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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)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

The Board of Sichuan Energy Investment Development Co., Ltd.\* is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021. These results have been audited by the Company's auditors and reviewed by the Audit Committee.

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

(Expressed in Renminbi)

	Notes	2022 RMB	2021 RMB
Operating revenue	2	<u>3,313,256,211.05</u>	<u>3,171,673,615.54</u>
Less: Operating costs	2	<b>2,740,916,362.02</b>	2,619,736,947.46
Tax and surcharges	3	<b>19,108,297.85</b>	18,613,334.32
Administrative expenses		<b>203,793,957.15</b>	200,082,705.48
Finance costs	4	<b>8,557,733.92</b>	7,324,058.30
Including: Interest expenses	4	<b>10,386,241.73</b>	12,181,538.65
Interest income	4	<b>6,386,186.05</b>	5,822,519.30
Add: Other income		<b>2,337,578.93</b>	670,360.28
Investment income (“( )” for losses)	5	<b>13,121,964.93</b>	5,468,716.24
Including: Gains on investment in associates		<b>11,867,127.34</b>	1,746,813.85
Gains on fair value changes (“( )” for losses)	6	–	10,446,562.43
Credit impairment losses (“( )” for losses)	7	<b>(3,062,705.31)</b>	(14,650,515.31)
Asset impairment losses (“( )” for losses)	8	<b>(735,451.17)</b>	(16,078,553.01)
Gains on asset disposal (“( )” for losses)		<b>6,441.81</b>	(97,418.40)
Operating profit		<u><b>352,547,689.30</b></u>	<u>311,675,722.21</u>
Add: Non-operating income	9(1)	<b>13,994,696.88</b>	10,361,312.55
Less: Non-operating expenses	9(2)	<u><b>4,996,447.16</b></u>	<u>842,045.57</u>
Total profit		<u><b>361,545,939.02</b></u>	<u>321,194,989.19</u>
Less: Income tax expenses	10	<u><b>58,997,245.27</b></u>	<u>50,277,884.52</u>
Net profit		<u><b>302,548,693.75</b></u>	<u>270,917,104.67</u>

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022 (continued)

(Expressed in Renminbi)

	Notes	2022 RMB	2021 RMB
(i) Breakdown by continuity of operation:			
1. Net profit from continuing operations		302,548,693.75	270,917,104.67
2. Net profit from discontinued operations		–	–
(ii) Breakdown by attributable interests:			
1. Net profit attributable to shareholders of the parent company		301,441,634.66	269,557,691.02
2. Non-controlling interests		1,107,059.09	1,359,413.65
Other comprehensive income, after tax		–	–
Total comprehensive income		<u>302,548,693.75</u>	<u>270,917,104.67</u>
Total comprehensive income attributable to shareholders of the parent company		<u>301,441,634.66</u>	<u>269,557,691.02</u>
Total comprehensive income attributable to non-controlling interests		<u>1,107,059.09</u>	<u>1,359,413.65</u>
Earnings per Share			
Basic and diluted	11	<u>0.28</u>	<u>0.25</u>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2022

(Expressed in Renminbi)

		As at 31 December 2022 RMB	As at 31 December 2021 RMB
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		770,087,145.82	589,976,784.39
Notes receivable		200,000.00	3,200,000.00
Accounts receivable	13	363,526,861.94	372,059,985.23
Prepayments		14,919,626.24	12,858,110.54
Other receivables		22,186,662.89	19,733,589.89
Inventories	14	87,892,616.33	70,279,839.11
Contract assets		74,010,659.53	92,746,010.09
Other current assets		40,005,526.27	8,956,731.67
<b>Total current assets</b>		<b>1,372,829,099.02</b>	<b>1,169,811,050.92</b>
<b>Non-current assets</b>			
Long-term equity investments		242,965,216.18	270,722,499.22
Other non-current financial assets		170,250.00	112,170,250.00
Fixed assets	12	3,062,952,630.19	2,785,047,920.89
Construction in progress		272,105,986.58	115,141,311.68
Right-of-use assets		6,597,730.52	5,844,877.08
Intangible assets		149,469,058.02	128,127,272.98
Long-term prepaid expenses		3,314,992.28	3,110,622.73
Deferred income tax assets		37,605,948.52	41,477,401.88
<b>Total non-current assets</b>		<b>3,775,181,812.29</b>	<b>3,461,642,156.46</b>
<b>Total assets</b>		<b>5,148,010,911.31</b>	<b>4,631,453,207.38</b>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2022 (continued)

(Expressed in Renminbi)

		As at 31 December 2022 RMB	As at 31 December 2021 RMB
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term borrowings		300,000,000.00	300,000,000.00
Accounts payable	15	598,916,839.30	602,593,587.62
Contract liabilities		295,247,950.78	206,432,892.20
Employee benefits payable		129,350,952.84	112,931,581.63
Tax payable		58,447,348.06	60,005,845.38
Other payables		115,414,446.80	137,499,593.52
Non-current liabilities due within one year		<u>14,197,718.07</u>	<u>13,309,953.36</u>
<b>Total current liabilities</b>		<b><u>1,511,575,255.85</u></b>	<b><u>1,432,773,453.71</u></b>
<b>Non-current liabilities</b>			
Lease liabilities		4,163,211.28	4,257,394.52
Long-term payables		293,974,587.09	37,394,687.09
Deferred income		136,586,729.31	143,468,073.24
Deferred income tax liabilities		<u>16,492,878.60</u>	<u>17,660,165.31</u>
<b>Total non-current liabilities</b>		<b><u>451,217,406.28</u></b>	<b><u>202,780,320.16</u></b>
<b>Total liabilities</b>		<b><u>1,962,792,662.13</u></b>	<b><u>1,635,553,773.87</u></b>

**CONSOLIDATED BALANCE SHEET***As at 31 December 2022 (continued)**(Expressed in Renminbi)*

		<b>As at 31 December 2022 RMB</b>	As at 31 December 2021 RMB
<b>Shareholders' equity</b>			
Share capital	<i>17</i>	<b>1,074,357,700.00</b>	1,074,357,700.00
Capital reserve		<b>1,081,447,605.75</b>	1,081,447,605.75
Special reserve		<b>15,112,314.76</b>	19,925,149.81
Surplus reserve		<b>132,895,011.72</b>	104,468,551.68
Undistributed profit		<b>843,553,062.73</b>	699,460,812.11
<b>Total equity attributable to shareholders of the parent company</b>		<b><u>3,147,365,694.96</u></b>	<u>2,979,659,819.35</u>
<b>Non-controlling interests</b>		<b><u>37,852,554.22</u></b>	<u>16,239,614.16</u>
<b>Total shareholders' equity</b>		<b><u>3,185,218,249.18</u></b>	<u>2,995,899,433.51</u>
<b>Total liabilities and shareholders' equity</b>		<b><u><u>5,148,010,911.31</u></u></b>	<u><u>4,631,453,207.38</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

#### a. Statement of compliance with Accounting Standards for Business Enterprises

These financial statements have been prepared in accordance with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China ("MOF"), and give a true and complete view of the consolidated financial position and financial position of the Group as at 31 December 2022, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for 2022.

In addition, certain notes in these financial statements have been prepared in accordance with requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which also comply with the applicable disclosure requirements under the Listing Rules.

#### b. No changes in the Accounting Standards for Business Enterprises have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group did not adopt any new standards or interpretations which have not come into effect in the current accounting period.

### 2. OPERATING REVENUE AND OPERATING COSTS

#### (1) Operating revenue and operating costs

	2022		2021	
	Revenue (RMB)	Costs (RMB)	Revenue (RMB)	Costs (RMB)
Principal business	3,309,625,246.30	2,740,883,162.02	3,165,768,141.46	2,617,661,424.52
Other business	3,630,964.75	33,200.00	5,905,474.08	2,075,522.94
Total	<u>3,313,256,211.05</u>	<u>2,740,916,362.02</u>	<u>3,171,673,615.54</u>	<u>2,619,736,947.46</u>
Including: Revenue from contracts with customers	3,310,211,651.37	-	3,167,556,698.63	-
Other income	<u>3,044,559.68</u>	<u>-</u>	<u>4,116,916.91</u>	<u>-</u>

The Group's customer base is diversified and there is no customer with whom transactions have exceeded 2% of the Group's revenue.

(2) **Revenue from contracts**

<b>Type of contracts</b>	<b>2022</b> <b>(RMB)</b>	<b>2021</b> <b>(RMB)</b>
Classified by contract type		
Power supply contracts	<b>2,908,759,220.60</b>	2,789,638,509.97
Contracts of power installation projects	<b>379,477,962.08</b>	367,470,740.55
Material sales contracts	<b>21,388,063.62</b>	8,658,890.38
Others	<b>586,405.07</b>	1,788,557.73
Total	<b><u>3,310,211,651.37</u></b>	<b><u>3,167,556,698.63</u></b>
Classified by time of transfer of goods		
Revenue recognized at a point in time	<b>2,930,733,689.29</b>	2,800,085,958.08
Revenue recognized over time	<b>379,477,962.08</b>	367,470,740.55
Total	<b><u>3,310,211,651.37</u></b>	<b><u>3,167,556,698.63</u></b>

**3. TAX AND SURCHARGES**

	<b>2022</b> <b>(RMB)</b>	<b>2021</b> <b>(RMB)</b>
City maintenance and construction tax	<b>5,378,634.27</b>	5,254,949.11
Education surcharge	<b>4,985,729.62</b>	5,111,742.74
Housing property tax	<b>3,883,352.98</b>	3,114,565.13
Others	<b>4,860,580.98</b>	5,132,077.34
Total	<b><u>19,108,297.85</u></b>	<b><u>18,613,334.32</u></b>

**4. FINANCE COSTS**

	<b>2022</b> <b>(RMB)</b>	<b>2021</b> <b>(RMB)</b>
Interest expenses on loans and payables	<b>9,971,456.94</b>	12,616,144.11
Interest expenses on lease liabilities	<b>414,784.79</b>	336,156.75
Less: Interest expenses capitalized	<b>-</b>	770,762.21
Interest income on deposits and receivables	<b>(6,386,186.05)</b>	(5,822,519.30)
Net foreign exchange loss/(gain)	<b>2,380,454.78</b>	(352,562.94)
Other finance costs	<b>2,177,223.46</b>	1,317,601.89
Total	<b><u>8,557,733.92</u></b>	<b><u>7,324,058.30</u></b>

The capitalization rate per annum, at which the borrowing costs were capitalized by the Group, was 0 for the year (2021: 3.5%).



**5. INVESTMENT INCOME**

	<b>2022</b> <i>(RMB)</i>	2021 <i>(RMB)</i>
Investment income from long-term equity investments accounted for using the equity method	<b>11,867,127.34</b>	1,746,813.85
Investment income from financial assets held for trading during the holding period	<b>1,938,846.57</b>	3,721,902.39
Others	<b>(684,008.98)</b>	–
Total	<b><u>13,121,964.93</u></b>	<b><u>5,468,716.24</u></b>

**6. GAINS FROM CHANGES IN FAIR VALUE**

	<b>2022</b> <i>(RMB)</i>	2021 <i>(RMB)</i>
Gains from changes in fair value of derivative financial liabilities	–	(1,483,571.33)
Other non-current financial assets	–	11,930,133.76
Total	<b><u>–</u></b>	<b><u>10,446,562.43</u></b>

**7. CREDIT IMPAIRMENT LOSSES**

	<b>2022</b> <i>(RMB)</i>	2021 <i>(RMB)</i>
Accounts receivable	<b>10,168,951.93</b>	9,135,003.80
Other receivables	<b>(7,106,246.62)</b>	5,515,511.51
Total	<b><u>3,062,705.31</u></b>	<b><u>14,650,515.31</u></b>

**8. ASSET IMPAIRMENT LOSSES**

	<b>2022</b> <i>(RMB)</i>	2021 <i>(RMB)</i>
Fixed assets	<b>1,254,608.89</b>	14,557,793.70
Contract assets	<b>(519,157.72)</b>	1,520,759.31
Total	<b><u>735,451.17</u></b>	<b><u>16,078,553.01</u></b>

## 9. NON-OPERATING INCOME AND EXPENSES

### (1) Non-operating income by item is as follows:

	2022 (RMB)	2021 (RMB)
Government grants	7,752,643.13	8,464,821.65
Gain from fine payments	3,090,001.30	–
Tax refund	1,328,481.01	–
Others	1,823,571.44	1,896,490.90
Total	<u>13,994,696.88</u>	<u>10,361,312.55</u>

### (2) Non-operating expenses

	2022 (RMB)	2021 (RMB)
Expenses on charity donation	61,159.40	53,664.02
Losses on compensation, penalties and fines	3,090,000.00	–
Others	1,845,287.76	788,381.55
Total	<u>4,996,447.16</u>	<u>842,045.57</u>

## 10. INCOME TAX EXPENSES

	2022 (RMB)	2021 (RMB)
Income tax expenses for the year calculated based on tax laws and regulations	55,316,992.05	58,298,627.72
Movements in deferred tax	2,704,166.65	(9,312,992.85)
Adjustments of tax filing differences	976,086.57	1,292,249.65
Total	<u>58,997,245.27</u>	<u>50,277,884.52</u>

## 11. BASIC EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

### (1) Basic earnings per Share

Basic earnings per Share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares in issue:

	<b>2022</b> <i>(RMB)</i>	2021 <i>(RMB)</i>
Consolidated net profit attributable to ordinary shareholders	<b>301,441,634.66</b>	269,557,691.02
Weighted average number of shares in issue <i>(share)</i>	<b>1,074,357,700.00</b>	1,074,357,700.00
Basic earnings per share <i>(RMB/share)</i>	<b><u>0.28</u></b>	<u>0.25</u>

Weighted average number of ordinary shares is calculated as follows:

	<b>2022</b> <i>(Share)</i>	2021 <i>(Share)</i>
Number of ordinary shares in issue as at the beginning of the year	<b>1,074,357,700.00</b>	1,074,357,700.00
Weighted average number of ordinary shares as at the end of the year	<b><u>1,074,357,700.00</u></b>	<u>1,074,357,700.00</u>

There are no potentially dilutive Shares for the year ended 31 December 2022, and therefore, diluted earnings per Share are the same as the basic earnings per Share.

## 12. FIXED ASSETS

### (1) Information of fixed assets

Item	Plant & buildings (RMB)	Machinery & equipment (RMB)	Motor vehicles (RMB)	Office and other equipment (RMB)	Total (RMB)
Cost					
Opening balance	1,338,264,465.99	3,038,927,419.60	41,064,526.75	181,396,120.10	4,599,652,532.44
Addition during the year	19,118,852.96	392,753,222.97	2,811,884.18	26,386,825.66	441,070,785.77
– Purchase	6,410,246.41	8,552,704.91	2,811,884.18	16,258,285.17	34,033,120.67
– Transferred from construction in progress	12,708,606.55	384,200,518.06	–	10,128,540.49	407,037,665.10
Disposal or scrap during the year	(230,490.56)	(9,088,751.26)	(2,377,197.90)	(2,764,883.81)	(14,461,323.53)
Closing balance	<u>1,357,152,828.39</u>	<u>3,422,591,891.31</u>	<u>41,499,213.03</u>	<u>205,018,061.95</u>	<u>5,026,261,994.68</u>
Accumulated depreciation					
Opening balance	432,705,466.64	1,248,058,277.15	29,288,360.27	62,026,144.67	1,772,078,248.73
Charge for the year	31,929,976.10	105,545,583.61	2,336,928.85	19,058,962.49	158,871,451.05
Disposal or scrap during the year	(112,558.02)	(5,423,961.06)	(2,211,270.75)	(2,618,802.77)	(10,366,592.60)
Closing balance	<u>464,522,884.72</u>	<u>1,348,179,899.70</u>	<u>29,414,018.37</u>	<u>78,466,304.39</u>	<u>1,920,583,107.18</u>
Impairment provision					
Opening balance	7,341,090.25	34,857,935.32	172,241.94	155,094.71	42,526,362.82
Charge for the year	–	1,254,470.43	–	138.46	1,254,608.89
Disposal or scrap during the year	(1,804.86)	(1,007,463.71)	(14,653.80)	(30,792.03)	(1,054,714.40)
Closing balance	<u>7,339,285.39</u>	<u>35,104,942.64</u>	<u>157,588.14</u>	<u>124,441.14</u>	<u>42,726,257.31</u>
Carrying amount					
Closing carrying amount	<u>885,290,658.28</u>	<u>2,039,307,048.97</u>	<u>11,927,606.52</u>	<u>126,427,316.42</u>	<u>3,062,952,630.19</u>
Opening carrying amount	<u>898,217,909.10</u>	<u>1,756,011,206.53</u>	<u>11,603,924.54</u>	<u>119,214,880.72</u>	<u>2,785,047,920.89</u>

- (a) As at 31 December 2022, plant and buildings of the Group with a net carrying amount of RMB148,113,997.11 (2021: RMB26,859,462.02) had not obtained the certificate of ownership.
- (b) No property, plant and equipment were pledged to banks as at 31 December 2022 (2021: nil).
- (c) All of the property, plant and equipment owned by the Group are located in the Chinese mainland.
- (d) During the year, certain property, plant and equipment were physically damaged or ceased for operation. The Group assessed the recoverable amounts of those property, plant and equipment as nil and as a result, impairment loss of RMB1,254,608.89 (2021: RMB14,557,793.70) was recognized in “Asset impairment losses” for the year.

### 13. ACCOUNTS RECEIVABLE

(1) Accounts receivable by customer type is as follows:

Customer type	2022 (RMB)	2021 (RMB)
Receivable from related parties	77,535,576.55	48,956,274.42
Receivable from others	415,141,514.30	443,389,205.54
Subtotal	492,677,090.85	492,345,479.96
Less: Allowance for doubtful debts	129,150,228.91	120,285,494.73
Total	363,526,861.94	372,059,985.23

(2) Accounts receivable by ageing is as follows:

Ageing	2022 (RMB)	2021 (RMB)
Within 1 year (inclusive)	339,185,826.24	355,106,675.42
1 to 2 years (inclusive)	46,969,704.26	24,095,118.30
2 to 3 years (inclusive)	11,727,367.32	33,462,377.21
Over 3 years	94,794,193.03	79,681,309.03
Subtotal	492,677,090.85	492,345,479.96
Less: Allowance for doubtful debts	129,150,228.91	120,285,494.73
Total	363,526,861.94	372,059,985.23

The ageing is counted starting from the date when accounts receivable are recognized.

### 14. INVENTORIES

(1) Inventories by category

Type of inventories	2022			2021		
	Book balance (RMB)	Provision for impairment of inventories (RMB)	Carrying amount (RMB)	Book balance (RMB)	Provision for impairment of inventories (RMB)	Carrying amount (RMB)
Raw materials	87,866,201.78	72,545.53	87,793,656.25	70,226,229.36	72,545.53	70,153,683.83
Low-value consumables	98,960.08	-	98,960.08	126,155.28	-	126,155.28
Total	87,965,161.86	72,545.53	87,892,616.33	70,352,384.64	72,545.53	70,279,839.11

The Group had no inventories for guarantee as at 31 December 2022 (31 December 2021: nil).

## 15. ACCOUNTS PAYABLE

(1) Information of accounts payable is as follows:

	2022 (RMB)	2021 (RMB)
Payment for purchase of electricity	169,650,057.56	245,175,690.76
Construction payment	235,011,455.95	210,731,357.55
Materials payment	193,932,605.11	145,466,099.18
Others	322,720.68	1,220,440.13
	<u>598,916,839.30</u>	<u>602,593,587.62</u>
Total	<u>598,916,839.30</u>	<u>602,593,587.62</u>

(2) The ageing analysis of accounts payable, based on the invoice dates, is as follows:

Ageing	2022 (RMB)	2021 (RMB)
Within 1 year (inclusive)	574,028,979.89	576,821,572.75
1 to 2 years (inclusive)	12,282,057.47	12,577,364.61
2 to 3 years (inclusive)	2,897,832.80	6,130,333.67
Over 3 years	9,707,969.14	7,064,316.59
	<u>598,916,839.30</u>	<u>602,593,587.62</u>
Total	<u>598,916,839.30</u>	<u>602,593,587.62</u>

## 16. DIVIDEND

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2022 RMB	2021 RMB
Final dividend proposed after the end of the year of RMB0.12 per ordinary share (2021: RMB0.12 per ordinary share)	<u>128,922,924.00</u>	<u>128,922,924.00</u>

On 28 March 2023, a dividend for the year ended 31 December 2022 of approximately RMB128,922,924.00, representing RMB0.12 per Share was proposed by the Board. Such dividend is to be approved by the Shareholders at the AGM of the Company. The final dividend proposed after the end of the Reporting Period has not been recognized as a liability at the end of the Reporting Period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2022 RMB	2021 RMB
Final dividend in respect of the previous financial year, approved and paid during the year	<u>128,922,924.00</u>	<u>128,922,924.00</u>

On 17 June 2022, a final dividend for the year ended 31 December 2021 of RMB128,922,924.00, representing RMB0.12 per share was approved by the shareholders at the annual general meeting of the Company.

17. SHARE CAPITAL

	<b>2022</b>	2021
	<b><i>Share</i></b>	<i>Share</i>
Total number of Shares	<u><b>1,074,357,700.00</b></u>	<u>1,074,357,700.00</u>

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per Share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. INDUSTRY OVERVIEW

The value chain of China's power industry consists of power generation, power transmission and distribution as well as power sales. Power generation process converts other types of energy into power, such as hydropower plants using flowing water energy to generate power. The grid transmission and distribution system is the core of power supply, which includes power transmission network that reaches various provinces and cities in China, distribution network for end-use purposes, as well as step-up and step-down substations. Lastly, power sales activities distribute power directly to end users.

In 2022, total power consumption in China reached 8.6372 trillion kWh, representing a year-on-year increase of 3.6%. In particular, power consumption in the primary sector reached 114.6 billion kWh, representing a year-on-year increase of 10.4%; power consumption in the secondary sector reached 5.7001 trillion kWh, representing a year-on-year increase of 1.2%; power consumption in the tertiary sector reached 1,485.9 billion kWh, representing a year-on-year increase of 4.4%; urban and rural household consumption reached 1,336.6 billion kWh, a year-on-year growth of 13.8%, of which, total electricity consumption of Sichuan Province was 344.71 billion kWh, a year-on-year growth of 5.3%.

As Sichuan Province is expediting the construction of the dual-city economic circle in Chengdu-Chongqing area to drive economic growth through boosting domestic demand, increasing investment in projects, speeding up the construction of modern infrastructure, and forging Yibin-Luzhou as the sub-economic center in southern Sichuan, we believe that the Company will embrace further development opportunities in electricity sales, distributed energy, engineering construction and comprehensive energy services.

### 2. BUSINESS OVERVIEW

#### 2.1 Overview

The Group is a vertically integrated power supplier and service provider in Yibin City, Sichuan Province, with a full power supply value chain covering power generation, 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 businesses currently consist of (i) power business, including production, distribution and sales of power, which 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.

In 2022, the Company realized revenue of approximately RMB3,313.3 million, representing a year-on-year increase of approximately 4.5%. Our profit before taxation was approximately RMB361.5 million, representing a year-on-year increase of approximately 12.6%. In the same year, the Company achieved net profit of approximately RMB302.5 million, representing a year-on-year increase of approximately 11.7%, and net profit attributable to equity shareholders of the parent company of approximately RMB301.4 million, representing a year-on-year increase of approximately 11.8%.



As of the end of 2022, we had an aggregate of 34 hydropower plants with a total installed capacity of 138,355 kW. We also had 3 units of 220 kV substations with an aggregated capacity of 1,080,000 kVA, 19 units of 110 kV substations with an aggregated capacity of 942,000 kVA, and 59 units of 35 kV substations with an aggregated capacity of 603,900 kVA.

## 2.2 Operating Results

The following table sets forth the breakdown of the revenue, cost and gross profit of the principal business by segment for the years ended 31 December 2021 and 2022, and the percentage of changes.

Principal business	Year ended 31 December 2022			Year ended 31 December 2021			Percentage of changes		
	Revenue (RMB)	Cost (RMB)	Gross profit (RMB)	Revenue (RMB)	Cost (RMB)	Gross profit (RMB)	Revenue (%)	Cost (%)	Gross profit (%)
General power supply business	2,524,319,212.99	2,052,839,170.23	471,480,042.76	2,300,501,722.26	1,840,466,101.26	460,055,621.00	9.7	11.5	2.5
Incremental power transmission and distribution business	384,440,007.61	376,750,248.89	7,689,758.72	489,136,787.72	470,130,512.69	19,006,275.03	(21.4)	(19.9)	(59.5)
EECS business <sup>(1)</sup>	400,866,025.70	311,293,742.90	89,572,282.80	376,129,630.93	307,084,810.57	69,044,820.36	6.6	1.4	29.7
<b>Total</b>	<b>3,309,625,246.30</b>	<b>2,740,883,162.02</b>	<b>568,742,084.28</b>	<b>3,165,768,140.91</b>	<b>2,617,661,424.52</b>	<b>548,106,716.39</b>	<b>4.5</b>	<b>4.7</b>	<b>3.8</b>

Note:

- (1) Includes revenue from the sales of electric equipment and materials of approximately RMB21.4 million for the year ended 31 December 2022.

### 2.2.1 General Power Supply Business

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

Customer	2022		Year ended 31 December 2021		Percentage of changes	
	Electricity Sales	Revenue	Electricity Sales	Revenue	Electricity Sales	Revenue
	(MWh)	(RMB)	(MWh)	(RMB)	(%)	(%)
Household	1,520,280	841,312,565.25	1,422,688	790,702,522.70	6.9	6.4
General industrial and commercial	1,200,165	664,402,049.54	1,112,936	635,681,343.59	7.8	4.5
Large industrial	1,620,478	953,164,185.37	1,522,072	811,881,999.12	6.5	17.4
State Grid	114,598	32,202,452.88	110,889	29,655,413.41	3.3	8.6
Others	94,839	33,237,959.95	91,769	32,580,443.44	3.3	2.0
Total	<u>4,550,360</u>	<u>2,524,319,212.99</u>	<u>4,260,354</u>	<u>2,300,501,722.26</u>	<u>6.8</u>	<u>9.7</u>

Most of our revenue for the year ended 31 December 2022 was derived from general power supply business, including generation, distribution and sales of power. We generated revenue of approximately RMB2,524.3 million from our general power supply business, which accounted for approximately 76.3% of revenue from principal business.

### 2.2.2 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 revenue of approximately RMB384.4 million from incremental power transmission and distribution business for the year ended 31 December 2022, which accounted for approximately 11.6% of revenue from principal business.

### 2.2.3 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 year ended 31 December 2022, we generated revenue of approximately RMB400.9 million from our EECS business, which accounted for approximately 12.1% of revenue from principal business.

## 2.3 Major Operational Measures

### 2.3.1 *Keeping Abreast of Industry Policies and Promoting Quality Development*

Firstly, the Company has achieved breakthroughs in its strategic planning for the 14th Five-year Period. Since the implementation of the 14th Five-year plan, the Company strengthened organizational leadership, innovated on tenure mechanism, optimized the planning system, and attached importance to project support. According to the Company's development status, based on the energy revolution, the goal of carbon peaking and carbon neutrality, the power system reform, the local economic and social development, and the people's needs for a better life, the Company established the overall strategic goal of building a "first-class modern comprehensive energy service provider in western China", the development philosophies of "two models" and "dual wings" and the industrial layout, and set up the development goals of "going out of Yibin" and "2111". Secondly, the Company completed the state-owned enterprise reform. It adhered to the keynote of "striving for progress while maintaining stability", focused on key tasks, enhanced strengths, addressed inadequacies and shored up weakness, and further improved the corporate governance structure and market-oriented operation mechanism by implementing a series of in-depth reform measures, effectively improving the overall operation efficiency of the Company, condensing consensus on the Company's reform and development, and laying a solid foundation for building a first-class regional modern comprehensive energy service provider primarily engaged in power supply. Thirdly, the Company's three-system reforms secured solid results. It studied and formulated the Administrative Measures for the Tenure System and Contract-based Remuneration and Assessment for Management (Trial), established the remuneration recourse and deduction system, and achieved full coverage of the tenure system and contractual reform of management in the Group, thereby forging an assessment mechanism featured with "risk and profit sharing" between the Company and employees and imposing performance assessment on all employees. The Company promoted the employment marketization in an all-round manner, with all new employees recruited in social recruiting and all management members competing for posts, which formed a normalization mechanism for the management with flexible promotion or demotion, flexible service term and adjustable income distribution. Fourthly, the Company integrated its power generation business for further growth. Based on the Company's strategic planning of strengthening and expanding power assets, the Company established Sichuan Energy Investment Yibin Power Generation Co., Ltd. to achieve overall management over the Company's six core hydropower stations; accelerated the implementation of centralized control transformation project of hydropower station basin, and carried out trial operation of connection system of six hydropower stations, including Yangliutan, Xuetuo, Menkantan, Youguankou, Laifu and Yuejiang, in order of priority. Fifthly, the Company optimized and upgraded its organizational structure. In accordance with the principle of "smooth operation, streamlining and high efficiency", the Company adjusted and optimized the organization of the headquarters, defined the responsibilities and clarified the boundaries of powers and responsibilities of departments; established Sichuan Energy Investment Gao County Comprehensive Energy Co., Ltd., standardized the setup of safety production management institutions in member companies, and strengthened the construction of material management organization system of affiliated power companies.

### **2.3.2 Tackling Difficulties and Strengthening Operational Foundation**

Firstly, the Company maintained stability in production and operation. It proactively adapted to the reform of transmission and distribution price, strove for favorable policies, and realized the smooth transition to industrial and commercial electricity agent purchasing; and took an array of measures to solve the problem of supply and demand crunch. In the case of power supply shortage in the superior power grid, we adopted effective measures to rationally adjust the operation mode of the power grid, and controlled the load of industrial enterprises based on the priority of “shifting peaks first, avoiding peaks second, and limiting supply ultimately”, which ensured the reliable use of electricity for households, government departments, public utilities and other units. The Company’s power grid withstood such severe test, fully demonstrating the strategic value of our adherence to the philosophy of “source-based and regional-oriented supply and two grids”. We insisted on stimulating organic growth, tapping the potential and enhancing efficiency through enhancing the management assessment of economic and technical indicators such as line loss, and strengthened the standardization of electricity consumption, finance, construction, investment, materials and other aspects, so as to further plug in management loopholes, and achieve stable profit growth. Secondly, the Company’s power grid construction went smoothly. It planned to invest RMB991 million throughout the year, and the Company was expected to have invested RMB876 million, with a completion rate of 88.41%. In particular, investments in the power grid infrastructure project, the technical transformation project and the rural power grid project were RMB256 million, RMB236 million and RMB381 million, respectively. The Xingwen County Lianhua 220 kV New Substation Project has been completed, passed the commissioning acceptance and entered the trial operation stage. The Pingshan County Wangchang-Chaxiang 110 kV New Transmission Line Project and Gong County Yuqing No.3 Main Transformer Capacity Expansion Project have been completed and put into operation. The Junlian County Beijingba to Jingyang 110 kV New Power Transmission and Transformation Project has been completed. The Xingwen County Dahe 110 kV New Power Transmission and Transformation Project is currently under design of construction drawing, and the Company’s power supply capacity and reliability have been greatly strengthened. The Company vigorously promoted the application of “four new” technologies, comprehensively implemented the construction of production management system, distribution automation system, substation intelligent inspection system and centralized control management system of hydropower station, and further enhanced the power grid resource allocation capacity and intelligent interaction capacity. Thirdly, the Company maintained sound business development momentum. It actively seized the opportunity of “Power-driven Sichuan” and “Power-driven Yibin” initiatives, accelerated research, exploration and deployment, and promoted the construction of a comprehensive energy business sector. In 2022, the Company built more than 580 charging piles and put into operation, and Gao County Comprehensive Energy Company was established as scheduled. The Company expedited a number of demonstration projects integrating photovoltaic energy, energy storage, charging, detection and discharge, such as Gao County Tea Trade City Charging Station, Gao County Fuxi Comprehensive Energy Station Phase I Heavy Truck Power Station, Gao County Jia Cun Industrial Park Heavy Truck Power Station, Chengdu Pidu District Yuanyuan Market and Xingwen County Bamboo Industrial Park Roof Distributed Photovoltaic Power Generation Project. It strengthened external strategic cooperation, expanded industrial chain, reached cooperation consensus and explored in-depth cooperation with local governments in Gao County, Junlian County, Xingwen County and Changning County, and enterprises and institutions such as Sany Group Co., Ltd. and Chengdu Military Power Supply Station, and gradually built a new energy consumption and service pattern where “electricity remains as the focus and complemented by multi-energies that are safe, green, convenient and efficient”.

### ***2.3.3 Maintaining Ties with the Public and Enhancing the “Power Acquisition” Capacity***

Firstly, the Company made unremitting efforts in COVID-19 pandemic prevention and control. It resolutely aligned its thoughts and actions with General Secretary Xi Jinping’s important instructions on pandemic prevention and control and the decision-making and deployment of the CPC Central Committee. In accordance with the important requirements of “pandemic prevention, economic stability and safe development”, the Company comprehensively and accurately grasped the “new ten rules” optimization measures for pandemic prevention and control of the CPC Central Committee, gained full insight into the new stage, situation and tasks, made comprehensive mobilization and deployment, strengthened efforts in command, dispatching and investment, streamlined the implementation of concrete supporting programs and measures, and reinforced publicity, guidance, supervision and inspection. With the faith, courage and will to fight and win the battle against the pandemic, we pushed forward various prevention and control tasks steadily and in an orderly manner, and remarkably guaranteed power supply amid the pandemic, and were highly recognized by the local Party committee, government and the public. Secondly, the Company enhanced efforts in guaranteeing livelihood. It focused on the special rectification project of eliminating infringements on the interests of the masses and the three-year action plan of “power acquisition”, and through in-depth publicity and education, system improvement, process optimization, business training, etc., it effectively changed concept and established service consciousness. The Company promoted the reform of power supply system and mechanism, explored and improved the normal operation mechanism of power acquisition, sped up the construction of marketing management information system, and strove to build a new service model with streamlined process, compressed time limit and high efficiency and intelligence. It implemented the mechanism of “plugging in multiple loopholes through a single blackout, and calculating before blackout”, and the number of failures and blackouts in the 10 kV power grid decreased by 30% year-on-year. The Company comprehensively investigated the existing low-voltage areas and formulated a two-year remediation plan for low-voltage areas, with an investment of RMB43.62 million. It continuously improved the 96598 system to provide good service consultation and smooth feedback mechanism for users in the supply area, continued to promote service normalization and standardization, achieved 100% user satisfaction rate, and reached a new level in terms of “power acquisition”. In 2022, based on the implementation of the “three zeros and three savings” campaign, the Company upgraded its service mode, continuously improved customers’ experience of “power acquisition”, widely publicized the supervision hotline and service hotline, and timely announced the work trends, policy documents, public announcements, service guides, supervision hotline, service hotline, accessible capacity and other information.

#### **2.3.4 Fulfilling Responsibilities and Cementing the Safety Foundation**

In 2022, the Company did not encounter large-scale power outage accidents in its power grid and general or above personal safety accidents, and the safety production continued to be stable and improved. Firstly, the Company fully implemented the main responsibility of safety production. The primary person in charge was required to personally deploy and promote tasks. The Company formulated the Work Plan for Safety in 2022, and organized the signing of the Responsibility Letter for Safety Production in 2022 to establish a long-term mechanism for safety production, with safety objectives and responsibilities broken down for functional departments to observe. Secondly, the Company effectively prevented security risks. Based on the three-year special rectification campaign for electric power safety production, the Company further promoted the special rectification work against “three violations” and the special rectification work for fire hazards of power transmission and distribution facilities in forest and pastoral areas, formulated the rectification plan, organized six special meetings for tracking and deployment, and the Company’s leaders reached out to front employees in given regions, and conducted 52 in-depth front-line special supervision and inspection. In accordance with the principle of “full coverage, zero tolerance, strict regulation enforcement and practical results”, the Company continued to launch various safety inspections, and 2,044 hidden dangers and problems were investigated throughout the year, and RMB4.20 million was invested in rectification. Thirdly, the Company’s safety emergency management capabilities continued to improve. It comprehensively promoted the construction of emergency management system and effectively improved the emergency response capability. It carried out special trainings such as the new “Safety Production Law”, engineering construction and warning education for a total of 9 times; improved the overall emergency plan for emergencies and 25 special emergency plans for flood control and geological disasters, and took advantage of the “Emergency Drill Month” to carry out 72 emergency drills with more than 800 participants.

### ***2.3.5 Guided by Party Building and Reinforcing Cultivation of Management Team***

The Company adhered to the guiding role of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, thoroughly studied and implemented the spirit of the 20th National Congress of the CPC and the spirit of the previous plenary sessions of the 19th Party Congress, earnestly learned from and understood the spirit of the important instructions of General Secretary Xi Jinping put forward in Sichuan and the spirit of the 12th Party Congress of Sichuan Province, and promoted the Company's high-quality development with high-quality Party building. Firstly, the Company paid attention to ideological and political construction. It reinforced the political character of loyalty of Party members to the Party, guided party members to profoundly grasp the "two establishments", constantly improved their political judgment, political understanding and political execution, actively practiced their initial mission, and served the reform and development. Secondly, the Company consolidated organizational construction. It further promoted the establishment of the "four focuses and one high-quality development" grass-roots demonstration site for ideological and political work in state-owned enterprises, and played a demonstration and leading role. During the year, a total of 30 Party branches actively created a series of Party building brands, such as learning, leading, service-oriented, disciplining and demonstration brands, based on the theme of "Red Heart to the Party, and Lighting Five Stars". Thirdly, the Company strengthened the construction of management team. It organized the competition for internal middle-level management positions in the headquarters, supervised the subordinate companies to complete the open competition for middle-level management positions, completed the open selection of managers in subordinate companies, promoted the full coverage of competition for internal middle-level management positions in subordinate companies, and improved the normalized selection mechanism for management with flexible promotion or demotion, adjustable income distribution, tenures and assessments. Fourthly, the Company consolidated Party conduct and integrity. It formulated the Key Points of Discipline Inspection and Supervision in 2022; signed the annual responsibility letter consecutively for building a clean and honest Party, refined the list of the main responsibilities of the Party committee for building Party integrity and the list of the supervisory responsibilities of the Commission for Discipline Inspection, and further consolidated the political responsibility of Party management. Fifthly, the Company strengthened ideological construction. It adhered to the correct direction of public opinion, and committed itself to integrity and innovation, continued to strengthen news propaganda and public opinion guidance, regularly made judgements over the risks of public opinion and put forward prevention and control measures, integrated cultural construction into the Company's Party building, strategic planning, production and operation, human resources and work style construction, so as to build a top-down corporate culture publicity system, and continuously enhance the sense of identity and belonging of management and staff. The Company created a sound cultural atmosphere for career and business scrambling.

### 3. FINANCIAL REVIEW

#### Analysis of key items in the consolidated income statement

##### *Operating revenue*

Principal business	Year ended 31 December	
	2022 (RMB)	2021 (RMB)
General power supply business	2,524,319,212.99	2,300,501,722.26
Incremental power transmission and distribution business	384,440,007.61	489,136,787.72
EECS business <sup>(1)</sup>	400,866,025.70	376,129,630.93
Total	<u>3,309,625,246.30</u>	<u>3,165,768,140.91</u>

Note:

- (1) Includes revenue from the sales of electric equipment and materials of approximately RMB21.4 million for the year ended 31 December 2022.

Operating revenue from principal business increased by approximately 4.5% from approximately RMB3,165.8 million for the year ended 31 December 2021 to approximately RMB3,309.6 million for the year ended 31 December 2022, primarily due to an increase in revenue from the general power supply business and EECS business.

##### *General Power Supply Business*

Revenue generated from general power supply business increased by approximately 9.7% from approximately RMB2,300.5 million for the year ended 31 December 2021 to approximately RMB2,524.3 million for the year ended 31 December 2022, primarily due to an increase in the scale of electricity demands of large industrial customers in 2022 as compared with 2021. For the years ended 31 December 2021 and 2022, revenue from the general power supply business accounted for approximately 72.7% and 76.3% of revenue from our principal business, respectively.

##### *Incremental Power Transmission and Distribution Business*

Revenue generated from incremental power transmission and distribution business decreased by approximately 21.4% from approximately RMB489.1 million for the year ended 31 December 2021 to approximately RMB384.4 million for the year ended 31 December 2022, primarily due to a reduction in the scale of our incremental power transmission and distribution business in 2022.

##### *EECS Business*

Revenue generated from the EECS business increased by approximately 6.6% from RMB376.1 million for the year ended 31 December 2021 to approximately RMB400.9 million for the year ended 31 December 2022, primarily due to an increase in the scale of our EECS business.



## ***Operating Costs***

<b>Principal business</b>	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>(RMB)</b>	<b>(RMB)</b>
General power supply business	<b>2,052,839,170.23</b>	1,840,446,101.26
Incremental power transmission and distribution business	<b>376,750,248.89</b>	470,130,512.69
EECS business	<b>311,293,742.98</b>	307,084,810.57
Total	<b><u>2,740,883,162.02</u></b>	<b><u>2,617,661,424.52</u></b>

Operating costs of principal business increased by approximately 4.7% from approximately RMB2,617.7 million for the year ended 31 December 2021 to approximately RMB2,740.9 million for the year ended 31 December 2022, mainly due to an increase in the scale of general power supply business, resulting in an increase in power purchase from third party suppliers.

### ***General Power Supply Business***

Operating costs associated with our general power supply business increased by approximately 11.5% from approximately RMB1,840.4 million for the year ended 31 December 2021 to approximately RMB2,052.8 million for the year ended 31 December 2022, primarily due to an increase in the scale of general power supply business, resulting in an increase in power purchase from third party suppliers in 2022. For the years ended 31 December 2021 and 2022, operating costs of general power supply business accounted for approximately 70.3% and 74.9% of the operating costs of our principal business, respectively.

### ***Incremental Power Transmission and Distribution Business***

Operating costs associated with our incremental power transmission and distribution business decreased by approximately 19.9% from approximately RMB470.1 million for the year ended 31 December 2021 to approximately RMB376.8 million for the year ended 31 December 2022, primarily due to a reduction in the scale of our incremental power transmission and distribution business in 2022.

### ***EECS Business***

Operating costs associated with our EECS business increased by approximately 1.4% from approximately RMB307.1 million for the year ended 31 December 2021 to approximately RMB311.3 million for the year ended 31 December 2022, primarily due to an increase in the scale of our EECS business.

## **Gross Profit and Gross Profit Margin**

<b>Principal business</b>	<b>Year ended 31 December</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Gross Profit</b>	<b>Gross Profit</b>	<b>Gross Profit</b>	<b>Gross Profit</b>
	<b>(RMB)</b>	<b>Margin</b>	<b>(RMB)</b>	<b>Margin</b>
		<b>%</b>		<b>%</b>
General power supply business	<b>471,480,042.76</b>	<b>18.7</b>	460,055,621.00	20.0
Incremental power transmission and distribution business	<b>7,689,758.72</b>	<b>2.0</b>	19,006,275.03	3.9
EECS business	<b>89,572,282.80</b>	<b>22.3</b>	69,044,820.36	18.4
Total	<b>568,742,084.28</b>	<b>17.2</b>	548,106,716.39	17.3

Our gross profit from principal business increased by 3.8% from approximately RMB548.1 million for the year ended 31 December 2021 to approximately RMB568.7 million for the year ended 31 December 2022. Our gross profit margin remained relatively stable at 17.2% and 17.3% for the years ended 31 December 2022 and 2021, respectively.

### **General Power Supply Business**

The gross profit of general power supply business increased by approximately 2.5% from approximately RMB460.1 million for the year ended 31 December 2021 to approximately RMB471.5 million for the year ended 31 December 2022. The gross profit margin of general power supply business decreased by approximately 1.3 percentage points from 20.0% for the year ended 31 December 2021 to 18.7% for the year ended 31 December 2022, primarily due to the increase in scale of general power supply business, and implementation of the new tariff policy imposed on the industrial and commercial electricity selling prices in 2022.

### **Incremental Power Transmission and Distribution Business**

The gross profit of incremental power transmission and distribution business decreased by approximately 59.5% from approximately RMB19.0 million for the year ended 31 December 2021 to RMB7.7 million for the year ended 31 December 2022, primarily due to a decrease in the scale of our incremental power transmission and distribution business in 2022.

### **EECS Business**

The gross profit of EECS business increased by approximately 29.7% from approximately RMB69.0 million for the year ended 31 December 2021 to approximately RMB89.6 million for the year ended 31 December 2022, primarily due to strengthened management measures and strict control on costs, which increased the gross profit and the gross profit margin during the year.

### **Credit Impairment Losses**

Credit impairment losses decreased by approximately 79.1% from approximately RMB14.7 million for the year ended 31 December 2021 to approximately RMB3.1 million for the year ended 31 December 2022, mainly due to the strengthened efforts on collection of receivables. We have, during the Reporting Period, recovered some other receivables for which bad debt had been provided for in the previous period, reducing the current credit impairment losses.

### ***Finance Costs***

Finance costs increased by approximately 16.8% from approximately RMB7.3 million for the year ended 31 December 2021 to approximately RMB8.6 million for the year ended 31 December 2022, primarily due to a foreign exchange loss of RMB2.4 million caused by foreign exchange rate fluctuations in 2022.

### ***Asset Impairment Losses***

Asset impairment losses decreased by approximately 95.4% from approximately RMB16.1 million for the year ended 31 December 2021 to approximately RMB0.7 million for the year ended 31 December 2022, mainly due to certain plants and equipment that were damaged or terminated operation in 2021, which did not happen in 2022.

### ***Gains on Investment in Associates***

Gains on investment in associates increased by approximately 579.4% from approximately RMB1.7 million for the year ended 31 December 2021 to approximately RMB11.9 million for the year ended 31 December 2022, primarily due to an increase of approximately RMB10.1 million in investment gain from associates of the Group with the improvement of market conditions, and the biggest contributor is a real estate company.

### ***Income Tax***

Income tax expenses were approximately RMB50.3 million and RMB59.0 million for the years ended 31 December 2021 and 2022, respectively, at effective tax rates of 15.7% and 16.3%, respectively. The increase in income tax was primarily attributable to an increase in total profit.

### ***Net Profit***

As a result of the above, net profit increased from RMB270.9 million for the year ended 31 December 2021 to approximately RMB302.5 million for the year ended 31 December 2022.

### **Analysis of key items in the consolidated balance sheet**

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

	As at 31 December	
	2022	2021
	(RMB)	(RMB)
Fixed assets	3,062,952,630.19	2,785,047,920.89
Construction in progress	272,105,986.58	115,141,311.68
Right-of-use assets	6,597,730.52	5,844,877.08
Total	<u>3,341,656,347.29</u>	<u>2,906,034,109.65</u>

Fixed assets, construction in progress and right-of-use assets (mainly including plant and buildings, machinery, vehicles, office equipment, projects under construction and right-of-use assets) increased from approximately RMB2,906.0 million as at 31 December 2021 to approximately RMB3,341.7 million as at 31 December 2022, mainly due to an increase in purchase of fixed assets and an increase in the number of construction in progress completed in 2022, and the increase in the number of rural grid consolidation and improvement projects secured in 2021 and commencing construction during the year.

### ***Intangible Assets***

Our intangible assets were approximately RMB128.1 million and RMB149.5 million as at 31 December 2021 and 2022, respectively, primarily because we have added a plot of land.

### ***Accounts Receivable***

Our accounts receivable were approximately RMB372.1 million and RMB363.5 million as at 31 December 2021 and 2022, respectively, primarily due to the strengthened efforts on collection of receivables.

Excluding certain accounts receivable for which bad debts have been provided, the average turnover days of our accounts receivable (calculated by using the average value of the opening and closing balance of the accounts receivable of the relevant period divided by the revenue for the period, and then multiplied by the number of days in the period) were approximately 47.5 days and 46.9 days as at 31 December 2021 and 2022, respectively.

### ***Accounts Payable***

Our accounts payable were approximately RMB602.6 million and RMB598.9 million as at 31 December 2021 and 2022, respectively. The decrease in accounts payable was mainly due to the reduction in the scale of our incremental power transmission and distribution business.

The average turnover days of our accounts payable (calculated by using the average value of opening and closing balance of the accounts payable of the relevant period divided by the cost for the period, and then multiplied by the number of days in the period) decreased from approximately 80.2 days as at 31 December 2021 to approximately 78.9 days as at 31 December 2022, mainly due to the reduction in the scale of our incremental power transmission and distribution business.

### ***Liquidity and Financial Resources***

The Group manages its capital to ensure that entities of the Group will be able to operate as a 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 31 December 2022, our cash and cash equivalents amounted to approximately RMB757.9 million (31 December 2021: approximately RMB584.0 million), among which, the amount for daily operating purpose is approximately RMB300 million, and the remaining consists of unused proceeds and special funds for rural grid consolidation and improvement projects. The increase of the balance of cash and cash equivalents is mainly because of increase of special funds of rural grid consolidation and improvement projects received in 2022.

As at 31 December 2022, the total borrowings of the Group amounted to approximately RMB314.2 million (31 December 2021: approximately RMB313.3 million), including bank and other borrowings. All of our bank and other borrowings bear interest at floating rate.

### **Gearing Ratio**

As at 31 December 2022, the gearing ratio of the Group was approximately 9.9% (31 December 2021: approximately 10.5%). Gearing ratio is calculated based on our total interest-bearing liabilities divided by total equity as of the same date.

## **4. GLOBAL OFFERING AND USE OF PROCEEDS FROM GLOBAL OFFERING**

The Company was listed on the Stock Exchange on 28 December 2018 and 268,800,000 H Shares with a nominal value of RMB1.00 each was issued at a price of HK\$1.77 per Share (the “**Global Offering**”). The net proceeds from the Global Offering amounted to approximately RMB380.5 million. The Group has utilized approximately RMB225.3 million of such proceeds from the Global Offering according to purposes disclosed in the Prospectus as at 31 December 2022. The remaining approximately RMB155.2 million has not been used. The 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 usage of net proceeds from initial public offering (as set out in the Prospectus) (RMB'000)	Amount unused as at 1 January 2022 (RMB'000)	Amount used for the Reporting Period (RMB'000)	Amount unused as at 31 December 2022 (RMB'000)	Estimated schedule
Acquisition of power-related assets	40%	152,193	152,193	0	152,193	2023
Construction and optimization of power grid	30%	114,145	-	-	-	N/A
Establishment of centralized power dispatching and control center and promotion of smart grid system	20%	76,097	-	-	-	N/A
Working capital	10%	38,048	3,426	437	2,989	2030
<b>Total</b>	<b>100%</b>	<b>380,483</b>	<b>155,619</b>	<b>437</b>	<b>155,182</b>	

*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 at 31 December 2022, 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 COVID-19 pandemic and the social restrictions caused by regional epidemic prevention and blockade measures, the intended investment project was unable 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 2023 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 at 31 December 2022, save for 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.

## 5. CAPITAL COMMITMENTS

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

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

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>(RMB)</b>	<b>(RMB)</b>
Contracted for	<u><b>104,883,250.10</b></u>	<u>91,909,064.99</u>

## 6. SIGNIFICANT INVESTMENTS HELD, MAJOR ACQUISITIONS AND DISPOSALS

For the year ended 31 December 2022, we did not have any significant investments held, nor were there major acquisitions and disposals of subsidiaries, associates and joint ventures.

## 7. PLEDGES OF THE GROUP'S ASSETS

No property, plant and equipment were pledged to banks as at 31 December 2022 (31 December 2021: nil).

## **8. FOREIGN EXCHANGE RISK**

The Group does not currently hedge its exposure to foreign currencies and recognizes the profits and losses resulting from fluctuations as and when they arise. The Group carries out business in the PRC and receives revenue and pays its costs/expenses in RMB. The Group distributes dividends in Hong Kong dollar.

## **9. CONTINGENT LIABILITIES**

As at 31 December 2022, the Group did not have any contingent liabilities (31 December 2021: nil).

## **10. MAJOR INVESTMENT PLAN**

We plan to expedite the construction of the high pressure level power grids, including the investment in the construction of the Western Xingwen County 110 kV new power transmission and distribution project, Gao County Tianfu 110 kV new power transmission and transformation project, Pingshan County Yongkang 110 kV new power transmission and transformation project and Pingshan County Changhe 110 kV new power transmission and transformation project. We also plan to build four 110 kV substations and eight main transformers with a capacity of 452,000 kVA. The total investment is RMB300.5 million, 40% of which are capital funds and 60% of which are bank loans. The main project is expected to be completed by the end of 2023 in order to improve the power supply and support capabilities, operational efficiency and service level of the regional power grid.

## **11. EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2022, the Group had a total of 2,828 full-time employees (31 December 2021: 2,880). The related employee costs (including Directors' fees) for the year were approximately RMB454.9 million. The Group believes that attracting, recruiting and retaining high-quality employees is essential to the success of the Company. Our employee compensation is determined based on current industry practices and employees' educational background, experience and performance. The Group has contributed to a number of employee social security plans managed by local governments for employees as required by PRC laws and regulations, including housing provident funds, pensions, medical insurance, social insurance and unemployment insurance, etc., which are vested in the employees and will not be confiscated by the Group when they leave the Group. Accordingly, there are no forfeited contributions under the employee social security plans which may be used by the Group to reduce its existing level of contributions during the year ended 31 December 2022. The Group also provides employees with adequate job trainings. To attract outstanding employees, the remuneration committee under the Board regularly reviews employees' remuneration policies and benefits.

## **12. SUBSEQUENT EVENTS**

On 22 February 2023, China Securities Regulatory Commission accepted the Company's application for H shares full circulation. For details, please refer to the announcement of the Company dated 22 February 2023.

Except for the above and the declaration of dividends, there are no material events affecting the Company or any of its subsidiaries after 31 December 2022 and up to the date of this announcement.

## **13. IMPACT OF THE COVID-19 PANDEMIC ON THE COMPANY**

On the whole, the COVID-19 pandemic had no significant impact on the Company's financial position and operation performance in 2022. The Group strengthened management of receivables during the year, formulated policies about receivables management and assessment, all of which improved receivable turnover.

## **14. OUTLOOK**

Focusing on the corporate philosophy of “committed to green and low carbon development and technology empowerment” of the Group, the Company will firmly grasp the national “carbon peaking and neutrality” strategic opportunity along the development path of “three strengths and one excellence”, unswervingly implement the new development concept, attach importance to strengthening power guarantee and accelerating transformation and development, and stress politics, promote operation, strengthen management and seek development. It will ensure safety and stability, improve operation level, improve economic benefits, and lay a solid foundation for realizing the Company's strategic objectives in the 14th Five-Year Period.



**(1) Consolidating Safety Foundation to Ensure the Safe and Stable Operation of Power Grids**

The Company will earnestly implement the fifteen measures for safety production issued by the State Council, promote the achievements of three-year special rectification of safety production, and continuously cement the safety foundation. Firstly, the Company will regularly carry out fire hazard remediation of power transmission and distribution facilities in forest and pastoral areas, increase the intensity and investment in the investigation and management of hidden dangers, carry out risk identification, establish and improve the hidden danger management ledger, strictly conduct “closed-loop management” and dynamic management of safety hazards, innovate ways and means, leverage rewards and punishments and eliminate going through formalities. Secondly, the Company will firmly establish the understanding that “a large-scale power outage is also an accident”, continue to clear the obstacles in the power line channel, earnestly put the equipment ownership system and the line contract system in place, vigorously carry out job skills training, improve the technology of unmanned aerial vehicle line inspection, gradually realize the full coverage of unmanned aerial vehicle line inspection for lines of 35 kV and above, actively and steadily promote the pilot of live line operation for lines of 10 kV and above, and effectively improve the efficiency and quality of maintenance inspection. Thirdly, the Company will further enhance the dispatching command function of the power grid, give full play to the overall planning advantages of the regional power grid, continuously optimize the power supply scheme and plan, thoroughly solve the problem of redundancy among dispatchers at all levels, ensure the efficient operation of the dispatching section, fully integrate the “grid-source-load” resources of the regional power grid, and guarantee the power supply of the power grid in extreme situations more efficiently, so that people’s daily electricity consumption will not be affected, and key units, premises and users may have reliable access to electricity.

**(2) Focusing on Efficiency to Strengthen Operation and Management**

Firstly, the Company will continue to focus on the exploration of power market and vigorously cultivate high-quality customers; intensify marketing inspection efforts, plug loopholes in marketing management, strengthen the clearance and rectification of mixed use of electricity between businesses and residents, and eliminate mixed pricing; reinforce the anti-theft in power consumption, continuously standardize the management mode and business process, optimize the management norms, and refine the evaluation standards of the management quality, and strive to achieve all-round management of “business dynamics”, “real-time business activities”, “business quality” and “business indicators”. It will strengthen the load monitoring and market forecasting management on power supply side and demand side, establish a rolling forecasting mechanism of power and electricity quantity, formulate and improve the system of off-peak power consumption for enterprises, improve the management level of orderly power consumption, enhance the load rate, and maximize the use of electricity. Secondly, the Company will adhere to the “synergy” of the Company, give full play to the advantages of the three major business structures, and effectively penetrate into, promote and deepen internal circulation. It will clarify the respective responsibilities and tasks of subordinate companies, and form a joint force to actively and steadily expand new business to ensure the maximization of social benefits and the Company’s interests. Thirdly, the Company will actively expand financing channels, innovate on financing methods, strictly control external investment, improve the efficiency of capital utilization and input-output ratio, and maximize the Company’s resource advantages. It will strengthen line loss management, and on the premise of fully ensuring the safety and reliability of the power grids, the regional dispatching center of the Company should not only give full play to the overall advantages of the Company in terms of grid source, regionalization and two grids, but also optimize the operation mode, strengthen economic dispatching and reduce the cost of power purchase, and should also make full use of Yibin’s advantages in gas, light and other resources, and actively and steadily promote the continuous enrichment and expansion of the power supply structure of the power grid according to local conditions. Fourthly, the Company will continue to carry out the special task of reducing “balance of inventories and accounts receivable”, strengthen the management of “balance of inventories and accounts receivable”, reinforce collection measures, promote control at source, ensure that the growth rate of “balance of inventories and accounts receivable” does not exceed the growth rate of operating revenue, and continuously improve the capacity of material management and financial co-ordination.

**(3) Being Dedicated to the Service Philosophy to Boost Power Acquisition Capacity of Users and the Public**

Firstly, the Company will strengthen power outage management. It will strictly implement the national work requirements of “two rates and household distribution and transformation capacity”, make systematic planning, follow strict procedures, formulate timetables and road maps, come up solutions for specific issues and make accurate investment; further fulfill the responsibilities, and incorporate the indicators such as “two rates”, planned power outage execution, technical renovation project construction and defective equipment elimination into the assessment system. Secondly, the Company will promote the “transparent business model”. It will make public the information of electricity service, promote the visualization construction of power grid resource information, improve the transparency of power supply scheme, promote the on-site electricity service at mobile operation terminals, realize the “electricity service via face swiping” for residential customers and “electricity service via one certificate” for corporate customers, promote the online transformation of electricity service, and realize the online service of all business types. Thirdly, the Company will continue to improve its service awareness. It will actively and steadily promote the construction of 96598 customer service center staff team, and jointly create a corporate culture propaganda position in the business hall; strengthen the training of business personnel in terms of policies, regulations and operational norms, as well as the management and assessment of daily work, enhance compliance awareness, grasp business processes, boost business capabilities, and achieve closed-loop management in strict accordance with the filing lists.

**(4) Being Committed to Innovation to Proactively Expedite Corporate Transformation**

Firstly, the Company will unswervingly promote the development of power grid. It will push forward the power construction, and make overall plans to solve the problems such as insufficient power supply, power grid bottleneck, low level of informatization, weak distribution network in some towns and villages, and substandard two rates. The Company will gain insight into the situation and improve the understanding of the importance and urgency of project construction. Based on the actual grid situation in the supply area, we will continue to promote the interconnection of 220 kV grid, vigorously press ahead with the construction of key power grid projects, and plan to build a new power grid with 220 kV as the backbone and integrating source, grid, load and storage. It will vigorously promote the application of four new technologies, comprehensively propel the construction of production management system, distribution automation system and centralized control management system of hydropower stations, and improve the power grid resource allocation ability, security guarantee ability and intelligent interaction ability. The Company will completely rectify the problems of low investment implementation rate, and random technical transformation without systematic norms, and realize the integration, intelligence, observability, measurability and controllability of source, grid, load and storage in power grid development, and meet the electricity demand of local economy, society and residents for a better life. Secondly, the Company will make unremitting efforts to focus on the comprehensive energy. It will seize the historical opportunity of “Clean Sichuan” and “Power-driven Yibin” initiatives, make full use of the superior resources of local governments, establish cooperative relations with local government platform companies, focus on the principal business, and strength auxiliary business. The Company will improve the management system, innovate on the system and mechanism, unify planning, standards and management, define the responsibilities of electricity companies, power construction companies, power companies and comprehensive energy companies, fully support power construction companies to continuously increase market share, power companies to strengthen their core business, and comprehensive energy companies to speed up business presence establishment, give full play to the professional and technical advantages of the three business segments, and actively study the business model, development model and management model of providing value-added services such as contract energy management, energy saving and consumption reduction, electricity market-oriented trading, power equipment operation and maintenance for large industrial users in the supply area, and continue to promote the development strategy of the Company’s transformation into a comprehensive energy service provider. Thirdly, the Company will be committed to promoting capital operation. It will accelerate the materialization of H Share full circulation project, give full play to the advantages of the listing platform, extend along the industrial chain, speed up the implementation of merger and acquisition projects, expand the corporate scale, improve stock liquidity, enhance the attractiveness to the capital market and enhance the influence of the Company’s market value. The Company will accelerate the promotion of share incentive plan, introduce modern incentive and restraint mechanism, and stimulate the Company’s inherent dynamics.

**(5) Prioritizing Political Construction of the Party to Contribute to Sound Development with Quality Party Building**

Firstly, the Company will adhere to the theoretical armament. It will carry out the study of the spirit of the 20th National Congress of the CPC, strengthen the backbone of ideological and political construction, persist in arming the mind with Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, focus on fortifying ideals and beliefs as the primary task of ideological construction, and effectively control the "main switch" of ideology. Secondly, the Company will unswervingly adhere to the leadership of the Party. It will strengthen grassroots Party building and organizational guarantee, and integrate the Party's leadership into all aspects of corporate governance. Thirdly, the Company will insist on team building. It will deepen the responsibility system for Party building, strengthen daily supervision and inspection, semi-annual supervision and strict annual assessment, and cultivate a compound talent team familiar with both Party affairs and management. Fourthly, the Company will adhere to strict management of the Party. It will enhance the scientificness, predictability and initiative of supervision and discipline, continue to strengthen discipline, and extend governing the Party in an all-round and strict way to the grassroots. Fifthly, the Company will persist in cultural construction. It will focus on the principle of "people-oriented, practical results, systematic operation and distinct characteristics" in corporate culture, integrate cultural construction into the Company's Party building, strategic planning, production and operation, human resources and work style construction, adhere to the correct guidance of public opinion, committed to innovation, launch columns for the 20th National Congress of the CPC through corporate WeChat, corporate official website and other platforms, persist in serving the grassroots, get deeply involved with the masses, strengthen publicity and public opinion guidance, and contribute to the cultivation of a more resounding and positive main theme.

## **DIVIDENDS AND DISTRIBUTION**

As at the date of this announcement, the Board proposed to declare a final dividend of RMB0.12 per Share (tax inclusive) for the year ended 31 December 2022 to Shareholders whose names appear on the register of members of the Company on 29 June 2023, with the total amount of dividend amounting to approximately RMB128,922,924. The declaration of dividend shall be subject to approval by Shareholders at the AGM, and the final dividend is expected to be paid on 21 July 2023.

For the distribution of dividends, dividends for holders of Domestic Shares and Unlisted Foreign Shares will be declared and paid in RMB, while dividends for holders of H Shares will be declared in RMB but paid in HK\$. The exchange rate adopted for conversion was the average of the medium conversion price between RMB and HK\$ as announced by China Foreign Exchange Trading Center for the calendar week immediately prior to 28 March 2023, being the date of proposed declaration of dividend (i.e. 21 March 2023 to 27 March 2023) (HK\$1.0 to RMB0.8749). Accordingly, the amount of the final dividends payable in HK\$ will be HK\$0.13716 per Share.

## **FINAL DIVIDEND INCOME TAX APPLICABLE TO OVERSEAS SHAREHOLDERS**

Under the relevant tax rules and regulations of the PRC (collectively the “**PRC Tax Law**”), the Company is required to withhold enterprise income tax at the rate of 10% when distributing final dividends to non-resident enterprises (such term shall have the meaning as defined under the PRC Tax Law) whose names appear on the H share register of members of the Company.

In accordance with the PRC Tax Law, the Company is also required to withhold individual income tax when distributing final dividends to individual shareholders whose names appear on the H share register of members of the Company. The Company will determine the country of domicile of the individual H Shareholders based on the registered addresses as recorded in the H share register of members of the Company on the record date with details as follows:

For individual H Shareholders who are Hong Kong and Macau residents and those whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of them.

For individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of them. If such individual H Shareholders would like to apply for a refund of the additional amount of tax withheld and paid, the Company may make applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to the tax treaties.

For individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of higher than 10% but lower than 20%, the Company would withhold and pay the individual income tax at the agreed-upon effective tax rate on behalf of them.

For individual H Shareholders who are residents of those countries without any tax treaties with the PRC or having tax treaties with the PRC stipulating a dividend tax rate of 20% or more and other situations, the Company would withhold and pay the individual income tax at a tax rate of 20% on behalf of them.

Should H Shareholders have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax implications in Mainland China, Hong Kong and other countries (regions) on the possession and disposal of the H Shares of the Company.

The Company will strictly comply with the requirements of relevant government departments, and will withhold and pay the enterprise/individual income tax on behalf of its Shareholders whose names appear on the H share register of the Company on the record date. The Company will take no responsibility and will reject any requests from Shareholders whose identity cannot be confirmed within the specified time or cannot be confirmed at all or any disputes arising from the arrangement of withholding tax or paying tax. However, the Company may provide assistance to the extent of its ability.

#### **CLOSURE OF REGISTER OF MEMBERS**

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 13 June 2023 to 16 June 2023 (both days inclusive), during which period no transfer of Shares will be effected. In order to be qualified to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the H share registrar of the Company, namely Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by holders of H Shares, or to the Company's registered office at No. 789, Renhe Road, Wenjiang District, Chengdu City, Sichuan Province, the PRC for registration by holders of Domestic Shares and Unlisted Foreign Shares no later than 4:30 p.m. on 12 June 2023.

In order to determine the entitlement of Shareholders for the final dividend, subject to the approval of the Shareholders at the AGM, the register of members of the Company will be closed from 26 June 2023 to 29 June 2023 (both days inclusive), during which period no transfer of Shares of the Company will be effected. The Company will distribute final dividends to Shareholders whose names appear on the register of members of the Company on 29 June 2023. In order to be qualified to obtain final dividends, all transfers accompanied by the relevant share certificates must be lodged with the H share registrar of the Company, namely Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by holders of H Shares, or to the Company's registered office at No. 789, Renhe Road, Wenjiang District, Chengdu City, Sichuan Province, the PRC for registration by holders of Domestic Shares and Unlisted Foreign Shares no later than 4:30 p.m. on 23 June 2023.

#### **PUBLIC FLOAT**

As at the date of this announcement, based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company maintained sufficient public float, that is, the public Shareholders held not less than 25% of the issued share capital of the Company as required by the Listing Rules.

#### **CORPORATE GOVERNANCE CODE**

As a company listed on the Main Board of the Stock Exchange, the Company has adopted the Corporate Governance Code as its own code for corporate governance. During the period from 1 January 2022 to 31 December 2022, the Company has complied with all the applicable Corporate Governance Code provisions.

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

The Company has also adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors and the Supervisors. Having made specific inquiries with all Directors and Supervisors, all Directors and Supervisors confirmed that they have complied with the Model Code throughout the year ended 31 December 2022.

## **AUDIT COMMITTEE**

The Audit Committee is mainly responsible for supervising our internal control, risk management, financial information disclosure and financial reporting.

The Audit Committee comprises Mr. Kin Kwong Kwok Gary (郭建江) (independent non-executive Director), Ms. Han Chunhong (韓春紅) (non-executive Director) and Prof. Li Jian (李堅) (independent non-executive Director), with Mr. Kin Kwong Kwok Gary serving as the chairman of such committee. The Group's audited annual results for the year ended 31 December 2022 have been reviewed by the Audit Committee, which was of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group for selection and appointment of the external auditors and the financial management and internal control systems of the Group.

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary results announcement have been compared by the Group's auditor, KPMG Huazhen LLP, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2022, and the amounts were found to be in agreement. The work performed by KPMG Huazhen LLP in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

## **ANNUAL GENERAL MEETING**

The forthcoming AGM is expected to be held on 16 June 2023. The notice of the AGM will be published on the websites of the Company ([www.scntgf.com](http://www.scntgf.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and dispatched to the Shareholders in due course.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.scntgf.com](http://www.scntgf.com)). The annual report for the year ended 31 December 2022 of the Company containing all the information required by Appendix 16 to 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:

“14th Five-year Period”	the 14th five-year period for the PRC national economic and social development, being year 2021 to 2025
“Accounting Standards for Business Enterprises”	the accounting standards for business enterprises issued by the Ministry of Finance of the PRC
“AGM”	the annual general meeting to be convened by the Company on 16 June 2023
“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 shares 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
“H Share(s)”	the issued ordinary share(s) of RMB1.00 each in the share capital of the Company, which are listed on the Main Board of the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	listing of the H Shares of the Company on the Main Board of the Stock Exchange
“Listing Date”	28 December 2018, the date on which the H Shares of the Company were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
“Prospectus”	the prospectus dated 13 December 2018 in relation to the initial public offering of H Shares
“Reporting Period”	the period from 1 January 2022 to 31 December 2022
“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)
“Supervisor(s)”	the supervisor(s) of the Company

“Unlisted Foreign Shares” ordinary shares issued by the Company that are not listed on any stock exchange, with a nominal value of RMB1.00 each, and held by China Power International Development Limited (a company incorporated in Hong Kong with limited liability)

“%” per cent.

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

Chengdu, Sichuan Province, the PRC, 28 March 2023

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

\* For identification purposes only