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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)

CONTINUING CONNECTED TRANSACTIONS
2024 PROPERTY MANAGEMENT FRAMEWORK AGREEMENT

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Reference is made to the announcement of the Company dated 31 December 2020 in relation to, among others, the entering into of the 2021-2023 Property Management Agreement. As the Property Management Agreement has expired on 31 December 2023, on 3 July 2024, after trading hours, the Company entered into the 2024 Property Management Framework Agreement with Baishiji. Pursuant to the 2024 Property Management Framework Agreement, Baishiji agreed to continue to provide certain property management related and other services to the Group until 31 December 2024.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Energy Investment Group is one of the controlling shareholders of the Company; and Baishiji is a wholly-owned subsidiary of Energy Investment Group. Accordingly, Energy Investment Group and Baishiji are connected persons of the Company under the Listing Rules and the transactions contemplated under the 2024 Property Management Framework Agreement constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio in respect of the annual cap for the transactions contemplated under the 2024 Property Management Framework Agreement exceeds 0.1% but less than 5%, the transactions contemplated under the 2024 Property Management Framework Agreement will be subject to reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 31 December 2020 in relation to, among others, the entering into of the 2021-2023 Property Management Agreement. As the 2021-2023 Property Management Agreement has expired on 31 December 2023, on 3 July 2024, after trading hours, the Company entered into the 2024 Property Management Framework Agreement with Baishiji. Pursuant to the 2024 Property Management Framework Agreement, Baishiji agreed to provide certain property management related and other services to the Group until 31 December 2024.

THE 2024 PROPERTY MANAGEMENT FRAMEWORK AGREEMENT

The principal terms of the 2024 Property Management Framework Agreement are summarised as follows:

Date: 3 July 2024 (after trading hours)

Parties: (1) The Company
(2) Baishiji

Term: From the effective date of the agreement to 31 December 2024.

The 2024 Property Management Framework Agreement shall become effective upon due execution by the parties thereof.

Subject Matter Baishiji agrees to provide the following services to the Company and its subsidiaries with the pricing policies and payment terms as set out below:

(a) Property Management Services

Scope of Services: Baishiji shall provide property management services to the properties designated by the Group, including (but not limited to) office area environment maintenance services, order maintenance services, public area engineering and maintenance, maintenance services and parking space maintenance services, pursuant to the scopes and standards provided by the Group.

Pricing Policy: The service fees for the property management services shall be determined after arm’s length negotiations having regard to (where applicable), among others, the nature of the property, the gross floor area to be managed, the locations of the properties, the scope of services, the prevailing market rates and the historical transaction amounts. Subject to the compliance to the pricing policy, Baishiji and the Group can modify the service fees to be paid under specific service agreements based on the actual services provided by entering into supplemental agreements.

Payment terms: Payment shall be made in accordance with the specific service agreements to be entered into.

(b) *Specific Services*

Scope of Services: Baishiji shall provide specific services to the Group, including (but not limited to) catering services (including but not limited to meal services for employees, takeaway services and dining services), greening services, indoor cleaning and housekeeping services and administrative front-desk services to the Group pursuant to the scopes and standards provided by the Group.

Pricing Policy: The service fees for special property management services shall be determined after arm's length negotiations having regard to (where applicable), among others, the gross floor area to be managed, the nature of the properties, the locations of the properties, the scope of services, the prevailing market rates and historical transaction amounts.

Payment terms: Payment shall be made in accordance with the specific service agreements to be entered into.

(c) *Other Property Services*

Scope of Services: Baishiji shall provide other property services, including (but not limited to) construction waste removal, marble cleaning, carpet cleaning and exterior wall cleaning before project induction, indoor cleaning, maintenance, fire safety, procurement of materials for environment maintenance services for property owners' exclusive areas, and other property services requested by the Group, in accordance with the scopes and standards provided by the Group.

Pricing Policy: The service fees for other property services shall be determined after arm's length negotiations having regard to (where applicable), among others, the nature of the property, the gross floor area to be managed, the locations of the properties, the scope of services, the prevailing market rates and historical transaction amounts.

Payment terms: Payment shall be made in accordance with the specific service agreements to be entered into.

(d) Vehicle Rental Services

Scope of Services: Baishiji shall provide vehicle(s) to the Group for renting for the Group's business purposes.

Pricing Policy: The service fees for the vehicle rental services shall be determined after arm's length negotiations having regard to (where applicable), among others, the number of vehicle(s) to be rented, the model and licence plate of the vehicle(s), the conditions of the vehicle(s), the rental period, the prevailing market rates and historical transaction amounts.

Payment terms: Payment shall be made in accordance with the specific service agreements to be entered into.

(e) Procurement of Office and Welfare Supplies Services

Scope of Services: The Group may procure office and welfare supplies as needed from Baishiji by furnishing Baishiji with the list of required office and welfare supplies.

Pricing Policy: The service fees for the procurement services shall be determined after arm's length negotiations having regard to (where applicable), among others, the type and quantity of the products to be procured, the delivery time and the prevailing market rate.

Payment terms: Payment shall be made in accordance with the specific service agreements to be entered into.

Specific Service Agreement(s):

The Company and/or its subsidiaries may enter into specific service agreements with Baishiji as needed for the actual transactions to be conducted, by following the agreed terms under the 2024 Property Management Framework Agreement as basis. Such specific service agreements shall be entered into in normal commercial terms and conducted in the ordinary course of business.

All transaction contemplated under the Property Management Framework Agreement shall be conducted on normal commercial terms.

HISTORICAL TRANSACTION AMOUNTS AND ANNUAL CAPS

Historical transactions amounts in relation to 2021-2023 Property Management Agreement

Set out below is the historical transactions amount and the annual cap for the 2021-2023 Property Management Agreement:

2021		For the year ended 31 December		2023	
Historical amount	Annual cap	Historical amount	Annual cap	Historical amount	Annual cap
(RMB)	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)
3,952,505	10,300,000	5,347,869.70	10,300,000	7,717,073.91	10,300,000

During the six months ended 30 June 2024, the total amount of service fees payable by the Group to Baishiji for the property management related and other services rendered was approximately RMB1,826,900.

Annual cap for 2024 Property Management Framework Agreement and the basis of its determination

The maximum amount of service fee payable by the Group to Baishiji pursuant to the 2024 Property Management Framework Agreement for the year ending 31 December 2024 shall not exceed RMB6,300,000.

In determining the maximum amount of service fee payable, the Company has considered the (i) historical amount of service fee incurred by the Group to Baishiji during the three years ended 31 December 2023 and the six months ended 30 June 2024; (ii) the scope of property management related and other services required and the number of subsidiaries of the Group and staff requiring such services; and (iii) a reasonable buffer to cater for the operation needs of the Group and the possibility of increase in labour costs and price costs for rendering the services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024 PROPERTY MANAGEMENT FRAMEWORK AGREEMENT

Baishiji is principally engaged in the provision of property management and maintenance services. It has been providing property management services to the Group since 2017 before the listing of the Company on the Stock Exchange and the agreement is on normal commercial terms that are comparable to or no less favorable than those provided by independent third parties service providers. As the 2021-2023 Property Management Agreement has expired on 31 December 2023, the Company has decided to continue the continuing connected transactions with Baishiji by entering into the 2024 Property Management Framework Agreement until 31 December 2024.

The Directors (including the independent non-executive Directors) are of the view that the 2024 Property Management Framework Agreement 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. Wang Yuanchun and Ms. Xie Peixi are the Directors nominated by Hydropower Group, they have abstained from voting on the Board resolutions to approve the 2024 Property Management Framework Agreement voluntarily. Save as disclosed above, none of the Directors have material interest in the 2024 Property Management Framework Agreement and hence no other Director was required to abstain from voting on the relevant resolution approving the same.

INTERNAL CONTROLS MEASURES

In order to ensure that the terms under the 2024 Property Management Framework Agreement for the continuing connected transactions contemplated thereunder are fair and reasonable and the connected transactions are carried out under normal commercial terms, the Company have adopted the following internal control procedures:

- (i) the office management department of the Company will monitor the transactions under the 2024 Property Management Framework Agreement on a regular basis, and assess whether the annual caps are expected to be exceeded based on the amount of service fee already incurred by the Group. Where necessary, before the annual caps are exceeded, the office management department of the Company will elevate such issue to the Board with proposed revised annual caps and such other relevant information so that the Board will be in a position to consider and, where applicable, comply with applicable Listing Rules in connection with such revised annual caps;
- (ii) prior to entering into of any specific service agreements, the personnel of relevant departments (including but not limited to the audit department, financial assets department and office management department) of the Company as well as the legal counsels engaged by the Company from time to time will review and assess the specific terms and conditions of the transactions to ensure their consistency with the 2024 Property Management Framework Agreement. The office management department will also consider factors such as the area of the properties, number of rooms, greening requirements, daily maintenance, the level of property management service fees for similar office buildings in the vicinity and ensure that the service fees under the specific service agreements are no less favorable than those to be offered by the Independent Third Parties; and
- (iii) Independent non-executive Directors and auditors of the Company will conduct annual review of the transactions under the 2024 Property Management Framework Agreement and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the agreements and the Group's pricing policy measures, and to confirm if the price and terms offered are fair and reasonable and comparable to those offered by independent third parties.

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.

Baishiji is a company established in the PRC with limited liability on 4 January 2012, which is primarily engaged in property management and maintenance. It is a wholly-owned subsidiary of Energy Investment Group.

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.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“2021-2023 Property Management Agreement”	the property management agreement entered into between Baishiji and the Company dated 31 December 2020, in relation to the provision of certain property management services by Baishiji to the Group for a term from 1 January 2021 to 31 December 2023
“2024 Property Management Framework Agreement”	the property management framework agreement entered into between Baishiji and the Company dated 3 July 2024, in relation to the provision of certain property management related and other services by Baishiji to the Group up to 31 December 2024
“Annual Cap”	the annual cap of RMB6,300,000 for the service fees payable by the Group to Baishiji under the 2024 Property Management Framework Agreement for the year ending 31 December 2024
“Baishiji”	Sichuan Province Hydropower Group Baishiji Property Management Co., Ltd.* (四川省水電集團百事吉物業管理有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Energy Investment Group
“Board”	the board of Directors
“Chairman”	the chairman of the Board
“Company”	Sichuan Energy Investment Development Co., Ltd.* (四川能投發展股份有限公司) (stock code: 1713), a joint stock company established in the PRC with limited liability

“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
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“PRC”	the People’s Republic of China, for the purposes of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“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

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

Chengdu, Sichuan Province, the PRC, 3 July 2024

As at the date of this announcement, the executive Directors are Mr. He Jing, Mr. Wang Yuanchun 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