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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)

CONNECTED TRANSACTIONS
EPC CONTRACTS

(1) EPC CONTRACT 1

On 26 February 2024, after trading hours, (i) Gao County Electricity (being a subsidiary of the Company) as principal, and (ii) Sichuan Energy Investment Development Construction, Sichuan Shengchang and Sichuan Tuolang as contractors, entered into the EPC Contract 1, pursuant to which Gao County Electricity agreed to engage Sichuan Energy Investment Development Construction, Sichuan Shengchang and Sichuan Tuolang to provide relevant EPC services in relation to the Project 1.

(2) EPC CONTRACT 2

On 26 February 2024, after trading hours, (i) Xingwen Electricity (being a subsidiary of the Company) as principal, and (ii) Sichuan Energy Investment Development Construction, Sichuan Energy Investment Integrated Energy and Materials Industry Group as contractors, entered into the EPC Contract 2, pursuant to which Xingwen Electricity agreed to engage Sichuan Energy Investment Development Construction, Sichuan Energy Investment Integrated Energy and Materials Industry Group to provide relevant EPC services in relation to the Project 2.

(3) EPC CONTRACT 3

On 26 February 2024, after trading hours, (i) Pingshan Electricity (being a subsidiary of the Company) as principal, and (ii) Sichuan Energy Investment Development Construction and Sichuan Tuolang as contractors, entered into the EPC Contract 3, pursuant to which Pingshan Electricity agreed to engage Sichuan Energy Investment Development Construction and Sichuan Tuolang to provide relevant EPC services in relation to the Project 3.

(4) EPC CONTRACT 4

On 26 February 2024, after trading hours, (i) Junlian Electricity (being a subsidiary of the Company) as principal, and (ii) Sichuan Energy Investment Development Construction and Sichuan Energy Investment Integrated Energy as contractors, entered into the EPC Contract 4, pursuant to which Junlian Electricity agreed to engage Sichuan Energy Investment Development Construction and Sichuan Energy Investment Integrated Energy to provide relevant EPC services in relation to the Project 4.

(5) EQUIPMENT AND MATERIALS PROCUREMENT CONTRACT

On 26 February 2024, after trading hours, (i) Junlian Electricity (being a subsidiary of the Company) as principal, and (ii) Materials Industry Group as Contractor, entered into the the Equipment and Materials Procurement Contract, pursuant to which Junlian Electricity agreed to engage Materials Industry Group to provide procurement of equipment and materials service in relation to the Project 4.

LISTING RULES IMPLICATIONS

As at the date of this Announcement, Hydropower Group and Energy Investment Group (the holding company of Hydropower Group) are two of the controlling shareholders of the Company. Certain parties to the EPC Contracts are associates of Hydropower Group or Energy Investment Group: (i) Sichuan Energy Investment Integrated Energy is a wholly-owned subsidiary of Hydropower Group; and (ii) Materials Industry Group is a wholly-owned subsidiary of Energy Investment Group. Accordingly, Hydropower Group, Energy Investment Group, Sichuan Energy Investment Integrated Energy and Materials Industry Group are connected persons of the Company under Rule 14A.07 of the Listing Rules.

Under each EPC Contract, the portion of assets constructed which are financed by the Hydropower Group Construction and Management Agency Remaining Funds are distinguishable and separated from those financed by the Own Development Remaining Funds. Pursuant to the arrangements agreed between the Group and Hydropower Group, (i) for such portion of assets which are financed by the Hydropower Group Construction and Management Agency Remaining Funds, the ownership of such portion of assets would belong to the Hydropower Group upon completion of the project; and (ii) for such portion of assets which are financed by the Own Development Remaining Funds, the ownership of such portion of assets would belong to the Group.

Against this backdrop, and after considering the ownership of the assets after completion and the sources of funding of the contract sum under each EPC Contract, the Group considers that under each EPC Contract, (i) the portion of the works of the project which is financed by the Hydropower Group Construction and Management Agency Remaining Funds would be connected transactions of the Company; and (ii) for the portion of the works of the project which is financed by the Own Development Remaining Funds, such works which are undertaken by connected persons of the Company (i.e. Sichuan Energy Investment Integrated Energy and Materials Industry Group) would be connected transactions of the Company ((i) and (ii) together as the “**Connected EPC Transactions**”).

On the premise set out above, since all applicable percentage ratios in respect of the Connected EPC Transactions under the EPC Contracts on an aggregated basis is less than 5% but the relevant consideration exceeds HK\$3 million, the Connected EPC Transactions under the EPC Contracts and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

EPC CONTRACT 1

The principal terms of the EPC Contract 1 are set out below:

- Date:** 26 February 2024 (after trading hours)
- Parties:**
- (1) Gao County Electricity (as principal);
 - (2) Sichuan Energy Investment Development Construction (as contractor);
 - (3) Sichuan Shengchang (as contractor); and
 - (4) Sichuan Tuolang (as contractor).
- Project:** The Gao County Rural Power Grid Remaining Funds (from 2005 to 2015) Adjustment Project, comprising the construction and renovation of 10 kV power lines, installation or renovation of 10 kV distribution transformers, and renovation of low-voltage lines.
- Scope of service:** Survey, design, construction, procurement and installation of essential equipment and materials under the Project 1
- Construction period:** 180 calendar days
- Conditions precedent:** The contract shall become effective subject to the satisfaction of the following conditions precedent:
- (1) the legal representative or authorised agent of each party to the contract having executed the contract or affixed the seal thereto; and
 - (2) the principal having received the performance guarantee from the approved contractors.
- Period of warranty:** 24 months commencing from the issuance of project delivery certificate

Total estimated contract price:

RMB6,942,885 (tax inclusive) which comprises (i) the survey and design fee of RMB258,755 (tax inclusive); (ii) the construction and installation fee of RMB5,948,807.47 (tax inclusive); and (iii) the equipment procurement fee of RMB735,322.53 (tax inclusive), subject to completion and settlement audit report issued by an audit institution engaged by the principal. Based on the Company's past experience and estimation, the final settlement amount is expected to have a fluctuation of no more than 10% from the estimated contract price.

The entire sum of the contract sum of EPC Contract 1 would be financed by the Hydropower Group Construction and Management Agency Remaining Funds.

Pursuant to the arrangement set out under the EPC Contract 1, the implementation unit for the relevant works under the EPC Contract 1, the allocation of contract sum and source of funding are as follows:

Works	Implementation unit	Relationship of the implementation unit with the Group	Source of funding (tax inclusive) and allocation of contract sum payable
			Hydropower Group Construction and Management Agency Remaining Funds
Survey and design	Sichuan Shengchang	Independent third party	RMB258,755
	Sichuan Tuolang	Independent third party	
Construction and installation	Sichuan Energy Investment Development Construction	Subsidiary of the Company	RMB5,948,807.47
Equipment procurement	Sichuan Energy Investment Development Construction	Subsidiary of the Company	RMB735,322.53
Total:			<u>RMB6,942,885.0</u>

- Payment terms:** The contract price shall be paid in the following manner:
- (i) Upon receipt of the contractor's performance guarantee (or performance bond) and receipt of the payment application, the principal shall make a prepayment of 20% of the estimated total contract price within 14 days;
 - (ii) up to 80% of the total contract price based on 80% of the actual amount of the construction work completed each month;
 - (iii) up to 90% of the total contract price after completion and acceptance of the project;
 - (iv) up to 97% of the total contract price after settlement and audit; and
 - (v) the remaining 3% of the total contract price shall be retained as quality warranty and payable upon verification of completion of defect liability after the expiry of warranty period.

EPC CONTRACT 2

The principal terms of the EPC Contract 2 are set out below:

- Date:** 26 February 2024 (after trading hours)
- Parties:**
- (1) Xingwen Electricity (as principal);
 - (2) Sichuan Energy Investment Development Construction (as contractor);
 - (3) Sichuan Energy Investment Integrated Energy (as contractor); and
 - (4) Materials Industry Group (as contractor).
- Project:** The Xingwen County Rural Power Grid Remaining Funds (from 2005 to 2015) Adjustment Projects – 10 kV and Below Project, comprising the construction and renovation of 10 kV lines, the construction or expansion and renovation of 57 transformers, and low-voltage lines (including renovation of household lines), and the rectification project of potential forest and grassland fire safety hazards risk issues of the 10 kV line and the rectification project of potential forest and grassland fire safety hazards risk issues of the substations.
- Scope of service:** Design, construction, procurement and installation of essential equipment and materials under the Project 2
- Construction period:** 210 calendar days

Conditions precedent: The contract shall become effective subject to the satisfaction of the following conditions precedent:

Each party to the contract having executed the contract or affixed the seal thereto.

Period of warranty: 24 months commencing from the issuance of project delivery certificate

Total estimated contract price: RMB38,203,053 (tax inclusive) which comprises (i) the design fee of RMB961,677 (tax inclusive) in total; (ii) the construction and installation fee of RMB14,042,880 (tax inclusive) in total; and (iii) the equipment procurement fee of RMB23,198,496 (tax inclusive) in total, subject to completion and settlement audit report issued by an audit institution engaged by the principal. Based on the Company's past experience and estimation, the final settlement amount is expected to have a fluctuation of no more than 10% from the estimated contract price.

Out of the contract sum of EPC Contract 2 of RMB38,203,053 (tax inclusive), a total of RMB32,728,467 would be financed by the Hydropower Group Construction and Management Agency Remaining Funds, and a total of RMB5,474,586 would be financed by the Own Development Remaining Funds.

Pursuant to the arrangement set out under the EPC Contract 2, the implementation unit for the relevant works under the EPC Contract 2, the allocation of contract sum and the source of funding are as follows:

Works	Implementation unit	Relationship of the implementation unit with the Group	Source of funding (tax inclusive) and allocation of contract sum payable	
			Hydropower Group Construction and Management Agency Remaining Funds	Own Development Remaining Funds
Design	Sichuan Energy Investment Integrated Energy	Connected Person	RMB823,869	RMB137,808
Construction and installation	Sichuan Energy Investment Development Construction	Subsidiary of the Company	RMB12,030,536	RMB2,012,344
Equipment procurement	Materials Industry Group	Connected Person	RMB19,874,062	RMB3,324,434
		Total:	<u>RMB32,728,467</u>	<u>RMB5,474,586</u>

Payment terms:

The contract price shall be paid in the following manner:

(i) Advance payments

Upon receipt of the contractor's performance guarantee (or performance bond) and receipt of the payment application, the principal shall make a prepayment of 15% of the estimated total contract price within 14 days.

(ii) Progress payments

Design fee

Up to 80% of the total design fee (inclusive of advance payments) after confirmation of construction drawing design.

Up to 90% of the total design fee after completion and acceptance of the project.

Up to 97% of the total design fee after settlement and audit.

The remaining 3% of the total survey and design fee shall be retained as quality warranty and shall be paid after the expiry of warranty period.

Construction fee

Up to 85% of the total construction fee based on 80% of the actual amount of the construction work completed each month.

Up to 90% of the total construction fee after completion and acceptance of the project.

Up to 97% of the total construction fee after settlement and audit.

The remaining 3% of the total construction fee shall be retained as quality warranty and shall be paid after the expiry of warranty period.

Materials fee

Up to 80% of the total materials fee based on the actual amount of materials supplied.

Up to 97% of the total materials fee based on the actual amount of materials supplied after settlement and audit.

The remaining 3% of the total materials fee shall be retained as quality warranty.

(iii) Quality warranty

3% of the total estimated contract price shall be retained as quality warranty, which shall be paid upon verification of completion of defect liability after the expiry of warranty period.

EPC CONTRACT 3

The principal terms of the EPC Contract 3 are set out below:

Date: 26 February 2024 (after trading hours)

Parties:

- (1) Pingshan Electricity (as principal);
- (2) Sichuan Energy Investment Development Construction (as contractor);
and
- (3) Sichuan Tuolang (as contractor).

Project: The Pingshan County Rural Power Grid Remaining Funds (from 2005 to 2015) Adjustment 10 kV and Below Project, comprising the construction of a 2-in-8-out switching station in Zhongdu Town, an extension of the 10 kV interval of the 35 kV substation in Xinshi Town, on-pole circuit breakers, a 10 kV line and small current grounding line selection devices.

- Scope of service:** Design, construction, procurement and installation of essential equipment and materials under the Project 3
- Construction period:** 150 calendar days
- Conditions precedent:** The contract shall become effective subject to the satisfaction of the following conditions precedent:
- (1) the legal representative or authorised agent of each party to the contract having executed the contract or affixed the seal thereto;
 - (2) the principal having received the performance guarantee from the approved contractors.
- Period of warranty:** 24 months commencing from the issuance of project delivery certificate
- Total estimated contract price:** RMB7,448,550 (tax inclusive) which comprises (i) the design fee of RMB280,643 (tax inclusive) in total; (ii) the construction and installation and other fees of RMB2,263,069 (tax inclusive) in total; and (iii) the equipment procurement fee of RMB4,904,838 (tax inclusive) in total, subject to completion and settlement audit report issued by an audit institution engaged by the principal. Based on the Company's past experience and estimation, the final settlement amount is expected to have a fluctuation of no more than 10% from the estimated contract price.
- Out of the contract sum of EPC Contract 3 of RMB7,448,550 (tax inclusive), a total of RMB2,992,587 would be financed by the Hydropower Group Construction and Management Agency Remaining Funds, and a total of RMB4,455,963 would be financed by the Own Development Remaining Funds.

Pursuant to the arrangement set out under the EPC Contract 3, the implementation unit for the relevant works under the EPC Contract 3, the allocation of contract sum and the source of funding are as follows:

Works	Implementation unit	Relationship of the implementation unit with the Group	Source of funding (tax inclusive) and allocation of contract sum payable	
			Hydropower Group Construction and Management Agency Remaining Funds	Own Development Remaining Funds
Design	Sichuan Tuolang	Independent third party	RMB116,219	RMB164,424
Construction and installation and others	Sichuan Energy Investment Development Construction	Subsidiary of the Company	RMB910,506	RMB1,352,563
Equipment procurement	Sichuan Energy Investment Development Construction	Subsidiary of the Company	RMB1,965,862	RMB2,938,976
Total:			<u>RMB2,992,587</u>	<u>RMB4,455,963</u>

Payment terms:

The contract price shall be paid in the following manner:

- (i) Upon receipt of the contractor's performance guarantee (or performance bond) and receipt of the payment application, the principal shall make a prepayment of 20% of the estimated total contract price within 14 days;
- (ii) up to 80% of the total contract price based on 80% of the actual amount of the construction work completed each month;
- (iii) up to 90% of the total contract price after completion and acceptance of the project;
- (iv) up to 97% of the total contract price after settlement and audit; and
- (v) the remaining 3% of the total contract price shall be retained as quality warranty and payable upon verification of completion of defect liability after the expiry of warranty period.

EPC CONTRACT 4

The principal terms of the EPC Contract 4 are set out below:

- Date:** 26 February 2024 (after trading hours)
- Parties:**
- (1) Junlian Electricity (as principal);
 - (2) Sichuan Energy Investment Development Construction (as contractor);
and
 - (3) Sichuan Energy Investment Integrated Energy (as contractor).
- Project:** The Junlian County Rural Power Grid Remaining Funds (from 2005 to 2015) Adjustment Project, comprising the construction of switching stations, ring main units, primary and secondary fusion circuit breakers, small current grounding line selection devices, three-phase smart meters, concentrators, high-voltage transformers and construction of 10 kV lines.
- Scope of service:** Survey, design, construction and ancillary materials procurement related to the construction works under the Project 4
- Construction period:** 180 calendar days
- Conditions precedent:** The contract shall become effective subject to the satisfaction of the following conditions precedent:
- (1) the legal representative or authorised agent of each party to the contract having executed the contract or affixed the seal thereto;
 - (2) the principal having received the performance guarantee from the approved contractors.

Period of warranty: 24 months commencing from the issuance of project delivery certificate

Total estimated contract price: RMB19,844,857 (tax inclusive) which comprises (i) the design fee of RMB755,283 (tax inclusive) in total; and (ii) the construction and installation and other fees of RMB19,089,574 (tax inclusive) in total, subject to completion and settlement audit report issued by an audit institution engaged by the principal. Based on the Company's past experience and estimation, the final settlement amount is expected to have a fluctuation of no more than 10% from the estimated contract price.

Out of the contract sum of EPC Contract 4 of RMB19,844,857 (tax inclusive), a total of RMB15,478,989 would be financed by the Hydropower Group Construction and Management Agency Remaining Funds, and a total of RMB4,365,868 would be financed by the Own Development Remaining Funds.

Pursuant to the arrangement set out under the EPC Contract 4, the implementation unit for the relevant works under the EPC Contract 4, the allocation of contract sum and the source of funding are as follows:

Works	Implementation unit	Relationship of the implementation unit with the Group	Source of funding (tax inclusive) and allocation of contract sum payable	
			Hydropower Group Construction and Management Agency Remaining Funds	Own Development Remaining Funds
Design	Sichuan Energy Investment Integrated Energy	Connected Person	RMB589,121	RMB166,162
Construction and installation and others	Sichuan Energy Investment Development Construction	Subsidiary of the Company	RMB14,889,868	RMB4,199,706
		Total:	<u>RMB15,478,989</u>	<u>RMB4,365,868</u>

- Payment terms:** The contract price shall be paid in the following manner:
- (i) Upon receipt of the contractor's performance guarantee (or performance bond) and receipt of the payment application, the principal shall make a prepayment of 20% of the estimated total contract price within 14 days;
 - (ii) up to 85% of the total contract price based on 80% of the actual amount of the construction work completed each month;
 - (iii) up to 90% of the total contract price after completion and acceptance of the project;
 - (iv) up to 97% of the total contract price after settlement and audit; and
 - (v) the remaining 3% of the total contract price shall be retained as quality warranty and payable upon verification of completion of defect liability after the expiry of warranty period.

EQUIPMENT AND MATERIALS PROCUREMENT CONTRACT

The principal terms of the Equipment and Materials Procurement Contract are set out below:

- Date:** 26 February 2024 (after trading hours)
- Parties:**
- (1) Junlian Electricity (as principal);
 - (2) Materials Industry Group (as contractor).
- Scope of service:** To provide equipment and materials procurement for Project 4
- Conditions precedent:** The contract shall become effective subject to the satisfaction of the following conditions precedent:
- (1) the legal representative or authorised agent of each party to the contract having executed the contract or affixed the seal thereto;
 - (2) the principal having received the performance guarantee from the approved contractors.

Period of warranty: 12 months (commencing from the commissioning of the project) or 18 months (commencing from the delivery of products) unless otherwise specified under national and/or industrial standard and regulations.

Total estimated contract price: RMB3,482,295.74 (tax inclusive) in total, subject to completion and settlement audit report issued by an audit institution engaged by the principal. Based on the Company's past experience and estimation, the final settlement amount is expected to have a fluctuation of no more than 10% from the estimated contract price.

Out of the contract sum of Equipment and Materials Procurement Contract of RMB3,482,295.74 (tax inclusive), a total of RMB2,716,190.68 would be financed by the Hydropower Group Construction and Management Agency Remaining Funds, and a total of RMB766,105.06 would be financed by the Own Development Remaining Funds.

Pursuant to the arrangement set out under the Equipment and Materials Procurement Contract, the implementation unit for the relevant works under the Equipment and Materials Procurement Contract, the allocation of contract sum and source of funding are as follows:

Work	Implementation unit	Relationship of the implementation unit with the Group	Source of funding (tax inclusive) and allocation of contract sum payable	
			Hydropower Group Construction and Management Agency Remaining Funds	Own Development Remaining Funds
Equipment procurement	Materials Industry Group	Connected Person	RMB2,716,190.68	RMB766,105.06
		Total:	<u>RMB2,716,190.68</u>	<u>RMB766,105.06</u>

Payment terms: The contract price shall be paid in the following manner:

- (i) 30% of the estimated contract price (tax inclusive) as advance payments within 15 days after the signing of the contract;
- (ii) 67% of the estimated contract price within 7 working days after acceptance of the equipment and materials supplied and issuance of invoice (with the remaining 3% of the estimated contract price being retained as quality warranty).

BASIS FOR DETERMINATION OF THE ESTIMATED CONTRACT PRICES UNDER THE EPC CONTRACTS

The estimated contract price under each of the EPC Contracts was the successful tender price offered in the public tender and was accepted by the bid evaluation committee (評標委員會) after thorough evaluation pursuant to the relevant rules and regulations of the PRC and the tender documents. When selecting the successful bidder, the bid evaluation committee had considered a basket of factors including, among others, (i) from the business aspects, the bidders' background, experience, credibility and the bidding price for the required services; and (ii) from the technical aspects, the construction timeliness, quality control and assurance and the qualification(s) possessed by the professional team of the bidder to be engaged.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC CONTRACTS

The origin of the Hydropower Group Construction and Management Agency Remaining Funds and the Own Development Remaining Funds

Between 2005 (i.e. prior to the incorporation of the Company) and 2010, the Group's companies (which became subsidiaries of the Company after its incorporation) participated in the rural grid construction projects, which are policy directed projects for the benefits of people (惠民工程) implemented by and under the guidance of the PRC government in order to improve the electricity consumption level and living standards in the rural areas of the PRC. At the time, the projects were financed by the Group's companies' own capital.

Subsequently, there was a change of the mode of conduction of the rural construction projects. It was arranged that Hydropower Group shall, on behalf of the government of Sichuan Province, invest in, operate and manage the rural power grid construction projects and the related assets with fiscal appropriation and unified loan funds. In this connection, Hydropower Group entered into construction management agreements with the Group, pursuant to which the Group was appointed by Hydropower Group to undertake construction management of the rural grid construction projects which were financed by the fundings from Hydropower Group.

Against the background above, the Own Development Remaining Funds for the current EPC Contracts came from the remaining funds after completion of the rural grid construction projects by the Group over the period between 2005 and 2010, whereas the Hydropower Group Construction Management Agency Remaining Funds for the current EPC Contracts came from the remaining funds contributed by Hydropower Group after completion of the rural grid construction projects over the period between 2011 and 2015, which the Group served as contractor for those projects.

Reasons and benefits of entering into the EPC Contracts

The Development and Reform Bureau of the relevant counties in Yibin City, Sichuan Province had approved the feasibility study of the adjustment of application of the rural power grid remaining funds from the period between 2005 and 2015 (i.e. the Own Development Remaining Funds and the Hydropower Group Construction Management Agency Remaining Funds), and imposed higher requirement on the reliability and quality of power supply in the area where the Company supplies power. Against this background, by applying the rural power grid remaining funds from the period between 2005 and 2015 (i.e. the Own Development Remaining Funds and the Hydropower Group Construction Management Agency Remaining Funds) on the rural grid construction projects contemplated under the EPC Contracts, it would sustainably improve the power supply capacity of rural areas serviced by the Group, further enhance the power grid structure in the power supply area, and help to promote rural revitalization.

The Group, as the bidding entity, organized and conducted the public bidding process for the projects contemplated under the EPC Contracts. Based on the public bidding and final determination, the winning bidders of EPC Contract 1 were Sichuan Energy Investment Development Construction, Sichuan Shengchang and Sichuan Tuolang; the winning bidders of EPC Contract 2 were Sichuan Energy Investment Development Construction, Sichuan Energy Investment Integrated Energy and Materials Industry Group; the winning bidders of EPC Contract 3 were Sichuan Energy Investment Development Construction and Sichuan Tuolang; the winning bidders of EPC Contract 4 were Sichuan Energy Investment Development Construction and Sichuan Energy Investment Integrated Energy; and the winning bidder of Equipment and Material Procurement Contract was Materials Industry Group. The bidding process fully complied with the provisions of the Tendering and Bidding Law of the People's Republic of China (《中華人民共和國招投標法》) and other relevant laws and regulations.

Moreover, Sichuan Energy Investment Integrated Energy, Materials Industry Group, Sichuan Shengchang and Sichuan Tuolang, all of which are well-known service providers in the power infrastructure construction industry of China with necessary qualifications and extensive experience, and have participated in the past in several power grid construction projects of the Company, and are familiar with the relevant provisions of the electric power construction projects of the Company based on the past cooperation, which will help to ensure the quality and cycle of the project construction and bring economic benefits to the Company.

In light of the aforesaid, the Directors (including the independent non-executive Directors) are of the view that each of the EPC Contracts is entered into (i) on normal commercial terms or better; and (ii) on terms that are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

As Mr. He Jing, Mr. Li Hui and Ms. Xie Peixi are the Directors nominated by Hydropower Group, they have abstained from voting on the Board resolutions to approve the Contracts voluntarily. Save as disclosed above, none of the Directors have material interest in the Contracts and hence no other Director was required to abstain from voting on the relevant resolution approving the same.

LISTING RULES IMPLICATIONS

As at the date of this Announcement, Hydropower Group and Energy Investment Group (the holding company of Hydropower Group) are two of the controlling shareholders of the Company. Certain parties to the EPC Contracts are associates of Hydropower Group or Energy Investment Group: (i) Sichuan Energy Investment Integrated Energy is a wholly-owned subsidiary of Hydropower Group; and (ii) Materials Industry Group is a wholly-owned subsidiary of Energy Investment Group. Accordingly, Hydropower Group, Energy Investment Group, Sichuan Energy Investment Integrated Energy and Materials Industry Group are connected persons of the Company under Rule 14A.07 of the Listing Rules.

Under each EPC Contract, the portion of assets constructed which are financed by the Hydropower Group Construction and Management Agency Remaining Funds are distinguishable and separated from those financed by the Own Development Remaining Funds. Pursuant to the arrangements agreed between the Group and Hydropower Group, (i) for such portion of assets which are financed by the Hydropower Group Construction and Management Agency Remaining Funds, the ownership of such portion of assets would belong to the Hydropower Group upon completion of the project; and (ii) for such portion of assets which are financed by the Own Development Remaining Funds, the ownership of such portion of assets would belong to the Group.

Against this backdrop, and after considering the ownership of the assets after completion and the sources of funding of the contract sum under each EPC Contract, the Group considers that under each EPC Contract, (i) the portion of the works of the project which is financed by the Hydropower Group Construction and Management Agency Remaining Funds would be connected transactions of the Company; and (ii) for the portion of the works of the project which is financed by the Own Development Remaining Funds, such works which are undertaken by connected persons of the Company (i.e. Sichuan Energy Investment Integrated Energy and Materials Industry Group) would be connected transactions of the Company ((i) and (ii) together as the “**Connected EPC Transactions**”).

On the premise set out above, since all applicable percentage ratios in respect of the Connected EPC Transactions under the EPC Contracts on an aggregated basis is less than 5% but the relevant consideration exceeds HK\$3 million, the Connected EPC Transactions under the EPC Contracts and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION OF PARTIES INVOLVED

The Company is a vertically integrated power supplier and service provider in Yibin City, Sichuan Province, with a full power supply value chain covering power generation and electricity distribution and sales.

Gao County Electricity is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company engaged in power generation and supply and trading of electrical equipment.

Junlian Electricity is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company engaged in power supply service and purchase and sale of power supply equipment.

Pingshan Electricity is a limited liability company established in the PRC and a wholly owned subsidiary of the Company engaged in power generation and supply in Pingshan County, Yibin City, Sichuan Province.

Sichuan Energy Investment Development Construction is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company. It is primarily engaged in inspection and maintenance of transformer substations, hydropower stations and electricity transmission lines.

Xingwen Electricity is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company engaged in power generation and supply and trading of electrical equipment.

Sichuan Shengchang is a limited liability company established in the PRC and is owned as to 70% and 30% by Wei Shunzhi (魏順智) and Hu Lang (胡浪), respectively. Sichuan Shengchang is primarily engaged in construction engineering survey and design. To the best of the Directors' knowledge information and belief after making all reasonable enquiries, Sichuan Shengchang and its ultimate beneficial owners are third parties independent from the Company and its connected person(s).

Sichuan Tuolang is a limited liability company established in the PRC and is a wholly-owned subsidiary of Sichuan Shengchang. Sichuan Tuolang is primarily engaged in construction engineering survey and design. To the best of the Directors' knowledge information and belief after making all reasonable enquiries, Sichuan Tuolang and its ultimate beneficial owners are third parties independent from the Company and its connected person(s).

Sichuan Energy Investment Integrated Energy is a limited liability company established in the PRC and a wholly-owned subsidiary of Hydropower Group. Sichuan Energy Investment Integrated Energy is principally engaged in power transmission and supply, installation, maintenance and testing of power receiving facilities, engineering survey, design and construction and engineering project costs consultation services.

Materials Industry Group is a limited liability company established in the PRC and a wholly-owned subsidiary of Energy Investment Group. Material Industry Group is primarily engaged in the sales of metal materials and products, construction materials, cement products, coal and related products, and electrical equipment.

Hydropower Group is owned as to approximately 77.74% by Energy Investment Group, and owned indirectly as to 9.16% by China Construction Bank Corporation* (中國建設銀行股份有限公司) (a bank with state-owned background in the PRC dually listed on the Stock Exchange (stock code: 00939) and the Shanghai Stock Exchange (stock code: 601939)), approximately 6.55% by Agricultural Bank of China Limited* (中國農業銀行股份有限公司) (a bank with state-owned background in the PRC dually listed on the Stock Exchange (stock code: 01288) and the Shanghai Stock Exchange (stock code: 601288)), and approximately 6.55% by Bank of China Limited* (中國銀行股份有限公司) (a bank with state-owned background in the PRC dually listed on the Stock Exchange (stock code: 03988) and the Shanghai Stock Exchange (stock code: 601988)). Energy Investment Group is wholly-owned by Sichuan Development Co., which is in turn owned as to 90% by the State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government* (四川省政府國有資產監督管理委員會) and as to 10% by the Sichuan Provincial Department of Finance* (四川省財政廳), respectively.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings when used herein:

“Board”	the board of Directors
“Chairman”	the chairman of the Board
“Company”	Sichuan Energy Investment Development Co., Ltd.* (四川能投發展股份有限公司) (stock code: 1713), a joint stock company established in the PRC with limited liability on 29 September 2011
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in RMB by PRC nationals and/or PRC corporate entities
“Energy Investment Group”	Sichuan Province Energy Investment Group Co., Ltd.* (四川省能源投資集團有限責任公司), a limited liability company established in the PRC and one of the controlling shareholders of the Company

“EPC”	engineering, procurement and construction
“EPC Contract 1”	the EPC contract dated 26 February 2024 and entered into between Gao County Electricity, Sichuan Energy Investment Development Construction, Sichuan Shengchang and Sichuan Tuolang, pursuant to which Gao County Electricity agreed to engage Sichuan Energy Investment Development Construction, Sichuan Shengchang and Sichuan Tuolang to provide relevant EPC services in relation to the Project 1
“EPC Contract 2”	the EPC contract dated 26 February 2024 and entered into between Xingwen Electricity, Sichuan Energy Investment Development Construction, Sichuan Energy Investment Integrated Energy and Materials Industry Group, pursuant to which Xingwen Electricity agreed to engage Sichuan Energy Investment Development Construction, Sichuan Energy Investment Integrated Energy and Materials Industry Group to provide relevant EPC services in relation to the Project 2
“EPC Contract 3”	the EPC contract dated 26 February 2024 and entered into between Pingshan Electricity, Sichuan Energy Investment Development Construction and Sichuan Tuolang, pursuant to which Pingshan Electricity agreed to engage Sichuan Energy Investment Development Construction and Sichuan Tuolang to provide relevant EPC services in relation to the Project 3
“EPC Contract 4”	the EPC contract dated 26 February 2024 and entered into between Junlian Electricity, Sichuan Energy Investment Development Construction and Sichuan Energy Investment Integrated Energy, pursuant to which Junlian Electricity agreed to engage Sichuan Energy Investment Development Construction and Sichuan Energy Investment Integrated Energy to provide relevant EPC services in relation to the Project 4
“EPC Contracts”	collectively EPC Contract 1, EPC Contract 2, EPC Contract 3, EPC Contract 4 and Equipment and Materials Procurement Contract
“Equipment and Materials Procurement Contract”	the equipment and materials procurement contract dated 26 February 2024 and entered into between Junlian Electricity and Materials Industry Group, pursuant to which Junlian Electricity agreed to engage Materials Industry Group to provide procurement of equipment and materials service in relation to the Project 4
“Gao County Electricity”	Sichuan Energy Investment Gao County Electricity Co., Ltd.* (四川能投高縣電力有限公司), a limited liability company established in the PRC on 30 January 1996 and a wholly-owned subsidiary of the Company

“Group”	the Company and its subsidiaries
“H Share(s)”	the ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK\$ and listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hydropower Group”	Sichuan Province Hydropower Investment and Management Group Co., Ltd* (四川省水電投資經營集團有限公司), a limited liability company established in the PRC and one of the controlling shareholders of the Company
“Hydropower Group Construction and Management Agency Remaining Funds”	The funds contributed by Hydropower Group which are used for financing portion of the contract sum under each EPC Contract pursuant to the terms set out thereunder. Such funding originated from the remaining balance of the funds contributed by Hydropower Group for use in the rural power grid projects between 2011 and 2015. For further details, please refer to the paragraph headed “Reasons for and benefits of entering into the EPC Contracts” in this announcement
“Junlian Electricity”	Sichuan Energy Investment Junlian Electricity Co., Ltd.* (四川能投筠連電力有限公司), a limited liability company established on 21 May 2012 and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Materials Industry Group”	Sichuan Energy Investment Materials Industry Group Co., Ltd.* (四川能投物資產業集團有限公司), a limited liability company established in the PRC on 16 April 2013, a wholly-owned subsidiary of Energy Investment Group and a connected person of the Company
“Own Development Remaining Funds”	The funds contributed by the Group which are used for financing portion of the contract sum under each EPC Contract pursuant to the terms set out thereunder. Such funding originated from the remaining balance of the funds contributed by the subsidiary of the Group for use in the rural power grid projects between 2005 and 2010 . For further details, please refer to the paragraph headed “Reasons for and benefits of entering into the EPC Contracts” in this announcement
“Pingshan Electricity”	Sichuan Energy Investment Pingshan Electricity Co., Ltd.* (四川能投屏山電力有限公司), a limited liability company established in the PRC on 30 July 2008 and a wholly owned subsidiary of the Company

“PRC”	the People’s Republic of China, for the purposes of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project 1”	The Gao County Rural Power Grid Remaining Funds (from 2005 to 2015) Adjustment Project, comprising the construction and renovation of 10 kV power lines, installation or renovation of 10 kV distribution transformers, and renovation of low-voltage lines
“Project 2”	The Xingwen County Rural Power Grid Remaining Funds (from 2005 to 2015) Adjustment Projects – 10 kV and Below Project, comprising the construction and renovation of 10 kV lines, the construction or expansion and renovation of 57 transformers, and low-voltage lines (including renovation of household lines), and the rectification project of potential forest and grassland fire safety hazards risk issues of the 10 kV line and the rectification project of potential forest and grassland fire safety hazards risk issues of the substations
“Project 3”	The Pingshan County Rural Power Grid Remaining Funds (from 2005 to 2015) Adjustment 10 kV and Below Project, comprising the construction of a 2 in 8 out switching station in Zhongdu Town, an extension of the 10 kV interval of the 35 kV substation in Xinshi Town, on pole circuit breakers, a 10 kV line and small current grounding line selection devices
“Project 4”	The Junlian County Rural Power Grid Remaining Funds (from 2005 to 2015) Adjustment Project, comprising the construction of switching stations, ring main units, primary and secondary fusion circuit breakers, small current grounding line selection devices, three phase smart meters, concentrators, high voltage transformers and construction of 10 kV lines
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Sichuan Development Co.”	Sichuan Development (Holding) Co., Ltd.* (四川發展(控股) 有限責任公司), a state-owned enterprise with limited liability established under the laws of the PRC and one of the controlling Shareholders of the Company
“Sichuan Energy Investment Development Construction”	Sichuan Energy Investment Development Construction Co., Ltd. * (四川能投發展建設有限公司) (formerly known as Sichuan Energy Yibin Electricity Engineering Co. Ltd.* (四川能投宜賓電力工程建設有限公司)), a company established in the PRC with limited liability on 5 November 1996 and a wholly-owned subsidiary of the Company

“Sichuan Energy Investment Integrated Energy”	Sichuan Energy Investment Integrated Energy Co., Ltd.* (四川能投綜合能源有限責任公司) (formerly known as Sichuan Energy Investment Power Co., Ltd* (四川能投售電有限責任公司)), a limited liability company established in the PRC on 13 May 2016, a wholly-owned subsidiary of Hydropower Group and a connected person of the Company
“Sichuan Shengchang”	Sichuan Shengchang Construction Engineering Design Co., Ltd. * (四川盛昶建築工程設計有限公司), a company established in the PRC with limited liability on 26 September 2017
“Sichuan Tuolang”	Sichuan Tuolang Construction Engineering Co., Ltd. * (四川拓浪建設工程有限責任公司), a company established in the PRC with limited liability on 27 May 2021 and a wholly-owned subsidiary of Sichuan Shengchang
“Xingwen Electricity”	Sichuan Energy Investment Xingwen Electricity Co., Ltd.* (四川能投興文電力有限公司), a limited liability company established in the PRC on 3 April 1998 and a wholly-owned subsidiary of the Company

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

Chengdu, Sichuan Province, the PRC, 26 February 2024

As at the date of this announcement, the executive Directors are Mr. He Jing, Mr. Li Hui and Ms. Xie Peixi; the non-executive Directors are Ms. Han Chunhong, Mr. Tao Xueqing, Ms. Liang Hong, Ms. Lv Yan and Mr. Kong Ce; and the independent non-executive Directors are Mr. Kin Kwong Kwok Gary, Ms. He Zhen, Mr. Wang Peng, Prof. Li Jian and Ms. He Yin.

* For identification purposes only