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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)**

**SUPPLEMENTAL ANNOUNCEMENT**  
**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 announcement of the Company dated 18 March 2025 (the “**Announcement**”) in relation to, among other things, the 2024 Rural Power Grid Assets Management and Maintenance Agreement and the 2024 Rural Power Grid Assets Usage Agreement (collectively, the “**Relevant Agreements**”). Terms used in this announcement shall have the same meaning as defined in the Announcement unless the context requires otherwise.

As disclosed in the Announcement, the delay of entering into the Relevant Agreements and disclosure of the relevant continuing connected transactions were primarily due to 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 the electricity pricing model. To align with such new policy, the Company’s income model was proposed to shift from the original buy-sell margin model to a transmission and distribution tariff model (the “**New Income Model**”). As a result of the New Income Model, Hydropower Group and the Company underwent a prolonged negotiation to set out a new pricing basis for the usage of rural grid assets of the Excluded Rural Power Grid Projects held by Hydropower Group.

The Company would like to provide further information in relation to the implication of the Notices on the New Income Model and the Relevant Agreements and the resulting delay of disclosure, and the relevant remedial measures of the Company to minimise the risk of similar incidents from recurrence.

## **FURTHER INFORMATION IN RELATION TO THE IMPLICATION OF THE NOTICES ON THE NEW INCOME MODEL AND THE RELEVANT AGREEMENTS AND THE RESULTING DELAY OF DISCLOSURE**

### **Implication of the Notice on the New Income Model of the Group**

Historically, the income model of the Group was based on the buy-sell margin model (購銷差模式). In essence, the Group would negotiate with the upstream power supplier to set the power purchase price, and separately set the price of tariff to be charged subject to the approval by the local government authority. Under this model, the income of the Group comes from the difference, or the “margin”, between the power purchase price and the tariff charged by the Group. The Group has a relatively larger influence on the prices and hence the income to be received.

The Notice aims to reform the electricity pricing model. Pursuant to the Notice, the tariff for electricity charged on industrial and commercial users (i.e. the tariff charged by the Group on the electricity users) shall comprise the agency power purchase fee, the transmission and distribution fee, government funds and surcharges. After collection of the tariff above, the Group would be required to pay the agency power purchase fee to the State Grid Sichuan Electric Power Company\* (國網四川省電力公司), and the aggregate sum of the government funds and surcharges to the local tax authority. As a result, the main source of income of the Group from the supply of electricity would in essence be the transmission and distribution fee. Pursuant to the relevant laws and regulations of the PRC, the “transmission and distribution fee” shall be set by the Sichuan Provincial Development and Reform Commission and shall be determined with reference to, and in correlation with, the investment made by the Group on the power grid and the manpower and maintenance related allowable costs incurred by the Group (i.e. the higher the investment made and allowable costs incurred, the higher the transmission and distribution fee to be received by the Group).

In gist, pursuant to the requirements under the Notice, the income of the Group from the supply of electricity would be correlated with the investment on the power grid and costs incurred by the Group, which is different from the buy-sell margin model (購銷差模式) which the Group had historically adopted.

### **Implication of the Notice on the Relevant Agreements**

In accordance to the Notice, 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)) (the “**Notice on Price of Electricity Transmission and Distribution**”) is no longer effective. Historically, the pricing basis of the rate of usage fee of the rural grid assets of the Excluded Rural Power Grid Projects (e.g. under the 2024 Rural Power Grid Assets Usage Agreement) was based on the electricity pricing standards set out under the Notice on Price of Electricity Transmission and Distribution.

As a result of the above, as the historical pricing basis of the usage of rural grid assets of the Excluded Rural Power Grid projects has become outdated, Hydropower Group therefore requested a renegotiation of the pricing basis of the usage fee with reference to the new electricity pricing model set out under the Notice and the New Income Model of the Company. For the new pricing basis for the usage of the rural grid assets of the Excluded Rural Power Grid Projects held by Hydropower Group, please refer to the announcement of the Company dated 18 March 2025 in relation to the 2025-2027 Rural Power Grid Assets Usage Agreement (as defined therein).

As stated above, under the New Income Model, the “transmission and distribution fee” to be received by the Group would be determined with reference to the investment on the power grid made by the Group and the manpower and maintenance costs incurred by the Group. As the fee would have already factored in the maintenance costs incurred by the Group, therefore it is not necessary to enter into a separate rural power grid assets management and maintenance agreement with Hydropower Group to recoup such costs incurred by the Group.

### **Reasons for the prolonged negotiation with Hydropower Group which led to the delay in disclosure of the relevant connected transactions**

The prolonged negotiation between the Company and Hydropower Group was primarily attributable to the absence of any clear directive under the Notice to govern fee payable by Group from using the rural grid assets of the Excluded Rural Power Grid Projects held by Hydropower Group to conduct its electricity supply operation. As a result, while both the Company and Hydropower Group had the mutual intention to follow the material terms of the historical pricing model to govern the transactions regarding the rural grid assets of the Excluded Power Grid Projects before mutual agreement on a new pricing model is reached, both parties had to renegotiate a new pricing model for the usage of the rural grid assets of the Excluded Rural Power Grid Projects to cater for the new income model of the Group as a result of the Notice, which took significantly longer time than anticipated for the parties to agree on the commercial terms.

### **REMEDIAL MEASURES OF THE COMPANY**

The Directors deeply regret the failure of timely disclosure of the transactions in accordance with the Listing Rules. The Directors held the view that the occurrence of the current incident of delay was primarily due to the reformation of the electricity pricing model set out under the Notice, which led to the unfortunate and unexpectedly prolonged negotiation between the Company and Hydropower Group to settle on the terms of the new pricing model for the Group’s usage of the rural grid assets of the Excluded Power Grid Projects (the “**New Pricing Model**”).

However, as the New Pricing Model agreed between the Company and Hydropower Group has catered for the directives under the Notice, the Directors believe that the Company would be able to follow largely the same pricing model for future transactions of usage of rural grid assets of the Excluded Power Grid Projects with Hydropower Group, and hence the recurrence of substantially prolonged negotiation similar to the current incident would be unlikely. In this regards, the Company had entered into the 2025-2027 Rural Power Grid Assets Usage Agreement with Hydropower Group to govern the transactions of usage of rural power grid assets of the Excluded Power Grid Projects for the three years ending 31 December 2027.

The Directors are mindful of their obligations and the utmost importance on compliance with the Listing Rules. As set out in the Announcement, in order to minimise the risk of similar incidents from recurrence, the Company will continue to strengthen its communication with Hydropower Group. For instance, going forward, the Company will conduct quarterly confirmation of the transaction amount incurred so far from the usage of the rural grid assets of the Excluded Power Grid Projects (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 (e.g. the renewal agreement after the expiry of the 2025-2027 Rural Power Grid Assets Usage Agreement). In addition, the Directors would also commence negotiation with Hydropower Group for any renewal agreement regarding the usage of the rural grid assets before the expiry of the subsisting agreement as early as possible, and by no later than three months before the expected expiry of the subsisting agreement.

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

Chengdu, Sichuan Province, the PRC  
8 April 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