

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**CONTINUING CONNECTED TRANSACTIONS**

**(1) THE 2024 RURAL POWER GRID ASSETS MANAGEMENT AND  
MAINTENANCE AGREEMENT**

**AND**

**(2) THE 2024 RURAL POWER GRID ASSETS USAGE AGREEMENT**

Reference is made to the Company dated 31 December 2020 in relation to the Renewed Rural Power Grid Assets Management and Maintenance Agreement, and the Renewed Rural Power Grid Assets Usage Agreement which expired on 31 December 2023.

On 18 March 2025 (after trading hours), the Company entered into the following agreements with Hydropower Group, one of the Controlling Shareholders to retrospectively acknowledge and confirm the transaction amounts for the 2024 rural power grid assets management and maintenance fees and usage fees, thereby renewing the respective continuing connected transactions:

- (i) The Company has entered into the 2024 Rural Power Grid Assets Management and Maintenance Agreement to retrospectively acknowledge and confirm the transaction amounts for the 2024 rural power grid assets management and maintenance fees actually incurred with the Hydropower Group, pursuant to which the Company agreed to provide management and maintenance services for the Excluded Rural Power Grid Projects to Hydropower Group in 2024; and
- (ii) The Company has entered into the 2024 Rural Power Grid Assets Usage Agreement to retrospectively acknowledge and confirm the transaction amounts for the 2024 rural power grid usage fees actually incurred with the Hydropower Group, pursuant to which the Company was entitled to use the Excluded Rural Power Grid Projects controlled by Hydropower Group in 2024.

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 2024 Rural Power Grid Assets Management and Maintenance Agreement and the 2024 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 (i) the transaction amount under the 2024 Rural Power Grid Assets Management and Maintenance Agreement; and (ii) the transaction amount under the 2024 Rural Power Grid Assets Usage Agreement exceed 0.1% but less than 5%, the transactions under each of the abovementioned agreements 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**

Reference is made to the Company dated 31 December 2020 in relation to the Renewed Rural Power Grid Assets Management and Maintenance Agreement, and the Renewed Rural Power Grid Assets Usage Agreement which expired on 31 December 2023.

On 18 March 2025 (after trading hours), the Company entered into the following agreements with Hydropower Group, one of the Controlling Shareholders to retrospectively acknowledge and confirm the transaction amounts for the 2024 rural power grid assets management and maintenance fees and usage fees, thereby renewing the respective continuing connected transactions:

- (i) The Company has entered into the 2024 Rural Power Grid Assets Management and Maintenance Agreement to retrospectively acknowledge and confirm the transaction amounts for the 2024 rural power grid assets management and maintenance fees actually incurred with the Hydropower Group, pursuant to which the Company agreed to provide management and maintenance services for the Excluded Rural Power Grid Projects to Hydropower Group in 2024; and
- (ii) The Company has entered into the 2024 Rural Power Grid Assets Usage Agreement to retrospectively acknowledge and confirm the transaction amounts for the 2024 rural power grid usage fees actually incurred with the Hydropower Group, pursuant to which the Company was entitled to use the Excluded Rural Power Grid Projects controlled by Hydropower Group in 2024.

### **(I) 2024 RURAL POWER GRID ASSETS MANAGEMENT AND MAINTENANCE AGREEMENT**

On 18 March 2025 (after trading hours), the Company has entered into the 2024 Rural Power Grid Assets Management and Maintenance Agreement to retrospectively acknowledge and confirm the transaction amounts for the 2024 rural power grid assets management and maintenance fees actually incurred with the Hydropower Group, the principal terms of the agreement are set out below:

**Parties:** (1) the Company; and

(2) Hydropower Group

**Transaction:** Hydropower Group has engaged the Company to provide management and maintenance services for the Excluded Rural Power Grid Projects.

**Applicable period:** 1 January 2024 to 31 December 2024

**Service fee:**

The rate of service fees payable by Hydropower Group to the Company for the provision of management and maintenance services was determined based on arms' length negotiation between the parties with reference to the cost standards stipulated in the Cost Standards of Overhaul, Maintenance, Operation and Management for Power Grid and Generation of Electric Power Companies in Sichuan (Trial) (Chuan Dian Caiwu [2010] No. 29)\*《(四川省電力公司電網及發電檢修運維和運營管理成本標準(試行))》(川電財務[2010] 29 號)) and the prevailing market price during the period of the agreement, details of which are set out below:

<b>Type of Assets</b>		<b>Unit cost standard</b>
Transformer substations (RMB/MVA)	35 kV transformer substations	6,452
	110 kV transformer substations	2,875
Power supply lines (RMB/km)	35 kV power transformation lines	3,637
	110 kV power transformation lines	4,704
Power distribution networks (RMB/km)	10 kV power distribution networks	1,053

Based on the actual services rendered and with reference to the unit cost standard mentioned above, Hydropower Group shall pay the Company an actual service fee of approximately RMB15.0 million (tax inclusive) or RMB13.3 million (tax exclusive) pursuant to the 2024 Rural Power Grid Assets Management and Maintenance Agreement (which shall be treated as the annual cap for the year ended 31 December 2024).

**Historical transaction amounts and annual caps for the three years ended 31 December 2023**

<b>For the financial year ended</b>	<b>Historical amount</b> (RMB'000)	<b>Annual caps</b> (RMB'000)
31 December 2021	12,874	14,550
31 December 2022	13,268	18,020
31 December 2023	13,624	20,530

## (II) 2024 RURAL POWER GRID ASSETS USAGE AGREEMENT

On 18 March 2025 (after trading hours), the Company has entered into the 2024 Rural Power Grid Assets Usage Agreement to retrospectively acknowledge and confirm the transaction amounts for the 2024 rural power grid usage fees actually incurred with the Hydropower Group, the principal terms of the agreement are set out below:

**Parties:** (1) the Company; and

(2) Hydropower Group

**Transaction:** During the applicable period, the Company was 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.

**Applicable period:** 1 January 2024 to 31 December 2024

**Usage fee:** The rate of usage fee was determined based on arms' length negotiation between the parties with reference to government-guided pricing standards and the volume of the Group's electricity passing through the power grids under the Excluded Rural Power Grid Projects multiplied by the unit usage price, being RMB0.1138/kWh. The formula for calculating the per kWh usage price is set out below:

$$\text{RMB0.5465/kWh}^{(1)} \times 20.82\%^{(2)} = \text{RMB0.1138/kWh}$$

*Notes:*

- (1) RMB0.5465/kWh refers to the electricity pricing standards in Sichuan Province under the Notice on the Price of Electricity Transmission and Distribution of Sichuan Grid for the Years from 1 July 2019 (Chuan Fagai Jiage [2019] No. 257)\*《(四川電網目錄銷售電價表(2019年7月1日起執行))》(川發改價格[2019] 257號)) with reference to the average unit cost of power supply of electricity companies in Sichuan Province, and having considered factors including depreciation costs and operation costs, plus certain profit margin.
- (2) 20.82% refers to the estimated per kWh depreciation rate of the Excluded Rural Power Grid Projects arrived at with the depreciation costs divided by the total costs of the Company for power supply.

The actual usage fees payable by the Company to Hydropower Group shall be settled based on the actual electricity sales volume and calculated using the formula above. For the year 2024, the actual electricity sales volume amounted to approximately 306.75 million kWh, and accordingly, the actual usage fee payable by the Company to Hydropower Group under the 2024 Rural Power Grid Assets Usage Agreement is RMB34.9 million (tax inclusive) or RMB30.9 million (tax exclusive) (which shall be treated as the annual cap for the year ended 31 December 2024).

## Historical transaction amounts and annual caps for the three years ended 31 December 2023

For the financial year ended	Historical amount (RMB'000)	Annual caps (RMB'000)
31 December 2021	23,752	26,840
31 December 2022	26,743	30,220
31 December 2023	29,623	34,090

### REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

In relation to the 2024 Rural Power Grid Assets Management and Maintenance Agreement, Hydropower Group authorized the Group to manage and maintain the Excluded Rural Power Grid Projects as the Group is familiar with electricity demand and power grid operation in the Seven Counties and Districts.

In relation to 2024 Rural Power Grid Assets Usage Agreement, 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 only 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.

It was the intention of the Company and Hydropower Group to continue the relevant transactions following similar material terms as the aforesaid expired agreements (including the fee rate). As a result, due to the legal requirements under the relevant laws and regulations in the PRC and for reasons to be further set out under the paragraph headed "Listing Rules Implications" in this announcement, the Company, as the only authorised regional supplier, continued to use the Excluded Rural Power Grid Projects to ensure stable electricity supply to the covered regions throughout the year ended 31 December 2024, pending the finalization and execution of the 2024 Rural Power Grid Assets Management and Maintenance Agreement and the 2024 Rural Power Grid Assets Usage Agreement.

The Directors (including the independent non-executive Directors) are of the view that the terms of the continuing connected transactions in respect of each of the 2024 Rural Power Grid Assets Management and Maintenance Agreement and the 2024 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 entering into of the 2024 Rural Power Grid Assets Management and Maintenance Agreement and the 2024 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.

### 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 2024 Rural Power Grid Assets Management and Maintenance Agreement and the 2024 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 (i) the transaction amount under the 2024 Rural Power Grid Assets Management and Maintenance Agreement; and (ii) the transaction amount under the 2024 Rural Power Grid Assets Usage Agreement exceed 0.1% but less than 5%, the transactions under each of the abovementioned agreements are subject to reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the period between 1 January 2024 and 31 December 2024, the Company had used, and had provided maintenance and management services to, the Excluded Rural Power Grid Projects during the ordinary and usual course of business of the Group, but did not enter into written agreements regarding the transactions and failed to make timely disclosure of the transactions.

The Company has initiated negotiations on the terms of the 2024 Rural Power Grid Assets Management and Maintenance Agreement and 2024 Rural Power Grid Assets Usage Agreement since September 2023. However, in light of 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 which aims to reform electricity pricing models, to align with such new policy, 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, and hence further discussions between Hydropower Group and the Company regarding the new fee structure was required. Nevertheless, both the Company and Hydropower Group intended to continue the relevant transactions after the expiration of the Renewed Rural Power Grid Assets Management and Maintenance Agreement and Renewed Rural Power Grid Assets Usage Agreement under terms (including fee rates) materially consistent with such expired agreements, pending the finalisation of the new pricing model. Regrettably, the Notice did not specify how to charge for the use of rural power grid assets from the Excluded Rural Power Grid Projects, leading to prolonged negotiations between the Company and Hydropower Group than originally anticipated. Ultimately, the parties finalized the calculation method for the new fee structure in around March 2025, which will be implemented starting in 2025, and confirmed the terms of the 2024 Rural Power Grid Assets Management and Maintenance Agreement and 2024 Rural Power Grid Assets Usage Agreement, applying fee rates consistent with the expired agreements based on prior mutual intention. Thereafter, the Company promptly commenced internal approval procedures to execute the agreements. Pursuant to the negotiation outcomes, the newly established revenue-sharing model will be adopted starting in 2025, 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. Such model is expected to cater for current and future policy changes, enabling clear projections of the impact of future connected transactions.

In light of the aforesaid circumstances, the Company had considered the following factors when decided to continue the usage of, as well as the provision of management and maintenance services to, the Excluded Rural Power Grid Projects:

- (i) According to the relevant laws and regulations in the PRC, the Group has the obligation to supply electricity to the users in the relevant power supply areas, and shall not contravene the relevant laws and regulations and reject to supply electricity to the users in the relevant areas. Further, as the power supply business is closely related to the national economy and people's livelihood. The Company is of the view that, being the only authorized regional power supplier in the relevant power supply area, it has both the legal and social responsibility to ensure the reasonable power demand of the users within the power supply area is being satisfied in accordance with the laws and regulations in the PRC;

- (ii) The Excluded Rural Power Grid Projects are policy-directed projects for the benefits of people and are supported by government special funds. The Excluded Rural Power Grid Projects are necessary to support the Group's own power grid to ensure stable power supply to meet the power demand of most of the users in the power supply area, including the remote rural areas. The power supply to the remote rural areas and the livelihood of the users in such area will be affected if the Group ceases to use the relevant assets of the Excluded Rural Power Grid Projects;
- (iii) The Excluded Rural Power Grid Projects currently forms part of the power supply network of the Company, There is currently no available alternative to replace the Excluded Rural Power Grid Projects. If the Group must cease to use the Excluded Rural Power Grid Projects, it is estimated that the power-line in certain rural areas would need to be re-laid and would incur significant time costs and expenses (in addition to the power supply and livelihood of the residents in the areas likely being adversely affected), which the Company does not believe to be in the best interest of the Group and the Shareholders as a whole from the perspective of economic efficiency; and
- (iv) It was the intention of the Company and Hydropower Group to continue the transactions after the expiry of the Reviewed Rural Power Grid Assets Management and Maintenance Agreement and Renewed Rural Power Grid Assets Usage Agreement, following the same material terms of the said expired agreements, including the fee rate, which are reflected in the 2024 Rural Power Grid Assets Management and Maintenance Agreement and the 2024 Rural Power Grid Assets Usage Agreement. The fee rates were determined with reference to the relevant government cost standards or government-guided pricing standards and the prevailing market prices, which the Company considered to be fair and reasonable.

As a result, the Company continued the usage of the Excluded Rural Power Grid Projects and provision of management and maintenance services during the year ended 31 December 2024, while having maintained communication with Hydropower Group to finalise the 2024 Rural Power Grid Assets Management and Maintenance Agreement and the 2024 Rural Power Grid Assets Usage Agreement and to comply with the relevant requirements under the Listing Rules as soon as possible.

In order to minimise the risk of similar incidents from recurrence, the Company will continue to strengthen its communication with Hydropower Group. For instance, after reaching agreement with Hydropower Group on the mode of transactions, the Company will conduct quarterly confirmation of the transaction amount incurred so far (rather than waiting for the final annual settlement amount), which would enable and expedite more reasonable estimation of the future transaction amount, thus facilitating the negotiation with Hydropower Group and shortening the time as much as possible to complete the entire process to execute the final agreements.

## **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 Management and Maintenance Agreement”	a rural power grid assets management and maintenance agreement entered into between the Company and Hydropower Group on 18 March 2025, pursuant to which the Company agreed to provide management and maintenance services for the Excluded Rural Power Grid Projects to Hydropower Group in 2024
“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
“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
“Renewed Power Grid Assets Management and Maintenance Agreement”	a rural power grid assets management and maintenance agreement entered into between the Company and Hydropower Group on 31 December 2020, pursuant to which the Company agreed to provide management and maintenance services for the Excluded Rural Power Grid Projects to Hydropower Group
“Renewed Power Grid Assets Usage Agreement”	a rural power grid assets usage agreement entered into between the Company and Hydropower Group on 31 December 2020, pursuant to which the Company was entitled to use the Excluded Rural Power Grid Projects controlled by Hydropower Group
“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