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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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The Board of Directors of Sichuan Energy Investment Development Co., Ltd.* is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2021 (the “**2021 Interim Results**”), together with the comparative figures for the corresponding period in 2020. The 2021 Interim Results have been reviewed by the Company’s Audit Committee.

According to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) published by the Stock Exchange in December 2010, Mainland China incorporated issuers listed in Hong Kong are allowed to prepare their financial statements in accordance with the China Accounting Standards for Business Enterprises and Mainland China audit firms approved by the Ministry of Finance of the People’s Republic of China and the China Securities Regulatory Commission are allowed to adopt the China Standards on Auditing in providing services to such issuers. In order to improve working efficiency, lower disclosure costs and audit costs, on 20 April 2021, the Board of the Company has approved to change the overseas financial report disclosure standards of the Company from the International Financial Reporting Standards to the China Accounting Standards for Business Enterprises. For details, please refer to the announcement of the Company dated 20 April 2021. The Company will disclose its financial reports according to the Accounting Standards for Business Enterprises and relevant regulations since 2021.

CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2021 – unaudited
(Expressed in RMB'000)

		Six months ended 30 June	
	<i>Note</i>	2021	2020
		RMB'000	RMB'000
			(Restated)
Operating revenue	3	<u>1,567,465</u>	<u>1,429,454</u>
Less: Operating cost		1,314,565	1,183,442
Tax and surcharge	4	7,561	7,484
Administrative expenses		83,521	74,540
Finance costs/(net income)	5	14,100	9,617
Including: Interest expenses		4,637	11,240
Interest income		2,466	2,071
Add: Investment gains	6	21,419	7,297
Including: (Loss)/gain on investment in associates	6	691	(1,422)
(Loss)/gain on fair value changes		(1,129)	(1,138)
Credit impairment loss	7	(2,909)	(8,861)
Asset impairment loss	8	(3,114)	(431)
(Loss)/gain on asset disposal		3	–
Other income		23	–
Operating profit		<u>162,011</u>	<u>151,238</u>
Add: Non-operating income	9(1)	4,241	4,463
Less: Non-operating expense	9(2)	344	1,272
Total profit		<u>165,908</u>	<u>154,429</u>
Less: Income tax expense	10	27,090	20,203
Net profit		<u>138,818</u>	<u>134,226</u>

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2021 – unaudited (continued)

(Expressed in RMB'000)

		Six months ended 30 June	
	Note	2021	2020
		RMB'000	RMB'000
			(Restated)
(i) Breakdown by continuity of operation:			
1. Net profit from continuing operations		138,818	134,226
2. Net profit from discontinued operations		–	–
(ii) Breakdown by attributable interests:			
1. Net profit attributable to shareholders of the parent company		138,195	134,587
2. Minority interests		623	(361)
Other comprehensive income, after tax		–	–
Total comprehensive income		<u>138,818</u>	<u>134,226</u>
Total comprehensive income attributable to shareholders of the parent company		<u>138,195</u>	<u>134,587</u>
Total comprehensive income attributable to non-controlling interests		<u>623</u>	<u>(361)</u>
Earnings per share			
Basic and diluted	11	<u>0.13</u>	<u>0.13</u>

CONSOLIDATED BALANCE SHEET

As at 30 June 2021 – unaudited

(Expressed in RMB'000)

	<i>Note</i>	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Assets			
Current assets			
Cash and cash equivalents		354,214	504,799
Financial assets held for trading		171,000	160,000
Note receivables		33,340	30,647
Accounts receivables	14	372,049	343,710
Prepayments		57,645	13,533
Other receivables		38,318	32,186
Inventories	15	28,498	64,191
Contract assets		46,020	48,639
Other current assets		17,264	4,244
Total current assets		1,118,348	1,201,949
Non-current assets			
Long-term equity investment		269,667	268,976
Other non-current financial assets		108,224	100,240
Fixed assets	13	2,507,124	2,555,212
Construction in progress		223,745	197,295
Right-of-use assets		5,482	5,274
Intangible assets		128,978	128,008
Long-term prepaid expenses		1,120	1,001
Deferred income tax assets		30,941	33,663
Total non-current assets		3,275,281	3,289,669
Total assets		4,393,629	4,491,618

CONSOLIDATED BALANCE SHEET*As at 30 June 2021 – unaudited (continued)**(Expressed in RMB'000)*

	<i>Note</i>	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Liabilities and shareholders' equity			
Current liabilities			
Short-term borrowings		300,000	367,448
Derivative financial liabilities		1,129	11,379
Accounts payables	<i>16</i>	424,395	565,204
Contract liabilities		293,060	236,140
Employee benefits payable		62,706	101,861
Tax payables		26,381	50,344
Other payables		233,115	117,169
Non-current liabilities due within one year		13,868	15,721
Total current liabilities		1,354,654	1,465,266
Non-current liabilities			
Lease liabilities		3,670	3,555
Deferred income		147,902	149,178
Deferred income tax liabilities		19,159	19,159
Total non-current liabilities		170,731	171,892
Total liabilities		1,525,385	1,637,158

CONSOLIDATED BALANCE SHEET

As at 30 June 2021 – unaudited (continued)

(Expressed in RMB'000)

	<i>Note</i>	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Shareholders' equity			
Share capital		1,074,358	1,074,358
Capital reserve		1,081,448	1,081,448
Other comprehensive income		–	–
Special reserve		24,368	20,480
Surplus reserve		78,070	78,070
Undistributed profit		594,497	585,224
		<hr/>	<hr/>
Total equity attributable to shareholders of the parent company		2,852,741	2,839,580
		<hr/>	<hr/>
Non-controlling interests		15,503	14,880
		<hr/>	<hr/>
Total shareholders' equity		2,868,244	2,854,460
		<hr/>	<hr/>
Total liabilities and shareholders' equity		4,393,629	4,491,618
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION

Sichuan Energy Investment Development Co., Ltd.* (“**the Company**”) is a limited liability company established and domiciled in the People’s Republic of China (the “**PRC**”).

The Company prepares its financial statements on a going concern basis.

These financial statements have been prepared in accordance with the requirements of the China Accounting Standards for Business Enterprises (“**Accounting Standards for Business Enterprises**”) issued by the Ministry of Finance of the People’s Republic of China (the “**MOF**”) and give a true and complete view of the consolidated financial position of the Company as of 30 June 2021 and the consolidated operating results for the period from January to June 2021.

2. ACCOUNTING POLICIES AND CHANGES

The Group’s current accounting period has no material impact on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Supplemental information: Differences in data under domestic and international accounting standards

Differences in net profit and net assets in the consolidated financial statements set out in the financial reports prepared under the International Financial Reporting Standards and the Accounting Standards for Business Enterprises:

	Six months ended 30 June 2021 Net profit RMB’000	As at 30 June 2021 Net assets RMB’000
Under the Accounting Standards for Business Enterprises	138,818	2,868,244
Adjustment of provision for unused production safety funds under the International Financial Reporting Standards	3,888	–
Under the International Financial Reporting Standards	142,706	2,868,244

3. OPERATING REVENUE

(1) Operating revenue

Item	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Revenue from principal business	1,564,349	1,425,628
Revenue from other business ⁽¹⁾	3,116	3,826
Total	<u>1,567,465</u>	<u>1,429,454</u>
Including: Revenue from contracts	<u>1,566,372</u>	<u>1,427,396</u>

Note:

- (1) The difference from the disclosure in the 2020 interim report is due to the presentation of the statement revenue from other business is presented as other income.

(2) Revenue from contracts of the Group

Type of contracts	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Classified by contract type		
Power supply contracts	1,354,773	1,207,223
Contracts of power installation projects	205,557	214,628
Material Sales Contracts	6,042	5,530
Others	–	15
Total	<u>1,566,372</u>	<u>1,427,396</u>
Classified by time of revenue recognition		
Revenue recognized at a point in time	1,360,815	1,212,768
Revenue recognized over time	205,557	214,628
Total	<u>1,566,372</u>	<u>1,427,396</u>

4. TAX AND SURCHARGE

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
City maintenance and construction tax	2,254	2,436
Education surcharge	1,300	1,368
Housing property tax	1,372	1,238
Others	2,635	2,442
	<u>7,561</u>	<u>7,484</u>
Total	<u><u>7,561</u></u>	<u><u>7,484</u></u>

5. FINANCE COSTS/(NET INCOME)

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense on loans and payables	4,637	11,240
Interest expense on lease liabilities	128	162
Interest income on deposits	(2,466)	(2,071)
Foreign exchange losses/(gains)	11,207	(176)
Other finance costs	594	462
	<u>14,100</u>	<u>9,617</u>
Total	<u><u>14,100</u></u>	<u><u>9,617</u></u>

6. INVESTMENT GAINS

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Gain on long-term equity investments accounted for under cost method	–	–
Gain on long-term equity investments accounted for under equity method	(691)	(1,422)
Gain on investment in financial assets at fair value through profit or loss	<u>22,110</u>	<u>8,719</u>
Total	<u>21,419</u>	<u>7,297</u>

7. CREDIT IMPAIRMENT LOSS

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts receivables	(3,675)	(9,154)
Other receivables	766	293
Contract assets	<u>–</u>	<u>–</u>
Total	<u>(2,909)</u>	<u>(8,861)</u>

8. ASSET IMPAIRMENT LOSS

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Fixed assets	(3,114)	(431)
Intangible assets	–	–
Inventories	<u>–</u>	<u>–</u>
Total	<u>(3,114)</u>	<u>(431)</u>

9. NON-OPERATING INCOME AND EXPENSE

(1) Non-operating income

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants	3,529	3,729
Others	<u>712</u>	<u>734</u>
Total	<u><u>4,241</u></u>	<u><u>4,463</u></u>

(2) Non-operating expense

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Donation expense	–	18
Others	<u>344</u>	<u>1,254</u>
Total	<u><u>344</u></u>	<u><u>1,272</u></u>

10. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Income tax	26,728	20,203
Change in deferred income tax	<u>362</u>	<u>–</u>
Total	<u><u>27,090</u></u>	<u><u>20,203</u></u>

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB138,195 thousand (six months ended 30 June 2020: RMB134,587 thousand) and the weighted average of 1,074,357,700 ordinary shares (six months ended 30 June 2020: 1,074,357,700 shares) in issue during the interim period. There were no dilutive potential ordinary shares for the six months ended 30 June 2021, and therefore, diluted earnings per share are the same as the basic earnings per share.

12. DIVIDENDS

(1) Dividends payable to equity shareholders of the Company attributable to the interim period

No interim dividend is declared for the six months ended 30 June 2021 (2020 interim dividend: Nil).

(2) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend approved in respect of previous financial year of RMB0.12 (2020: RMB0.1) per share	128,923	107,436

13. FIXED ASSETS

	Buildings <i>RMB'000</i>	Machinery equipment <i>RMB'000</i>	Transportation equipment <i>RMB'000</i>	Office and other equipment <i>RMB'000</i>	Total <i>RMB'000</i>
Cost					
Balance as at 1 January 2020	1,124,400	2,781,443	42,715	67,952	4,016,510
Addition during the year	11,928	36,188	3,638	6,303	58,057
Transferred from construction in progress	4,304	137,140	–	1,336	142,780
Decrease during the year	(103)	(1,695)	(3,118)	(187)	(5,103)
Balance as at 31 December 2020	1,140,529	2,953,076	43,235	75,404	4,212,244
Addition during the year	54,248	4,132	664	10,974	70,018
Transferred from construction in progress	–	30,204	–	–	30,204
Decrease during the year	–	(74,385)	(2,379)	(754)	(77,518)
Balance as at 30 June 2021	1,194,777	2,913,027	41,520	85,624	4,234,948
Less: Accumulated depreciation					
Balance as at 1 January 2020	370,514	1,053,342	29,261	43,762	1,496,879
Depreciation charged during the year	26,888	99,792	3,071	6,626	136,377
Depreciation write-off	(78)	(1,038)	(2,913)	(178)	(4,207)
Balance as at 31 December 2020	397,324	1,152,096	29,419	50,210	1,629,049
Depreciation charged during the year	23,480	56,166	1,387	4,436	85,469
Depreciation write-off	(335)	(17,161)	(2,240)	3,164	16,572
Balance as at 30 June 2021	420,469	1,191,101	28,566	57,810	1,697,946
Less: Impairment provisions					
Balance as at 1 January 2020	5,147	20,050	–	80	25,277
Charge for the year	1,112	1,538	21	35	2,706
Written off on disposal	–	–	–	–	–
Balance as at 31 December 2020	6,259	21,588	21	115	27,983
Charge for the year	–	1,901	9	–	1,910
Written off on disposal	–	–	(15)	–	(15)
Balance as at 30 June 2021	6,259	23,489	15	115	29,878
Carrying amount					
As at 30 June 2021	768,049	1,698,437	12,939	27,699	2,507,124
As at 31 December 2020	736,946	1,779,392	13,795	25,079	2,555,212

14. ACCOUNTS RECEIVABLES

(1) Analysis of accounts receivables by customer type is as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Receivables from subsidiaries	–	–
Receivables from related companies	17,319	77,029
Other customers	468,903	377,179
	<hr/>	<hr/>
Subtotal	486,222	454,208
Less: Allowance for doubtful debts	114,173	110,498
	<hr/>	<hr/>
Total	372,049	343,710
	<hr/> <hr/>	<hr/> <hr/>

(2) Ageing analysis of accounts receivables

As at the end of the reporting period, the ageing analysis of trade debtors and bills receivable of the Group, based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 year (inclusive)	384,826	325,529
1 to 2 years (inclusive)	32,034	33,583
2 to 3 years (inclusive)	14,763	15,905
Over 3 years	54,599	79,191
	<hr/>	<hr/>
Subtotal	486,222	454,208
	<hr/>	<hr/>
Less: Allowance for doubtful debts	114,173	110,498
	<hr/>	<hr/>
Total	372,049	343,710
	<hr/> <hr/>	<hr/> <hr/>

(3) Assessment of expected credit loss on accounts receivables

The Group measures loss allowance for accounts receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicates significantly different loss patterns for different customer segments, the loss allowance based on past due status is further distinguished between electricity fee receivables and receivables for construction work. The Group considers that the counterparties of receivables from related companies have a strong ability to meet their contractual cash flow obligations in the short term with a lower risk of default, and such receivables are expected to be recovered within one year, so no provision for bad debts is required. For customers that have become bankrupt or ceased operations, the Group considers that the counterparties' ability to meet contractual cash flow obligations is weak and the risk of default is high, so a full provision for bad debts is provided. As of 30 June 2021, the balance of the Group's full provision for bad debts on accounts receivables was RMB114,173 thousand (31 December 2020: RMB110,498 thousand).

15. INVENTORIES

Type of inventories	30 June 2021			31 December 2020		
	Book balance <i>RMB'000</i>	Provision for impairment of inventories <i>RMB'000</i>	Carry amount <i>RMB'000</i>	Book balance <i>RMB'000</i>	Provision for impairment of inventories <i>RMB'000</i>	Carry amount <i>RMB'000</i>
Raw materials	29,598	(1,277)	28,321	64,119	(73)	64,046
Low-value consumables	<u>177</u>	<u>-</u>	<u>177</u>	<u>145</u>	<u>-</u>	<u>145</u>
Total	<u><u>29,775</u></u>	<u><u>(1,277)</u></u>	<u><u>28,498</u></u>	<u><u>64,264</u></u>	<u><u>(73)</u></u>	<u><u>64,191</u></u>

The Group has no inventories for guarantee as at 30 June 2021 (31 December 2020: Nil)

Analysis of the Group's provision for impairment of inventories is as follows:

	As at 1 January 2021 Balance	Provision for the year	Decrease during the year		As at 30 June 2021 Balance
			Reversal	Write-off	
Raw materials	73	1,204	-	-	1,277
Low-value consumables	-	-	-	-	-
Total	<u>73</u>	<u>1,204</u>	<u>-</u>	<u>-</u>	<u>1,277</u>

	As at 1 January 2020 Balance	Provision for the year	Decrease during the year		As at 31 December 2020 Balance
			Reversal	Write-off	
Raw materials	72	73	-	72	73
Low-value consumables	-	-	-	-	-
Total	<u>72</u>	<u>73</u>	<u>-</u>	<u>72</u>	<u>73</u>

16. ACCOUNTS PAYABLES

	At 30 June 2021	At 31 December 2020
Accounts payables	<u>424,395</u>	<u>565,204</u>

(1) Ageing analysis of accounts payables

As at the end of the reporting period, the ageing analysis of the accounts payables of the Group, based on the invoice date, is as follow:

	At 30 June 2021	At 31 December 2020
Within 1 year (inclusive)	404,870	526,673
1 to 2 years (inclusive)	10,475	23,112
2 to 3 years (inclusive)	877	9,324
Over 3 years	<u>8,173</u>	<u>6,095</u>
	<u>424,395</u>	<u>565,204</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Analysis of Key Items in the Consolidated Income Statement

Revenue

Business	Six months ended 30 June	
	2021 (RMB'000)	2020 (RMB'000)
General power supply business	1,100,420	1,020,628
Incremental power transmission and distribution business	255,445	182,845
EECS business ⁽¹⁾	211,600	225,981
Total	1,567,465	1,429,454

Note:

- (1) Includes revenue from the sales of electric equipment and materials of RMB6.04 million for the six months ended 30 June 2021.

Revenue increased by 9.7% from RMB1,429.5 million for the six months ended 30 June 2020 to RMB1,567.5 million for the six months ended 30 June 2021, primarily due to an increase of RMB79.8 million in revenue from our general power supply business as a result of an increase in the amount of electricity sales of 187,574.8 MWh made to our household use, general industrial and commercial use and large-sale industrial use in the first half of 2021, and an increase of RMB72.6 million in revenue from incremental power transmission and distribution business as a result of an increase in the amount of electricity sales of 187,736.1 MWh in the first half of 2021.

General Power Supply Business

Revenue generated from general power supply business increased by 7.8% from RMB1,020.6 million for the six months ended 30 June 2020 to RMB1,100.4 million for the six months ended 30 June 2021. The increase was primarily due to an increase in the number of our household, general industrial and commercial and large-scale industrial customers by over 11,606, 1,673 and 19 respectively, in the first half of 2021 compared to the corresponding period in 2020, resulting in an increase in the number of electricity sales of 187,574.8MWh made to such customers in the first half of 2021. Revenue generated from power business accounted for 71.4% and 70.2% of our total revenue for the six months ended 30 June 2020 and 2021, respectively.

Incremental Power Transmission and Distribution Business

Revenue generated from incremental power transmission and distribution business increased by 39.7% from RMB182.8 million for the six months ended 30 June 2020 to RMB255.4 million for the six months ended 30 June 2021. The increase was primarily due to an increasing scale of our incremental power distribution business in the first half of 2021.

EECS Business

Revenue generated from undertaking EECS business decreased by 6.4% from RMB226.0 million for the six months ended 30 June 2020 to RMB211.6 million for the six months ended 30 June 2021. The decrease was primarily due to decline in the scale of EECS business mainly affected by market conditions.

Cost of Sales

Business	Six months ended 30 June	
	2021	2020
	(RMB'000)	(RMB'000)
General power supply business	889,501	806,696
Incremental power transmission and distribution business	249,992	181,707
EECS business	175,072	195,039
Total	<u>1,314,565</u>	<u>1,183,442</u>

Cost of sales increased by 11.1% from RMB1,183.4 million for the six months ended 30 June 2020 to RMB1,314.6 million for the six months ended 30 June 2021, mainly due to an increase in electricity purchase from third-party suppliers as a result of the expansion in the scale of general power supply business and incremental power transmission and distribution business.

General Power Supply Business

Cost of sales associated with our general power supply business increased by 10.3% from RMB806.7 million for the six months ended 30 June 2020 to RMB889.5 million for the six months ended 30 June 2021. The increase was primarily due to an increase in the scale of general power supply business in the first half year of 2021. Cost of sales from third-party power supply business accounted for 48.9% and 45.9% of our total cost of sales for the six months ended 30 June 2020 and 2021, respectively.

Incremental Power Transmission and Distribution Business

Cost of sales associated with the incremental power transmission and distribution business increased by 37.6% from RMB181.7 million for the six months ended 30 June 2020 to RMB250.0 million for the six months ended 30 June 2021. The increase mainly due to an increasing scale of our incremental power transmission and distribution business in the first half of 2021.

EECS Business

Cost of sales associated with the EECS business decreased by 10.2% from RMB195.0 million for the six months ended 30 June 2020 to RMB175.1 million for the six months ended 30 June 2021. The decrease was primarily due to decline in the scale of EECS business mainly affected by market conditions.

Gross Profit and Gross Profit Margin

Business	Six months ended 30 June			
	2021		2020	
	Gross Profit	Gross Profit	Gross Profit	Gross Profit
	(RMB'000)	Margin	(RMB'000)	Margin
		%		%
General power supply business	210,919	19.2	213,932	21.0
Incremental power transmission and distribution business	5,453	2.1	1,138	0.6
EECS business	36,528	17.3	30,942	13.7
Total	252,900	16.1	246,012	17.2

As a result of above, our gross profit increased by 2.8% from RMB246.0 million for the six months ended 30 June 2020 to RMB252.9 million for the six months ended 30 June 2021. Gross profit margin decreased from 17.2% for the six months ended 30 June 2020 to 16.1% for the six months ended 30 June 2021, which was mainly due to the decrease in gross profit margin of general power supply business.

General Power Supply Business

The gross profit under general power supply business decreased by 1.4% from RMB213.9 million for the six months ended 30 June 2020 to RMB210.9 million for the six months ended 30 June 2021. Gross profit margin decreased from 21.0% for the six months ended 30 June 2020 to 19.2% for the six months ended 30 June 2021, which was mainly due to the influence of hydrological conditions, the purchase from low-cost power sources reduced in the first half of 2021, and the implementation of new tariff standards for certain electricity sales prices of certain of our subsidiaries in the first half of 2021.

Incremental Power Transmission and Distribution Business

The gross profit of incremental power transmission and distribution business increased by 379.2% from RMB1.1 million for the six months ended 30 June 2020 to RMB5.5 million for the six months ended 30 June 2021. The increase was primarily due to relatively high gross profit of our new business in the first half of 2021.

EECS Business

The gross profit of EECS business increased by 18.1% from RMB30.9 million for the six months ended 30 June 2020 to RMB36.5 million for the six months ended 30 June 2021. The corresponding gross profit margin increased from 13.7% for the six months ended 30 June 2020 to 17.3% for the six months ended 30 June 2021. The increase was primarily due to the decrease in project cost with strengthened cost control and enhanced management skills.

Finance Costs

Finance costs increased by 46.6% from RMB9.6 million for the six months ended 30 June 2020 to RMB14.1 million for the six months ended 30 June 2021, which was mainly due to foreign exchange losses arising from the purchase of foreign exchange forward financial products in 2020. However, the interest expenses decreased by 58.7% from RMB11.2 million for the six months ended 30 June 2020 to RMB4.6 million for the six months ended 30 June 2021.

Share of Profits Less Losses of Associates

Share of profits less losses of associates decreased by 148.6% from loss of RMB1.42 million for the six months ended 30 June 2020 to profit of RMB0.7 million for the six months ended 30 June 2021, primarily due to the fact that except for one incremental power transmission company, the profits of all other associates were affected by the market to certain extent in the first half of 2021.

Income Tax

Income tax expenses were RMB20.2 million and RMB27.1 million for the six months ended 30 June 2020 and 2021, representing effective tax rates of 13.1% and 16.3%, respectively. The increase in income tax was caused by an increase in profit before taxation of our subsidiaries.

Profit for the Period

As a result of above, profit for the period increased by 3.4% from RMB134.2 million for the six months ended 30 June 2020 to RMB138.8 million for the six months ended 30 June 2021.

Analysis of Key Items of Consolidated Balance Sheet

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

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Fixed assets	2,507,124	2,555,212
Construction in progress	223,745	197,295
Right-of-use assets	5,482	5,274
Total	<u>2,736,351</u>	<u>2,757,781</u>

As at 31 December 2020 and 30 June 2021, our fixed assets, construction in progress and right-of-use assets were RMB2,757.8 million and RMB2,736.4 million, respectively, which mainly included plant and building, machinery, vehicles, office equipment, projects under construction and right-of-use assets. Fixed assets, construction in progress and right-of-use assets decreased from RMB2,757.8 million as of 31 December 2020 to RMB2,736.4 million as of 30 June 2021, mainly due to the depreciation of our fixed assets for the six months ended 30 June 2021.

Intangible Assets

Our intangible assets increased from RMB128.0 million as of 31 December 2020 to RMB129.0 million as of 30 June 2021, mainly due to the addition of new substation land during the Reporting Period.

Inventories

Our inventories primarily consisted of raw materials and spare parts and others, and were RMB64.2 million and RMB28.5 million as of 31 December 2020 and 30 June 2021, respectively. The following table sets forth a breakdown of our inventories at the indicated date:

	At 30 June 2021 (RMB'000)	At 31 December 2020 (RMB'000)
Raw materials	28,321	64,046
Spare parts and others	177	145
Total	<u>28,498</u>	<u>64,191</u>

Our inventories decreased from RMB64.2 million as of 31 December 2020 to RMB28.5 million as of 30 June 2021, mainly due to the decrease in balance of inventories resulted from our strengthened efforts in project management.

The average turnover days of our inventories (calculated by using the average value of the opening balance and closing balance of inventories of the relevant period divided by the cost for the period, and then multiplied by the number of days in the period) were 9.2 days and 6.3 days as of 30 June 2020 and 2021, respectively, and the decrease was mainly due to decrease in balance of inventories.

Receivables

Receivables include note receivables, accounts receivables, prepayments and other receivables. Our receivables increased from RMB420.1 million at 31 December 2020 to RMB501.4 million at 30 June 2021, respectively. The increase in our receivables was mainly due to the expansion of scale of our incremental power transmission and distribution business in the first half of 2021.

Payables

Payables include accounts payables, contract liabilities, employee remuneration payables, tax payables and other payables. Our payables remained relatively stable, and decreased from RMB1,070.7 million as of 31 December 2020 to RMB1,039.7 million as of 30 June 2021, primarily due to the payment of employee performance bonus of 2020 in the first half of 2021.

Our average payables turnover days (calculated by using the average of opening and closing balance of the payables for a period divided by the cost of the period and multiplied by the number days in the period) decreased from 155.3 days for six months ended 30 June 2020 to 144.5 days for the six months ended 30 June 2021, primarily due to a slight decrease in the balance of payables as a result of the decrease in the number of EECS business projects we undertook in the first half of 2021, and an increase in operating costs for the period due to the increase of power purchase costs.

Liquidity and Financial Resources

The Group manages its capital to ensure that entities in the Group will be able to continue operating as 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 30 June 2021, the cash and cash equivalents amounted to RMB354.2 million (31 December 2020: RMB504.8 million).

As at 30 June 2021, the total borrowings of the Group amounted to RMB313.9 million (31 December 2020: RMB383.2 million), including bank and other borrowings. All of our bank and other borrowings bear interest at floating rate.

Gearing Ratio

As at 30 June 2021, the gearing ratio of the Group was 10.9% (31 December 2020: 13.1%). Gearing ratio is calculated based on our total interest-bearing liabilities divided by total equity on the same date.

Capital Commitments

We have certain capital commitments relating to the construction of our centralised power dispatching and control center. We will undertake those classified as authorised but not contracted for if our management has identified potential capital commitment and has determined that it is more likely to make the commitment.

The following table sets forth our capital commitments outstanding for the periods indicated:

	At 30 June 2021 (RMB'000)	At 31 December 2020 (RMB'000)
Contracted for	<u><u>22,369</u></u>	<u><u>68,994</u></u>

Pledges of our Group's Assets

No property, plant and equipment was pledged to banks as of 30 June 2021 (31 December 2020: nil).

Contingent Liabilities

As at 30 June 2021, the Group did not have any contingent liabilities (31 December 2020: nil).

Significant Investments Held, Major Acquisitions and Disposals

During the six months ended 30 June 2021, the Group did not have any significant investments held, nor were there any major acquisitions or disposals of subsidiaries, associates, or joint ventures.

Interim Dividend

The Board does not recommend the declaration of any interim dividend in respect of the six months ended 30 June 2021 (2020 interim dividend: nil).

Global Offering and Use of Proceeds from Global Offering

The Company was listed on the Stock Exchange on 28 December 2018 and issued 268,800,000 H Shares with a nominal value of RMB1.00 each at HK\$1.77 per share (“**Global Offering**”). Net proceeds from the Global Offering was approximately RMB380.5 million. As at 30 June 2021, the Group has used the proceeds from the Global Offering of approximately RMB219.5 million and the unused proceeds amount to approximately RMB161.0 million in accordance with the relevant disclosure in the prospectus of the Company dated 13 December 2018 (the “**Prospectus**”). 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 use of net proceeds from initial public offering (as set out in the Prospectus) (RMB'000)	Amount unused as at 1 January 2021 (RMB'000)	Amount used		Estimated schedule ⁽¹⁾
				for the Reporting Period (RMB'000)	Amount unused as at 30 June 2021 (RMB'000)	
Acquisition of power-related assets	40%	152,193	152,193	0	152,193	2022
Power grid construction and optimisation	30%	114,145	4,947	0	4,947	2021
Establishment of centralised power dispatching control center and promotion of intelligent power grid system	20%	76,097	0	0	0	N/A
Working capital	10%	38,048	3,907	0	3,907	2021
Total	100%	380,483	161,047	0	161,047	

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 of 30 June 2021, 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 disclosed in the Prospectus, the Company intended to use 40% of the unused net proceeds for the acquisition of power-related assets. However, due to the outbreak of the COVID-19 epidemic and the social restrictions caused by regional epidemic prevention and blockade measures, the intended investment project was not expected to complete as scheduled considering that both parties of the transaction have not reached an agreement on the transaction conditions as the progress of the investigation and research work related to the project failed to meet the expectation. It is expected to be postponed to the end of 2022 to complete the acquisition of power-related assets. The Company will accelerate the progress of the project and improve the efficiency of the use of proceeds.

The net proceeds from the Global Offering have been and are expected to be used as previously disclosed in the Prospectus. As of 30 June 2021, saved the delay in the acquisition of power-related assets, there have been no major changes or delays in the usage or use of the net proceeds of the Company.

BUSINESS REVIEW

Overview

We are 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. 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 business currently consists of (i) power business, which includes power production, distribution and sales, and 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.

During the first half of 2021, the Company realised revenue of RMB1,567.5 million, representing a year-on-year increase of 9.7%. Our profit before taxation was RMB165.9 million, representing a year-on-year increase of 7.4%. During the same period, we achieved a net profit of RMB138.8 million, representing a year-on-year increase of 3.4%, and net profit attributable to owners of the parent company of RMB138.2 million, representing a year-on-year increase of 2.7%.

As of 30 June 2021, we had an aggregate 35 hydropower plants with an aggregate installed capacity of 138,680 kW. We also had two units of 220kV substations with a capacity of 540,000 kVA, 19 units of 110 kV substations with an aggregate capacity of 942,000 kVA and 59 units of 35 kV substations with an aggregate capacity of 586,350 kVA.

Operating Results

The following table sets forth the revenue, cost of sales, gross profit margin and percentage of changes by business segments for the six months ended 30 June 2020 and 2021.

Business	2021			Six months ended 30 June 2020			Change in percentage (%) / percentage points		
	Revenue (RMB'000)	Cost of sales (RMB'000)	Gross profit margin %	Revenue (RMB'000)	Cost of sales (RMB'000)	Gross profit margin %	Revenue	Cost of sales	Gross profit margin
General power supply business	1,100,420	889,501	19.2	1,020,628	806,696	21.0	7.8	10.3	(1.8)
Incremental power transmission and distribution business	255,445	249,992	2.1	182,845	181,707	0.6	39.7	37.6	1.5
EECS business ⁽¹⁾	<u>211,600</u>	<u>175,072</u>	17.3	<u>225,981</u>	<u>195,039</u>	13.7	(6.4)	(10.2)	3.6
Total	<u>1,567,465</u>	<u>1,314,565</u>	16.1	<u>1,429,454</u>	<u>1,183,442</u>	17.2	9.7	11.1	(0.8)

Note:

- (1) Includes revenue from the sales of electric equipment and materials of RMB6.04 million for the six months ended 30 June 2021.

General Power Supply Business

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

Customer	2021		Six months ended 30 June 2020		Change in percentage (%) / percentage points	
	Electricity Sales	Revenue	Electricity Sales	Revenue	Electricity Sales	Revenue
	(MWh)	(RMB million)	(MWh)	(RMB million)		
Household	647,963	355,054	639,863	352,070	1.3	0.8
General industrial and commercial	494,939	293,559	460,490	272,203	7.5	7.8
Large industrial	812,934	428,620	667,908	362,041	21.7	18.4
State Grid	8,053	2,073	23,669	7,156	(66.0)	(71.0)
Others	48,746	21,114	54,245	27,158	(10.1)	(22.3)
Total	2,012,635	1,100,420	1,846,175	1,020,628	9.0	7.8

Most of our revenue for the six months ended 30 June 2021 was derived from our general power supply business generating RMB1,100.4 million of revenue, which accounted for 70.2% of our total revenue.

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 RMB255.4 million of revenue from incremental power transmission and distribution business for the six months ended 30 June 2021, which accounted for 16.3% of our total revenue.

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 six months ended 30 June 2021, we generated RMB211.6 million of revenue from our EECS business, which accounted for 13.5% of our total revenue.

Main Operational Measures

In 2021, in order to ensure the continuous and stable increase of the Group's operating results, a number of effective measures were adopted by the Group, with the focus on: (1) Accelerating reform and development. We deployed and organized the implementation of the three-year action plan for state-owned enterprise reform in multiple dimensions, including strengthening party construction projects, improving corporate governance, optimizing industrial layout and structural adjustment, we were recognized by the State-owned Assets Supervision and Administration Commission of Sichuan Province as one of the 70 selected enterprises for the "Action of Comprehensive Reform of State-owned Enterprises in Tianfu" in the province. (2) Efficient implementation of key projects. We completed the preliminary work for Xingwen Lianhua and other 220 kV substation projects, commenced the operation of the Yibin centralized power dispatching center project, and continued to carry out power grid investment and technical reform projects as scheduled. (3) Continuously improving the quality of electricity services. The coverage rate of smart meters and collection terminals reached 99.1% and 100%, respectively, the development of basic functions of unified marketing management system was completed, which enabled multiple payment methods such as application (APP), WeChat official account, WeChat QR code scanning self-service terminals, entrusted payment and counter services, with the proportion of self-service and online payment reaching 89.0%. (4) Promoting the "Three Zeros and Three Savings" services in an orderly manner. We made reasonable arrangements for timely adjustment of grid operation and power station operation, with a year-on-year decrease of 41.9% in power outage from malfunction and a year-on-year decrease of 17.9% in unplanned power outage in the first half of 2021. (5) Continuously strengthening basic management. We completed the special rectification of fire hazards in transmission and distribution facilities in forest and pastoral areas with a 100% rectification rate. (6) Continuous optimization of integrated energy business. We continued to carry out in-depth development in power trading, incremental power distribution and new energy business.

Important Events Subsequent to the Reporting Period

On 20 August 2021, Hydropower Group, the Company and the six subsidiaries of the Company entered into the supplemental agreement to the rural grid upgrade and transformation projects construction agreement (農網改造升級項目代建協議之補充協議), pursuant to which each of the parties agreed that (i) phase III of the rural grid upgrade and transformation projects approved by the Sichuan Provincial Development and Reform Commission in 2020 and before will continue to be carried out under the construction management operation model pursuant to the terms of the construction management agreement; and (ii) for any new rural grid upgrade and transformation projects approved by the Sichuan Provincial Development and Reform Commission in 2021 and onwards, Hydropower Group will provide the relevant financial assistance to the Group, whereas the Group would lead the new projects and take the ownership of projects after completion. For details, please refer to the Company's inside information announcement dated 20 August 2021.

Outlook

During the first half of 2021, the Group saw an increasing trend in its electricity sales and the continuous improvement in its operating results. According to the decisions and plans of the state, the Group implemented the three-year action of state-owned enterprise reform, studied and formulated the strategic goals under the 14th Five-Year Plan, consolidated the foundation of operation and management, promoted the construction of key projects and improved the quality of electricity services, with the focus of the Group's work in the second half of the year as follows:

- (1) Fully promoting the Company's three-year reform action plan and the "14th Five-Year" development plan. Firstly, in accordance with the "14th Five-Year" strategic plan and power grid development plan, we will initiate relevant work to ensure the detailed implementation of all tasks. Secondly, in accordance with the reform task plan, we will firmly assume our responsibilities, strengthen our efforts in assessment and carry out relevant tasks in an orderly manner to ensure that the overall goal of the reform task is fully achieved on time.
- (2) Full completion of annual operating targets. Firstly, we will put more efforts in operation analysis, predict the load in a scientific manner, strive to enable economical dispatch, and enhance the operating efficiency of main business. Secondly, we will strengthen the assessment on electricity fee collection, and improve the line loss management system in four aspects to further reduce loss and increase efficiency. Thirdly, we will summarize and analyze the overall business conditions, formulate relevant measures to rectify the problems, and pay close attention to "electricity leakage". Fourthly, we will vigorously expand market-oriented business and enhance the profitability of comprehensive energy services.
- (3) Fully ensuring the effective implementation of the production safety responsibility system. Firstly, we will summarize the experience of rectification of fire hazards in transmission and distribution facilities in forest and pastoral areas and form a regular working mechanism. Secondly, based on the requirements of list-based management upgrade, we will further enhance the management effectiveness. Thirdly, we will continue to carry out the task of combating "three non-compliances", strengthen the daily management of operation team, ensure the implementation of safety measures during operation, and effectively control operational risks to prevent the occurrence of safety accidents.
- (4) Fully promoting the further upgrade of electricity services. Firstly, we will continue to improve the power supply reliability management system, formulate scientific outage plans, and facilitate the construction of the "two rates" management system. Secondly, we will vigorously promote online bill payment and electricity business processing, standardize the installation and connection of electricity, and unify the public information materials to enhance the level of convenience and image of electricity services. Thirdly, we will implement the "acquisition of electricity" policy, carry out comprehensive internal training and education, strengthen the management of the 96598 service hotline, thereby enabling fully centralized management and control of the whole process. Fourthly, we will explore in-depth the potential of power supply, promote implementation of multiple tasks in one power outage, further reduce the number of planned and faulty outages, and strengthen our efforts in equipment maintenance and renovation. Fifthly, we will increase capital investment, strengthening the rectification of low-voltage station areas.

- (5) Fully constructing a high-quality development and operation system. Firstly, we will continue to carry out the special task of reduction of receivables and inventories, strengthen the management of receivables and inventories, improve the fee collection measures, promote business source management and control, and strive to ensure that the growth of receivables and inventories do not outpace the operating revenue. Secondly, we will optimize the top-level design and coordinate the organizational restructuring of all departments and units. Thirdly, we will strengthen the construction of a young talent team, establish a multi-sequence talent promotion channel, optimize the salary structure, and broaden the career development space and promotion channel for employees. We will also further strengthen the development of key workforce, implement the cadres and talents training program in an orderly manner, and create a strong atmosphere of employment and promotion based on merit and competence. Fourthly, we will accelerate the construction of the compliance management system, streamline the management structure in accordance with relevant laws, regulate connected transactions, and firmly promote the lawful and compliance development.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high-quality corporate governance. The Company believes that corporate governance practices are essential to the stability, efficiency and transparency of the Company's operation, as well as its ability to attract investment, and can protect the rights of shareholders and enhance the value of shares held by Shareholders.

For the six months ended 30 June 2021, the Company had complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules and had adopted most of the recommended best practices as set out in Appendix 14 to the Listing Rules.

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

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors and the Supervisors. Having made specific enquiries with all Directors and Supervisors of the Company, all Directors and Supervisors confirmed that they have complied with the required standard set out in the Model Code regarding securities transactions of directors and supervisors during the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

SUFFICIENCY OF PUBLIC FLOAT

During the six months ended 30 June 2021, based on the information that was publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the minimum public float required by the Listing Rules.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.scntgf.com). The interim report for the six months ended 30 June 2021 containing all the information required by 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:

“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 14 to the Listing Rules
“Director(s)”	the director(s) of the Company

“Domestic Share(s)”	domestic ordinary Share(s) 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“H Share(s)”	the ordinary share(s) in issue in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
“HK\$” and “HK cents”	Hong Kong dollars and cents respectively, 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 on 17 December 2004 and one of the controlling Shareholders
“kV”	kilovolt, a unit of voltage, which is equal to one thousand volts
“kVA”	kilovolt-ampere, the standard for measuring power
“kW”	kilowatt, which is equal to one thousand watts
“Model Code”	the model code for securities transactions by directors of listed issuers as set out in Appendix 10 of the Listing Rules
“MWh”	megawatt-hour, which is equal to one thousand kilowatt hours
“Reporting Period”	the period from 1 January 2021 to 30 June 2021
“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, Domestic Shares and Unlisted Foreign 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)
“Unlisted Foreign Share(s)”	ordinary Share(s) issued by the Company that are not listed on any stock exchange, with a nominal value of RMB1.00 each
“%”	per cent.

By order of the Board
Sichuan Energy Investment Development Co., Ltd.*
Xiong Lin
Chairman

Chengdu, Sichuan Province, the PRC, 26 August 2021

As at the date of this announcement, the executive Directors of the Company are Mr. Xiong Lin, Mr. Li Hui and Ms. Xie Peixi; the non-executive Directors of the Company are Ms. Han Chunhong, Ms. Li Yu, Ms. Liang Hong and Ms. Lv Yan; and the independent non-executive Directors of the Company are Mr. Kin Kwong Kwok Gary, Ms. He Zhen, Mr. Wang Peng and Prof. Li Jian.

* For identification purposes only