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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 TRANSACTION
IN RELATION TO THE PC CONTRACT

BACKGROUND

On 28 March 2023, after trading hours, Shuifu Yangliutan, a wholly-owned subsidiary of the Company, entered into the PC Contract with Yundian Technology, a connected person, pursuant to which, the Yundian Technology agreed to provide procurement and construction services to the Company for the Project.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Yundian Technology is an indirect non wholly-owned subsidiary of Energy Investment Group which is one of the Controlling Shareholders. Accordingly, Yundian Technology is an associate of Energy Investment Group and therefore a connected person of the Company under Rule 14A.07 and the entering into of the PC Contract constitutes a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio with respect to the PC Contract is less than 5% but the Contract Price exceeds HK\$3 million, the PC Contract is 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.

THE PC CONTRACT

On 28 March 2023, Shuifu Yangliutan entered into the PC Contract with Yundian Technology, pursuant to which Yundian Technology will provide procurement and construction services to Shuifu Yangliutan. The principal terms of the PC Contract are set out below:

- Date: 28 March 2023 (after trading hours)
- Parties:
1. Shuifu Yangliutan
 2. Yundian Technology
- Project: The procurement and construction project of a distant integrated controlling center, whereby Yundian Technology shall be responsible for (i) the construction and commissioning of a data center which shall connect the six power stations of the Group at Yangliutan (楊柳灘), Xuetuo (雪垞), Youguankou (油罐口), Laifu (來複), Yuejiang (月江) and Menkantan (門坎灘); and (ii) provide the relevant technical training to the staff of Shuifu Yangliutan
- Construction Location: Baixi Town, Yibin City, Sichuan Province, PRC
- Construction Period: 150 calendar days, commencing from the date of the PC Contract
- Scope of Service:
1. The installation and commissioning of a data center (including, among others, a centralized monitoring system, synchronous clock system, private cloud platform system, network security protection system, large-size display system, video monitoring system, power private network communication system, automatic hydrological forecasting system, modular computer room and other equipment)
 2. The procurement, installation, commissioning and trial run of the relevant products as specified in the PC Contract
 3. Provision of relevant technical training to the staff of Shuifu Yangliutan for the operation of the distant integrated controlling center

Contract Price: The Contract Price is a fixed lump-sum price amounted to RMB10,857,499.71.

The Contract Price was the successful tender price offered by Yundian Technology in the public tender and was accepted by the bid evaluation committee (評標委員會) for the Project after thorough evaluation, pursuant to the relevant rules and regulations of the PRC. When selecting the successful bidder, the bid evaluation committee had considered a basket of factors, including (i) among others from the business aspects, the bidders' background, experience, credibility, and the bidding price for the required services; and (ii) among others 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.

Payment terms: Shuifu Yangliutan shall pay the Contract Price to Yundian Technology in the following manners:

- 30% of the Contract Price shall be paid after the execution of the PC Contract and within 30 days after Shuifu Yangliutan has verified the accuracy of the information provided by Yundian Technology at the request of Shuifu Yangliutan.
- 40% of the Contract Price shall be paid within 30 days upon the delivery of the relevant equipment to the location(s) designated by Shuifu Yangliutan.
- 20% of the Contract Price, being the installation and commissioning fee, shall be paid in the following manners:
 - 17% of the Contract Price shall be paid within 30 days after the completion of the installation and commissioning and trial run of the distant integrated controlling center (i.e. completion of the connection and joint debugging of one power station) (the “**Trial Run of the Distant Integrated Controlling Center**”) and satisfactory inspection and acceptance of the works by Shuifu Yangliutan

- 3% of the Contract Price shall be paid upon (i) the completion of the connection to the distant integrated controlling center and trial run for all six power stations and (ii) satisfactory inspection and acceptance of the works by Shuifu Yangliutan, provided that:
 - (a) Shuifu Yangliutan shall not be liable to make such payment during the 12 months period after the Trial Run of the Distant Integrated Controlling Center, if the the connection and trial run for all six power stations cannot be completed during such 12 months period for reasons unrelated to Yundian Technology;
 - (b) Shuifu Yangliutan shall still make the payment after the 12 months period specified in (a) above if the reason of failure to complete the connection and trial run of all six power stations is unrelated to Yundian Technology, on the condition that Yundian Technology shall undertake to continue to cooperate with respect to the connection and commissioning of the remaining power stations, and not to charge any additional fees.

- Up to 95% of the completion audit settlement amount shall be paid upon completion of the auditing of the Project. The auditing of the project shall be completed within 3 months after the completion of the Project and the satisfactory inspection and acceptance of the works by Shuifu Yangliutan.

- 5% of the completion audit settlement amount shall serve as the quality warranty money and shall be paid to Yundian Technology after completion of the warranty period.

Period of warranty:

One year.

Warranty Period shall commence after the (i) completion of the connection to the distant integrated controlling center and trial run for all six power stations and (ii) satisfactory inspection and acceptance of the works by Shuifu Yangliutan. In the event the connection and trial run for all six power stations cannot be completed within 12 months after the Trial Run of the Distant Integrated Controlling Center for reasons unrelated to Yundian Technology, the commencement of the warranty period shall be postponed to 12 months after the Trial Run of the Distant Integrated Controlling Center.

REASONS AND BENEFITS FOR ENTERING INTO THE PC CONTRACT

In order to improve the production and operation capacity of the Group's hydropower stations, reduce the power generation cost, optimize the allocation of human resources, and set the foundation for providing power generation, repair, maintenance and operation services to external parties, the Company commenced the current Project to establish a distant integrated controlling center, which would implement distant integrated control and management of hydropower stations. It is the current plan of the Company that the said distant integrated controlling center shall eventually connect to up to 30 power stations. At the current initial stage, six power stations of the Company will be connected to the distant integrated controlling center under the PC contract, namely Yangliutan (楊柳灘), Laifu (來複), Youguankou (油罐口), Yuejiang (月江), Xuetuo (雪垞) and Menkantan (門坎灘), which have a total installed capacity of approximately 127,330 kWh. It is the intention of the Company that the distant integrated controlling center will in subsequent stages connect to new hydropower stations to be acquired by the Company and, subject to the business development of the Company, other on-grid small-scale hydropower stations in surrounding areas which the Group has no equity interests but are entrusted to operate.

The PC Contract has been approved by the Board. The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the PC Contract were arrived at after arm's length negotiation, are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and are in the interest of the Group and its Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

As at the date of this announcement, Yundian Technology is an indirect non wholly-owned subsidiary of Energy Investment Group which is one of the Controlling Shareholders. Accordingly, Yundian Technology is an associate of Energy Investment Group and therefore a connected person of the Company under Rule 14A.07 and the entering into of the PC Contract constitutes a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio with respect to the PC Contract is less than 5% but the Contract Price exceeds HK\$3 million, the PC Contract is 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.

As Mr. Xiong Lin, Mr. Li Hui and Ms. Xie Peixi were the Directors nominated by Energy Investment Group, they have abstained from voting on the Board resolutions to approve the PC Contract voluntarily. Saved and except for the aforesaid, none of the Directors has a material interest in the PC Contract and was required to abstain from voting on the Board resolutions in relation to the PC Contract.

INFORMATION OF THE PARTIES

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.

Shuifu Yangliutan

Shuifu Yangliutan is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company. It principally engaged in power generation.

Yundian Technology

Yundian Technology is a limited liability company established in the PRC. It is owned as to 51% by Sichuan Energy Investment Electricity Development Co., Ltd.* (四川能投電力開發有限公司) (“**Electricity Development Co.**”) and 49% by Qingneng Huakong Technology Co., Ltd.* (清能華控科技有限公司) (“**Qingneng Huakong**”).

Electricity Development Co. is a limited liability company established in the PRC which is owned as to approximately 71.3% by Energy Investment Group and 28.7% by Hydropower Group (which are both controlling shareholders of the Company). Hydropower Group is a non wholly-owned subsidiary of Energy Investment Group, whereas Energy Investment Group is wholly-owned by Sichuan Development Co., which is in turn owned as to 90% by State-owned Assets Supervision and Administration Commission of Sichuan Province (四川省政府國有資產監督管理委員會) and 10% by the Sichuan Provincial Finance Department (四川省財政廳).

Qingneng Huakong is a limited liability company established in the PRC which is wholly-owned by Beijing Qingneng Jikong Technology Group Co., Ltd.* (北京清能繼控科技集團有限公司), which is in turn owned as to 34.4% by Mr. Hu Jiawei (胡家為), 33.3% by Qingkong Venture Capital Co., Ltd.* (清控創業投資有限公司) and 18.3% by Beijing Dikaipu Technology Co., Ltd.* (北京迪開普科技有限公司). Qingkong Venture Capital Co., Ltd.* is ultimately owned as to 90% by State-owned Assets Supervision and Administration Commission of Sichuan Province (四川省政府國有資產監督管理委員會) and 10% by the Sichuan Provincial Finance Department (四川省財政廳). Beijing Dikaipu Technology Co., Ltd.* (北京迪開普科技有限公司) is owned as to approximately 35.6% by Mr. Hu Jiawei (胡家為) and 74.4% by six other shareholders (with none of them holding 30% or more of the equity interests in the company).

Yundian Technology is principally engaged in including, among others, remote maintenance and management of hydropower stations and new energy power stations, the construction of centralized monitoring center, the self development of remote control platform software, the research and sales of electric power equipment, management of electric power engineering services, electric power technology consulting services, high new technology industry development, maintenance and installation of engineering equipment.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“Board”	the board of Directors
“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
“Contract Price”	the total contract price in consideration for the Yundian Technology’s performance of its obligations under the PC Contract, which is a fixed lump-sum price amounted to approximately RMB10.86 million
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of the Company, namely, Energy Investment 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) and Sichuan Development (Holding) Co., Ltd.* (四川發展(控股)有限責任公司)
“Director(s)”	the director(s) of the Company
“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 on 21 February 2011 and one of our Controlling Shareholders
“Group”	the Company and its subsidiaries
“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 the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Main Board of The Stock Exchange
“PC”	procurement and construction
“PC Contract”	PC Contract for procurement and construction project of a distant integrated controlling center located at Yibin City entered into between Shuifu Yangliutan and Yundian Technology on 28 March 2023
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Project”	The procurement and construction project of a distant integrated controlling center located at Yibin City
“RMB”	Renminbi, the lawful currency of the PRC
Shuifu Yangliutan	Shuifu Yangliutan Power Generation Co., Ltd.* (水富楊柳灘發電有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
Yundian Technology	Sichuan Nengtou Yundian Technology Co., Ltd. * (四川能投雲電科技有限公司), a limited liability company established in the PRC and an indirect subsidiary of Energy Investment Group
“%”	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