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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 EQUIPMENT PROCUREMENT AGREEMENTS**

### **BACKGROUND**

On 30 December 2020, after trading hours, Sichuan Energy Xuzhou Electricity, Sichuan Energy Yibin Electricity Construction and Sichuan Energy Electricity Company, being the subsidiaries of the Company, each (as purchaser) entered into a separable Equipment Procurement Agreement with Sun Technology (as supplier), a connected person of our Company, for the sale and purchase of certain equipment supplied by Sun Technology.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Sun Technology is a non-wholly owned subsidiary of Hydropower Group, which is one of the controlling Shareholders of the Company. Accordingly, Sun Technology is an associate of Hydropower Group and therefore a connected person of the Company under Rule 14A.07 and the transactions contemplated under the Equipment Procurement Agreements constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

On 1 September 2020, the Purchasers purchased certain equipment from Sun Technology in a total amount of RMB1,048,035 (“**September Equipment Purchase Arrangement**”). As the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the September Equipment Purchase Arrangement was less than 5% and the total consideration was less than HKD3,000,000, the transactions constituted de minimis transactions pursuant to Rule 14A.76(1)(c) of the Listing Rules and were fully exempt from Shareholders’ approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

However, upon the entering into the Equipment Procurement Agreements, the total consideration payable by the Purchasers when aggregated with the consideration paid or payable under the September Equipment Purchase Arrangement will be in excess of HKD3,000,000. Since all applicable percentage ratios in respect of the September Equipment Purchase Arrangement and the Equipment Procurement Agreement in aggregate exceed 0.1% but less than 5%, the entering into of the Equipment Procurement Agreements is subject to the reporting and announcements requirements but is exempt from the circular and Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

## **THE EQUIPMENT PROCUREMENT AGREEMENTS**

- Date:** 30 December 2020 (after trading hours)
- Parties:** Purchaser: Sichuan Energy Xuzhou Electricity, Sichuan Energy Yibin Electricity Construction, or Sichuan Energy Electricity Company (together, the “**Purchasers**” and each a “**Purchaser**”) (as the case may be under the relevant Equipment Procurement Agreement); and  
Supplier: Sun Technology
- Transaction:** Sun Technology agreed to sell, and the Purchasers agreed to purchase, certain equipment including smart payment terminals, smart meter interactive terminals, voltage monitoring machines and temperature measurement equipment.
- Purchase price and payment terms:** The aggregated purchase price of the equipment payable under the Equipment Procurement Agreements shall not exceed RMB2,672,000 (delivery fee and tax inclusive). 95% of the consideration under each Equipment Procurement Agreement shall be settled within 100 days after the receipt of the equipment by the relevant Purchaser. The remaining 5% shall be settled within seven days upon the expiry of the one year warranty period, provided that no quality issue of the equipment purchased is discovered during the period.
- Pricing basis:** The unit purchase prices of the equipment were determined on arm's length basis through a bidding process and with reference to the market prices of equivalent equipment produced by other manufacturers. The unit purchase prices shall not be higher than the prices offered by Sun Technology to independent third parties.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUIPMENT PROCUREMENT AGREEMENTS**

The equipment procurement is part of an initiative to improve contactless service of electricity supply at customer-end and to safeguard against workers' health and safety against the backdrop of combating coronavirus. Smart payment terminals allow end-users make enquires and meter credits without the need to physically visit service centers. Smart meter interactive terminals, which are deployed at residential areas with higher densities, allow end-users to top up meter credits and make enquires without the need to touch the smart meters, but simply to insert designated smart cards to the terminals. Voltage monitoring machines serve to monitor deviation in voltage on a real-time basis to enhance service quality in electricity provision. Temperature measurement equipment allow contactless body temperature measurement of the Company's employees and automatic storage of the relevant data.

The Directors (including the independent non-executive Directors) are of the view that the terms under the Equipment Procurement Agreements are fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

As Mr. Zeng Yong held position in Hydropower Group, and Mr. Li Hui and Ms. Xie Peixi are Directors nominated by Hydropower Group, they have abstained from voting on the Board resolutions to approve the Equipment Procurement Agreements voluntarily. Save as disclosed above, none of the Directors have material interest in the Equipment Procurement Agreements 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, Sun Technology is a non-wholly owned subsidiary of Hydropower Group, which is one of the controlling Shareholders of the Company. Accordingly, Sun Technology is an associate of Hydropower Group and therefore a connected person of the Company under Rule 14A.07 and the transactions contemplated under the Equipment Procurement Agreements constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

On 1 September 2020, the Purchasers purchased certain equipment from Sun Technology in a total amount of RMB1,048,035 under the September Equipment Purchase Arrangement. As the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the September Equipment Purchase Arrangement was less than 5% and the total consideration was less than HKD3,000,000, the transactions constituted de minimis transactions pursuant to Rule 14A.76(1)(c) of the Listing Rules and were fully exempt from Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

However, upon the entering into the Equipment Procurement Agreements, the total considerations payable by the Purchasers when aggregated with the consideration paid or payable under the September Equipment Purchase Arrangement will be in excess of HKD3,000,000. Since all applicable percentage ratios in respect of the September Equipment Purchase Arrangement and the Equipment Procurement Agreement in aggregate exceed 0.1% but less than 5%, the entering into of the Equipment Procurement Agreements is subject to the reporting and announcements requirements but is exempt from the circular and Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

## **INFORMATION OF PARTIES INVOLVED**

### **Sichuan Energy Electricity Company**

Sichuan Energy Electricity Company, is a limited liability company established in the PRC on 28 September 2016 and a subsidiary of the Company who owns approximately 74% of its shares. The remaining 26% is owned as to Yibin City State-owned Assets Operation Co., Ltd.\* (宜賓市國有資產經營有限公司), a state-owned enterprise. It is primarily engaged in the sale and purchase of electricity, incremental power distribution network business, contractual energy management, operation of charging stations and electric cars, electrical engineering, smart energy business and carbon assets management.

### **Sichuan Energy Xuzhou Electricity**

Sichuan Energy Xuzhou Electricity, is a limited liability company established in the PRC on 18 June 2012 and a wholly-owned subsidiary of the Company. It is primarily engaged in the development, production and sales of electricity.

### **Sichuan Energy Yibin Electricity Construction**

Sichuan Energy Yibin Electricity Construction is a limited liability company established in the PRC on 5 November 1996 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.

### **The Company**

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.

## **Sun Technology**

Sun Technology is a limited liability company established in the PRC on 10 December 1992 and is owned as to approximately 67% by Hydropower Group (one of the controlling Shareholders of our Company), approximately 25% by Sichuan LenSyn Technology Co., Ltd.\* (四川能信科技股份有限公司) and approximately 8% by Mr. Li Guangying. It is primarily engaged in the development and computer software and hardware. Sichuan Lesyn Technology Co., Ltd. is a company with issued shares quoted on the National Equities Exchange and Quotations (stock code: 837522) and which is ultimately controlled by Mr. Li Weiyang.

## **Hydropower Group**

Hydropower Group, one of the controlling Shareholders of the Company, is a company incorporated in the PRC with limited liability on 17 December 2004. It primarily engaged in sale of electricity and investment, construction, operation and maintenance of power grid mainly in the Mianyang City (綿陽市), Liangshan Yi Autonomous Prefecture (涼山彝族自治州) and Dazhou City (達州市) of Sichuan Province.

Hydropower Group is owned as to approximately 77.74% by Energy Investment Group, and owned indirectly as to approximately 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 (a wholly state-owned company and is one of the controlling shareholders of the Company) is in turn held by Sichuan Development Co. as to approximately 67.8% and ICBC Credit Suisse Investment Management Co., Ltd.\* (工銀瑞信投資管理有限公司) as to approximately 32.2%.

ICBC Credit Suisse Investment Management Co., Ltd.\* is indirectly owned as to 55% by Industrial and Commercial Bank of China Limited\* (中國工商銀行股份有限公司) (a bank with state-owned background in the PRC dually listed in the Stock Exchange (stock code: 01398) and the Shanghai Stock Exchange (stock code: 601398)), and as to 45% by Credit Suisse Group AG (a bank based in Switzerland dually listed on SIX Swiss Exchange (ticker: CSGN) and the New York Stock Exchange (ticker: CS)).

## 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: 01713), a company established in the PRC as a joint stock company with limited liability on 29 September 2011   |
| “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  |
| “Equipment Procurement Agreements” | The equipment procurement agreements entered into on 30 December 2020 by the Purchasers respectively and Sun Technology, pursuant to which Sun Technology agreed to sell and the Purchasers agreed to purchase certain equipment including smart payment terminals, smart meter interactive terminals, voltage monitoring machines and temperature measurement equipment |
| “Group”                            | the Company and its subsidiaries   |
| “H Share(s)”                       | overseas listed foreign invested 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  |
| “HK\$”                             | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Hong Kong”                        | the Hong Kong Special Administrative Region of the PRC   |

|                                      |   |
|--------------------------------------|---|
| “Hydropower Group”                   | Sichuan Province Hydropower Investment and Management Group Co., Ltd.* (四川省水電投資經營集團有限公司), a limited liability company established in the PRC on 17 December 2004 and one of the controlling Shareholders of our 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)有限責任公司), a wholly state-owned enterprise with limited liability established under the laws of the PRC on 24 December 2008 and one of the controlling Shareholders of the Company  |
| “Sichuan Energy Electricity Company” | Sichuan Energy Electricity Co. Ltd.* (四川能投電能有限公司), previously known as Sichuan Energy Investment Yibin City Electricity Sales Co., Ltd.* (四川能投宜賓市售電有限公司), is a company established in the PRC with limited liability on 28 September 2016 and a subsidiary of the Company   |
| “Sun Technology”                     | Sun Technology Company Limited* (成都太陽高科技有限責任公司) is a company established in the PRC with limited liability on 10 December 1992 that is owned as to 67% by Hydropower Group (one of the controlling Shareholders of our Company), approximately 25% by Sichuan Lensyn Technology Co., Ltd. (四川能信科技股份有限公司) and approximately 8% by Mr. Li Guangyang |

“Sichuan Energy Xuzhou  
Electricity”

Sichuan Energy Yibin City Xuzhou Electricity Co. Ltd.\* (四川能投宜賓市敘州電力有限公司), previously known as Sichuan Energy Investment Yibin Electricity Co., Ltd.\* (四川能投宜賓電力有限公司), is a company established in the PRC with limited liability on 18 June 2012 and a wholly-owned subsidiary of our Company

“Sichuan Energy Yibin  
Electricity Construction”

Sichuan Energy Yibin Electricity Engineering Co. Ltd.\* (四川能投宜賓電力工程建設有限公司) is a company established in the PRC with limited liability on 5 November 1996 and a wholly-owned subsidiary of our Company

By order of the Board  
**Sichuan Energy Investment Development Co., Ltd.**  
**Zeng Yong**  
*Chairman*

Chengdu, Sichuan Province, the PRC  
30 December 2020

*As at the date of this announcement, the executive Directors are Mr. Zeng Yong, Mr. Li Hui; and Ms. Xie Peixi; the non-executive Directors are Ms. Han Chunhong, Ms. Li Yu, Mr. Zhou Yanbin and Mr. Xu Zhenhua; and the independent non-executive Directors are Mr. Kin Kwong Kwok Gary, Mr. Fan Wei, Ms. He Zhen and Mr. Wang Peng*

\* *For identification purposes only*