costs of power transmission and distribution of the six power companies of the Group + management fees of the six power companies of the Group + depreciation of the rural power grid assets of the Excluded Rural Power Grid Projects)}} \times 100\%$$

The calculation shall be based on the audited figures of the year preceding the relevant year of transaction.

Annual Caps and payment

The actual usage fees payable by the Company to the Hydropower Group on an annual basis shall be calculated based on the aforementioned formula and subject to the following annual caps:

For the financial year ending	Annual caps (RMB'000)
31 December 2025	67,000
31 December 2026	70,000
31 December 2027	72,000

The payment of the asset usage fee shall be settled annually by the end of each relevant year.

HISTORICAL TRANSACTION AMOUNT

It is the first time the Company entered into rural power grid assets usage agreement with Hydropower Group under the current new pricing policy. Prior to the current continuing connected transactions, the Company entered into the 2021-2023 Power Grid Assets Usage Agreement and the 2024 Rural Power Grid Assets Usage Agreement for similar continuing connected transactions of rural power grid assets usage but under a different pricing policy, the historical amounts of which are as follows:

For the financial year ended	Historical amount <i>(RMB'000)</i>	Annual caps <i>(RMB'000)</i>
31 December 2022	26,743	30,220
31 December 2023	29,623	34,090

For the year ended 31 December 2024, the actual usage fees payable by the Company to Hydropower Group for the usage of the rural power grid assets of the Excluded Rural Power Grid Projects amounted to approximately RMB34.9 million (tax inclusive) and RMB30.9 million (tax exclusive). For details, please refer to the announcement of the Company dated 18 March 2025 in relation to, among others, the 2024 Rural Power Grid Assets Usage Agreement.

ANNUAL CAPS AND THEIR BASIS

As aforementioned, the annual caps for the transactions contemplated under the 2025-2027 Rural Power Grid Assets Usage Agreement shall be no exceeding RMB67.0 million, RMB70.0 million and RMB72.0 million.

The annual caps were arrived with reference to the formula as set out in the 2025-2027 Rural Power Grid Assets Usage Agreement and the following considerations: (i) the upper limit of the expected annual electricity sales income of the Group (to be generated from both the rural power grid assets of the Excluded Power Grid Projects and the assets owned by the Company) of RMB240,565,300, RMB254,990,200, and RMB268,524,800 for each of the three years ending 31 December 2027 respectively, which is estimated based on average electricity sales price in 2024 and the expected growth in volume of electricity consumption with reference to the historical consumption volume; (ii) the proportion of income attributed by the rural grid assets of the Excluded Power Grid Projects, which has taken into account the value of the rural grid assets of the Excluded Power Grid Projects and those owned by the Company, and the expected investment into the Company's owned rural grid assets; (iii) the proportion of depreciation expenses, which was calculated with reference to the depreciation expenses in 2024 and was estimated to remain largely unchanged during the three years ending 31 December 2027; and (iv) the corresponding value added tax to be potentially incurred and a reasonable buffer to cater for unforeseen fluctuation of electricity prices and other expenses. For further details, please refer to the paragraph headed "Principal terms of the 2025-2027 Rural Power Grid Assets Usage Agreement – Usage Fee" in this announcement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

As the Excluded Rural Power Grid Projects are located in the Seven Counties and Districts as policy-directed projects for the benefits of people while the Group is the authorized regional power supplier in the designated statutory area that covers the Seven Counties and Districts and certain of the surrounding areas, the Company has been using the Excluded Rural Power Grid Projects which are connected to the Group's power grids.

Reference is made to the Company's announcement dated 18 March 2025 (the “**Announcement**”) in relation to the 2024 Rural Power Grid Assets Management and Maintenance Agreement and the 2024 Rural Power Grid Assets Usage Agreement. As stated in the Announcement, to align with the new policy on reforming electricity pricing models set out in the Notice on Further Clarifying Matters Related to Electricity Purchasing by Local Grids (Chuan Fa Gai Jia Ge [2022] No. 90) (the “**Notice**”) issued by the Sichuan Provincial Development and Reform Commission, the Company's profit model was proposed to shift from the original buy-sell margin model to a transmission and distribution tariff model. Under this model, the Company's revenue is tied to the depreciation and related costs of rural power grid assets of the Excluded Rural Power Grid Projects. In this regard, the Company and Hydropower Group have formulated a new revenue-sharing model, under which the Company will pay usage fees to Hydropower Group for utilizing rural power grid assets, calculated based on a reasonable proportion of the Company's power supply revenue. This model incorporates current and future policy changes, enabling clear projections of the impact of future connected transactions. The above new pricing model has been reflected in the terms of the 2025-2027 Rural Power Grid Assets Usage Agreement. Taking into account the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the terms of the continuing connected transactions in respect of the 2025-2027 Rural Power Grid Assets Usage Agreement are fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Company 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 Company to enter into of the 2025-2027 Rural Power Grid Assets Usage Agreement voluntarily. Save as disclosed above, none of the Directors has material interest in the abovementioned continuing connected transactions and hence no other Director was required to abstain from voting on the relevant resolutions approving the same.

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As the respective applicable percentage ratios calculated according to Rule 14.07 of the Listing Rules in respect of the annual caps for the transactions contemplated under the 2025-2027 Rural Power Grid Assets Usage Agreement exceed 0.1% but less than 5%, the transactions under the the 2025-2027 Rural Power Grid Assets Usage Agreement are subject to reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION OF PARTIES INVOLVED

The Company

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.

Hydropower Group

Hydropower Group, one of the Controlling Shareholders of the Company, is a company incorporated in the PRC with limited liability. It is primarily engaged in sale of electricity and investment, construction, operation and maintenance of power grid mainly in the Mianyang City (綿陽市), Liangshan Yi Autonomous Prefecture (涼山彝族自治州) and Dazhou City (達州市) of Sichuan Province.

Hydropower Group is a limited liability company established in the PRC, and was owned as to approximately 77.74% by Sichuan Energy Development Group, 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)).

As at the date of the announcement, Sichuan Energy Development Group was owned as to 50.054% by 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), 45.333% by Sichuan Development Co. and 4.613% by Sichuan Provincial Department of Finance* (四川省財政廳). Sichuan Development Co. was 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:

“2024 Rural Power Grid Assets Usage Agreement”	a rural power grid assets usage agreement entered into between the Company and Hydropower Group on 18 March 2025, pursuant to which the Company was entitled to use the Excluded Rural Power Grid Projects controlled by Hydropower Group
“2025-2027 Rural Power Grid Assets Usage Agreement”	a rural power grid assets usage agreement to be entered into between the Company and Hydropower Group, pursuant to which the Company shall be entitled to use the Excluded Rural Power Grid Projects controlled by Hydropower Group from 1 January 2025 to 31 December 2027

“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: 01713), a company established in the PRC as a joint stock company with limited liability on 29 September 2011
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Excluded Rural Power Grid Projects”	the rural power grid construction projects located in the Seven Counties and Districts, which form part of the rural power grid construction projects conducted since 2011 and are controlled by Hydropower Group
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“PRC”	the People’s Republic of China, for the purposes of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Seven Counties and Districts”	Xingwen County (興文縣), Pingshan County (屏山縣), Gong County (珙縣), Gao County (高縣) and Junlian County (筠連縣), as well as Xuzhou District (敘州區) in Yibin City, Sichuan Province, and certain parts of Cuiping District (翠屏區) in Yibin City
“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 wholly state-owned enterprise with limited liability established under the laws of the PRC and one of the Controlling Shareholders

"Sichuan Energy Development Group" Sichuan Energy Development Group Co., Ltd.* (四川能源發展集團有限責任公司), a limited liability company established in the PRC and one of the controlling shareholders of the Company

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

Chengdu, Sichuan Province, the PRC

18 March 2025

As at the date of this announcement, the executive directors of the Company are Mr. He Jing, Mr. Wang Yuanchun and Ms. Xie Peixi; the non-executive directors of the Company are Ms. Han Chunhong, Mr. Tao Xueqing, Mr. Gao Bin, Mr. Kong Ce and Mr. Zhao Gen; and the independent non-executive directors of the Company are Mr. Siu Chi Hung, Mr. Chen Chuan, Mr. Mou Yingshi, Prof. Li Jian and Ms. He Yin.

** For identification purposes only*