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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)

**SUPPLEMENTAL ANNOUNCEMENT
CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF PROPERTIES**

Reference is made to the announcement of Sichuan Energy Investment Development Co., Ltd.* (the “**Company**”) dated 11 April 2023 (the “**Announcement**”) in relation to, among others, the Acquisition. Unless otherwise stated, capitalized terms used herein shall bear the same meanings as defined in the Announcement.

The Company would like to supplement the following information in respect of the basis of determination of the Consideration. As disclosed in the Announcement, the consideration for the acquisition of the Properties was determined after arm’s length negotiation between Pingshan Electricity and Pingshan Jinping with reference to the appraised value of the Properties by the independent valuer. The benchmark date of the valuation of the Properties was 26 September 2022, and the valuation was prepared in accordance with the market approach. The market approach refers to the valuation where the appraised value is arrived through direct comparison or analogical analysis of the transaction prices of comparable or similar assets in the market at the time near to the benchmark date. To arrive the valuation, the following assumptions were adopted:

- (i) Open market assumption. It is assumed that the appraised assets will be traded in a relatively sound open market and that the basis of determining the consideration and the valuation conclusion will be available and substantiated in the open market.
- (ii) Transaction assumption. It is assumed that the appraised assets are already in the process of transaction, and the valuer carries out the valuation based on a simulated market which involves the transaction conditions of the appraised assets.
- (iii) There are no material changes in government macroeconomic policies as well as the social and economic environment of the region where the appraised assets are located, nor there are any material changes in industry policies, laws and regulations, administration system, taxation policies and credit interest rates.

- (iv) The information provided by the principal and the property ownership certificate holder are true, legal, complete and valid.
- (v) The valuation report shall only be used for the purposes stated therein.
- (vi) The valuation is carried out based on the assumption that the property ownership certificate holder has obtained full ownership of the valuation object and there are no disputes over the ownership of the valuation object.
- (vii) There will be no significant fluctuation in the market value of the appraised assets in the short term.
- (viii) The on-site inspection of the valuation object by the valuer is limited to the external condition only. For the parts that are covered, unexposed and difficult to be seen with the naked eyes, it is assumed that the valuation object is in compliance with the relevant national technical and quality acceptance specifications and relevant standards.

While the benchmark date of the valuation of the Properties, i.e. 26 September 2022, as set out in the independent valuation report is more than six months from the date of the Acquisition, the Directors consider the valuation is still appropriate to serve as reference for determination of the Consideration for the following reasons:

- (i) Back in 2015, the Group had already acquired several premises with an aggregate construction area of approximately 5,500 sq.m. in the same building complex where the Properties are located, and have been using those premises as offices since then. As such, the Group was familiar with the conditions of the building complex and was of the view that there had been no material adverse change to the Properties since the benchmark date.
- (ii) To the best knowledge of the Directors, there had been no material adverse changes in China's macro-economy, the industry, and fiscal policy, etc. since the benchmark date. Rather, the National Bureau of Statistics of China has released economic data for the period from January to February 2023 showing signs of recovery of the national economy.
- (iii) Pursuant to the valuation report, the valuation shall be valid for one year from the benchmark date and up to 25 September 2023. In addition, the valuer has confirmed that since the benchmark date and up to 11 April 2023 (the date of the Property Purchase Agreement), there had been no material change to (a) the condition of the property market in the district where the Properties are located; and (b) the assumptions and parameters that the valuation was based on. Accordingly, the original valuation of the Properties was maintained.

In light of the above, and in conjunction with the reasons and benefits of the Acquisition as set out in the Announcement, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Acquisition (including the Consideration and its basis) 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.

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

Chengdu, Sichuan Province, the PRC

18 April 2023

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, Ms. Liang Hong, Ms. Lv Yan, Mr. Tao Xueqing 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*