



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: 1713

2023

Interim Report



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I. COMPANY PROFILE

1. CORPORATE INFORMATION

Chinese Name:

四川能投發展股份有限公司

English Name:

Sichuan Energy Investment Development Co., Ltd.*

Registered Address:

No. 789, Renhe Road
Wenjiang District, Chengdu City
Sichuan Province, the PRC

Headquarters/Principal Place of Business:

No. 789, Renhe Road
Wenjiang District, Chengdu City
Sichuan Province, the PRC

Place of Business in Hong Kong:

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

Company Website:

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E-mail:

db@scntgf.com

2. STOCK PROFILE OF THE COMPANY

Classes of Shares:

H Shares and Domestic Shares

Stock Exchange of Shares:

Main Board of The Stock Exchange of Hong Kong Limited

Stock Abbreviation of H Shares:

SICHUAN EN INV

Stock Code of H Shares:

1713

3. EXECUTIVE DIRECTORS

Mr. He Jing (*Chairman*)

Mr. Li Hui

Ms. Xie Peixi

4. NON-EXECUTIVE DIRECTORS

Ms. Han Chunhong

Mr. Tao Xueqing

Ms. Liang Hong

Ms. Lv Yan

Mr. Kong Ce

5. INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kin Kwong Kwok Gary

Ms. He Zhen

Mr. Wang Peng

Prof. Li Jian

Ms. He Yin

6. SUPERVISORS

Ms. Deng Ruipu (*Chairlady*)

Ms. Fu Ruoxue

Ms. Wang Meng

Ms. Sun Hui

Ms. Li Jia

Mr. Liao Jun

* For identification purposes only

I. COMPANY PROFILE

7. AUTHORIZED REPRESENTATIVES

Mr. He Jing
Mr. Li Hui

8. AUDIT COMMITTEE

Mr. Kin Kwong Kwok Gary (*Chairman*)
Ms. Han Chunhong
Prof. Li Jian

9. REMUNERATION AND EVALUATION COMMITTEE

Mr. Wang Peng (*Chairman*)
Ms. He Zhen
Ms. Lv Yan

10. NOMINATION COMMITTEE

Mr. He Jing (*Chairman*)
Ms. He Zhen
Mr. Wang Peng

11. RISK CONTROL COMMITTEE

Prof. Li Jian (*Chairman*)
Mr. Tao Xueqing
Mr. Kin Kwong Kwok Gary

12. JOINT COMPANY SECRETARIES

Mr. Li Hui
Ms. Wong Wai Ling

13. H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

14. LEGAL ADVISORS

As to Hong Kong law:

Jingtian & Gongcheng LLP
Suites 3203–3207, 32/F
Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law:

Beijing Zhong Yin (Chengdu) Law Firm
13/F, Block B, OCG International Center
No. 158 Tianfu 4th Avenue
Chengdu Hi-tech Industrial Development Zone
Sichuan Province, the PRC

15. PRINCIPAL BANKS

Bank of Communications Co., Ltd.,
Chengdu Branch, Wenjiang Sub-branch
(交通銀行股份有限公司成都溫江支行)
Agricultural Bank of China Limited, Chengdu Branch,
Jincheng Sub-branch
(中國農業銀行股份有限公司成都錦城支行)
Industrial Bank Co., Ltd., Chengdu Branch,
Jinniu Sub-branch
(興業銀行股份有限公司成都金牛支行)
Industrial and Commercial Bank of China Limited,
Chengdu Branch, Hi-tech Industrial Development Zone
Sub-branch
(中國工商成都高新支行)
Bank of China Limited, Chengdu Branch,
Development Zone West Sub-branch
(中國銀行股份有限公司成都開發西區支行)

II. INTERIM FINANCIAL HIGHLIGHTS

Summary of Consolidated Income Statement	Six months ended 30 June	
	2023 RMB	2022 RMB
Operating revenue	1,833,386,031.70	1,502,213,920.97
Total profit	157,330,094.35	158,898,304.34
Income tax expenses	28,228,525.49	29,157,529.52
Net profit	129,101,568.86	129,740,774.82
Attributable to:		
Minority interests	738,453.74	27,358.72
Summary of Consolidated Balance Sheet	30 June 2023 RMB	31 December 2022 RMB
Total current assets	1,368,966,144.51	1,372,829,099.02
Total non-current assets	4,177,059,663.20	3,775,181,812.29
Total assets	5,546,025,807.71	5,148,010,911.31
Total current liabilities	1,463,289,626.61	1,511,575,255.85
Total non-current liabilities	900,773,375.37	451,217,406.28
Total liabilities	2,364,063,001.98	1,962,792,662.13
Total shareholders' equity	3,181,962,805.73	3,185,218,249.18

* Certain amounts and percentages contained in this report have been rounded to either one or two decimal places, and the difference between the total and the sum of addends as set out in any table, diagram or elsewhere, if any, is a result of rounding.

III. MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY OVERVIEW

The value chain of the power industry in China composed of power generation, power transmission and distribution, and sales of electricity. The power generation sector converts other types of energy into electricity, such as power generated by hydropower plants that use water flux energy. The core of the power supply sector is the transmission and distribution system of the power grid, which comprises electricity transmission networks that reach provinces and cities in China, electricity distribution networks that serve end uses, and step-up and step-down substations. Lastly, the electricity sales sector directly distributes electricity to end users.

On 22 May 2023, Sichuan Provincial Development and Reform Commission issued the Notice on the Transmission and Distribution Tariff of Power Grids in Sichuan During the Third Regulation Period and Relevant Matters (Chuan Fa Gai Jia Ge [2023] No. 233) (《關於四川電網第三監管週期輸配電價及有關事項的通知》(川發改價格[2023]233號)), pursuant to which, the tariff billing mode for industrial and commercial users has been adjusted as follows: tariff payable by industrial and commercial users shall comprise on-grid tariff (transaction price or agent purchase price), on-grid line loss charges, transmission and distribution tariff, system operation expenses, contribution to government funds and surcharges.

During the first half of 2023, total power consumption in China reached 4.3076 trillion kWh, representing a year-on-year increase of 5%, and the growth rate recorded a year-on-year increase of 2.1 percentage points. The sound economic recovery during the first half of 2023 contributed to a year-on-year increase in growth rate of power consumption. In terms of industry sectors, power consumption in the primary sector reached 57.7 billion kWh, representing a year-on-year increase of 12.1% and maintaining the rapid growth momentum; power consumption in the secondary sector reached 2.8670 trillion kWh, representing a year-on-year increase of 4.4% and indicating modest growth rate; power consumption in the tertiary sector reached 763.1 billion kWh, representing a year-on-year increase of 9.9% and returning to fast growth track following ease of anti-COVID-19 measures; and urban and rural household power consumption reached 619.7 billion kWh, representing a year-on-year increase of 1.3%.

2. BUSINESS OVERVIEW

2.1 Overview

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, distribution and sales. We have a stable user base and a comprehensive network of power supply in Yibin City, which allows us to optimize the balance usage of power resources within our power supply network through efficient allocation of electricity. Our business currently consists of (i) power business, which includes power generation, distribution and sales, and is divided into general power supply business and incremental power transmission and distribution business; and (ii) EECS business, which consists of electrical engineering construction service and sales of electric equipment and materials.

During the first half of 2023, despite various risks and challenges, management and staff members throughout the Company braced up hardships and earnestly assumed their responsibilities upholding the guiding role of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era. The Company vigorously implemented Energy Investment Group's corporate mission of "pursuing green, low-carbon and technology-empowered development", and remained focused on the general keynote of striving for progress amid stability and dedicated itself to the five major tasks of "guaranteeing livelihood, safety and supply, staying committed to technological innovation, and promoting quality development", and "strengthening power source, power grids and capital operation, establishing business presence in new energy industry, and constantly improving service quality and capabilities". In a move to achieve the strategic goal of building itself to "a first class modern integrated energy service provider in Western China", the Company will endeavor to win the tough battle of guaranteeing power supply, in a bid to lay the foundation for reliable power supply in support of local economic and social development and living purposes. Besides, the Company proactively extended footprints to new energy industry leveraging constant efforts in development of gas-fired, electricity, photovoltaic, watering pumping and storage and intelligent integrated energy station and other green projects, striving to create new "growth drivers" for innovation-driven growth.

III. MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of 2023, the Company realized operating revenue of RMB1,833.4 million, representing a period-on-period increase of 22.0%. Our total profit was RMB157.3 million, representing a period-on-period decrease of 1.0%. During the same period, we achieved net profit of RMB129.1 million, representing a year-on-year decrease of 0.5%, and net profit attributable to shareholders of the parent company of RMB128.4 million, representing a period-on-period decrease of 1.0%.

As of 30 June 2023, we had a total of 34 hydropower plants with an aggregated installed capacity of 138,355 kW. We also had three units of 220 kV substations with a capacity of 1,080,000 kVA, 19 units of 110 kV substations with an aggregated capacity of 942,000 kVA and 59 units of 35 kV substations with an aggregated capacity of 572,050 kVA.

2.2 Operating Results

The following table sets forth the operating revenue, operating costs, gross profit margin and percentage of changes by business segments for the six months ended 30 June 2022 and 2023.

Business	Six months ended 30 June								
	2023			2022			Change in percentage (%) / percentage points		
	Operating revenue (RMB)	Operating costs (RMB)	Gross profit margin %	Operating revenue (RMB)	Operating costs (RMB)	Gross profit margin %	Operating revenue	Operating costs	Gross profit margin
General power supply business	1,509,652,892.30	1,301,746,584.29	13.8	1,190,640,941.12	982,779,916.14	17.5	26.8	32.5	(3.7)
Incremental power transmission and distribution business	163,869,182.29	154,793,654.45	5.5	134,125,049.62	129,834,078.07	3.2	22.2	19.2	2.3
EECS business ⁽¹⁾	159,863,957.11	136,181,113.57	14.8	177,447,930.23	134,176,001.06	24.4	(9.9)	1.5	(9.6)
Total	1,833,386,031.70	1,592,721,352.31	13.1	1,502,213,920.97	1,246,789,995.27	17.0	22.0	27.7	(3.9)

Note:

- (1) Includes operating revenue from the sales of electric equipment and materials of RMB1.1 million for the six months ended 30 June 2023.

General Power Supply Business

The following table sets forth the breakdown of operating revenue from our general power supply business by customer category for the periods indicated.

Customer	Six months ended 30 June					
	2023		2022		Change in percentage (%) / percentage points	
	Electricity sales (MWh)	Operating revenue (RMB)	Electricity sales (MWh)	Operating revenue (RMB)	Electricity sales	Operating revenue
Household	771,500.00	415,242,320.13	701,531.17	362,108,191.94	10.0	14.7
General industrial and commercial	499,889.70	336,307,177.31	502,429.02	280,679,429.55	(0.5)	19.8
Large industrial	1,532,031.50	724,934,751.64	960,978.22	508,381,856.43	59.4	42.6
State Grid	1,250.50	238,029.57	70,659.16	15,861,207.38	(98.2)	(98.5)
Others	62,005.00	32,930,613.65	47,038.62	23,610,255.82	31.8	39.5
Total	2,866,676.70	1,509,652,892.30	2,282,636.19	1,190,640,941.12	25.6	26.8

Most of our operating revenue for the six months ended 30 June 2023 was derived from our general power supply business, including generation, distribution and sales of power. We generated RMB1,509.7 million of operating revenue from our general power supply business, which accounted for 82.4% of our total operating revenue.

III. MANAGEMENT DISCUSSION AND ANALYSIS

Incremental Power Transmission and Distribution Business

Our operating revenue from incremental power transmission and distribution business mainly consists of electricity retail business outside our normal power supply service area and other power distribution business related to new-energy vehicles. By implementing measures to diversify the industry chain, we generated RMB163.9 million of operating revenue from incremental power transmission and distribution business for the six months ended 30 June 2023, which accounted for 8.9% of our total operating revenue.

EECS Business

We also derived operating revenue from our EECS business, which mainly involves undertaking the engineering construction projects for, and selling electric equipment and materials to, the users and grid companies in our power supply area. For the six months ended 30 June 2023, we generated RMB159.9 million of operating revenue from our EECS business, which accounted for 8.7% of our total operating revenue.

2.3 Major Operational Measures

Firstly, the Company made constant efforts to enhance management quality and efficiency with a steadfast commitment to in-depth reform. It strengthened organizational structure, further clarified post functions and responsibilities, and defined rights and accountabilities across departments to improve operational and management flow. It also pressed ahead with integrated control over hydropower stations to enhance the safety management standards and operating efficiency at hydropower stations. The Company carried forward the “three-system” reform, and achieved tenure-based administration for all senior staff, competition for positions among all mid-level management members, all new hires admitted in social recruitment, and performance appraisal for all the employees. It optimized talent training through closely correlating on-duty practice and quality improvement with post requirements and responsibilities via multiple means, thereby providing strong talent support to the Company’s transition and development. Secondly, the Company remained focused on structural adjustment to optimize business performance. It was committed to bolstering power sources through soliciting support from local Party Committee and government authorities and expediting the construction of water pumping and energy storage project and gas-fired power generation energy project. It also endeavored to promote power grids via ongoing efforts made with respect to the construction of 220 kV substations and introducing 7 new on-grid lines connected to Sichuan Grid, securing remarkable enhancement in power supply capacity and reliability. The Company stepped up efforts in improving equity structure through the acquisition of 15% interests in Shenzhen CEGN Co., Ltd* (深圳市車電網絡有限公司) and completion of H Share “full circulation”. Besides, the Company upheld the strategy to establish presence in the field of integrated energy through seeking integrated energy investment and construction opportunities such as the “charging and replacement stations (piles) +” project and rolling out smooth preparations for electric vehicle charging facilities. Thirdly, the Company stayed focused on livelihoods to improve its service capabilities. Taking efforts to ensure safe and stable operation of power grid, we developed and circulated work plans for key periods in summer and winter peaks to define major tasks, and carried out comprehensive pre-test and pre-inspection within power grid, including thorough inspections on substations, power transmission and distribution lines, and main hydropower stations. To further optimize the electricity consumption climate, we earnestly improved our services for “power accessibility” in strict accordance with the service requirements of “three zeros and three savings”, and our 96598 customer service center actively played the key role in communicating with users and serving people, together with effectively strengthened complaint management to meet expectations of various users. Fourthly, the Company adhered to the bottom-line approach to forestall and defuse risks. Sparing no efforts in safe production, we deepened identification and management of potential safety dangers, normalized regulation on potential fire dangers against power transmission and distribution facilities in forest and pastoral areas, and vigorously strengthened the standardization of safe production system. The Company did not encounter accidents involving general or above personal injuries, equipment safety, occupational health or environmental protection. To strengthen internal risk control, we adhered to the approach of “bringing forward the line of defense with refined risk controls”, further improved our internal control system, and enhanced our audit work across the board. We went full steam to defuse funding risks. Furthermore, efforts were taken to improve our cost and expense accounting system, accelerate the construction of a centralized financial accounting system, reduce material procurement costs, strengthen electricity line loss management and optimize power dispatching economics. Under a dedicated dynamic quantitative management system, the growth rate of “balance of inventories and accounts receivable” did not exceed the growth rate of operating revenue. Fifthly, the Company adhered to strict governance to strengthen the Party building. We deepened the campaign for studying and implementing Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era, standardized the institutional arrangements for engaging the Party Committee in pre-study of major matters, pressed ahead with the Party building to highlight its demonstration and leading role, and strived to solve the weaknesses and outstanding problems in the Party building work at primary level. Meanwhile, we strengthened disciplinary scrutiny, taking coordinated efforts to educate and govern the discipline inspection team and promote the rectification of problems through illustrative cases.

III. MANAGEMENT DISCUSSION AND ANALYSIS

3. FINANCIAL REVIEW

Analysis of Key Items in the Consolidated Income Statement

Operating Revenue

Business	Six months ended 30 June	
	2023 (RMB)	2022 (RMB)
General power supply business	1,509,652,892.30	1,190,640,941.12
Incremental power transmission and distribution business	163,869,182.29	134,125,049.62
EECS business ⁽¹⁾	159,863,957.11	177,447,930.23
Total	1,833,386,031.70	1,502,213,920.97

Note:

(1) Includes operating revenue from the sales of electric equipment and materials of RMB1.1 million for the six months ended 30 June 2023.

Operating revenue increased by 22.0% from RMB1,502.2 million for the six months ended 30 June 2022 to RMB1,833.4 million for the six months ended 30 June 2023, primarily due to the increase in scale of the general power supply business.

III. MANAGEMENT DISCUSSION AND ANALYSIS

General Power Supply Business

Operating revenue generated from general power supply business increased by 26.8% from RMB1,190.6 million for the six months ended 30 June 2022 to RMB1,509.7 million for the six months ended 30 June 2023, primarily due to the increase in the number of household, large industrial and general industrial and commercial users by 7,290, 35 and 2,285, respectively in the first half of 2023 as compared with the end of 2022, contributing to an increase in sales of electricity to such customers of 638,482.79 MWh in the first half of 2023. Operating revenue from general power supply business accounted for 79.3% and 82.4% of our total operating revenue for the six months ended 30 June 2022 and 2023, respectively.

Incremental Power Transmission and Distribution Business

Operating revenue generated from incremental power transmission and distribution business increased by 22.2% from RMB134.1 million for the six months ended 30 June 2022 to RMB163.9 million for the six months ended 30 June 2023, primarily due to the expansion in scale of the incremental power transmission and distribution business during the first half of 2023. Operating revenue from incremental power transmission and distribution business accounted for 8.9% and 8.9% of our total operating revenue for the six months ended 30 June 2022 and 2023, respectively.

EECS Business

Operating revenue generated from undertaking EECS business decreased by 9.9% from RMB177.4 million for the six months ended 30 June 2022 to RMB159.9 million for the six months ended 30 June 2023, primarily due to the scale reduction of the EECS business during the first half of 2023. Operating revenue from EECS business accounted for 11.8% and 8.7% of our total operating revenue for the six months ended 30 June 2022 and 2023, respectively.

Operating Costs

Business	Six months ended 30 June	
	2023 (RMB)	2022 (RMB)
General power supply business	1,301,746,584.29	982,779,916.14
Incremental power transmission and distribution business	154,793,654.45	129,834,078.07
EECS business	136,181,113.57	134,176,001.06
Total	1,592,721,352.31	1,246,789,995.27

Operating costs increased by 27.7% from RMB1,246.8 million for the six months ended 30 June 2022 to RMB1,592.7 million for the six months ended 30 June 2023, mainly due to the increase in scale of the general power supply business during the first half of 2023.

III. MANAGEMENT DISCUSSION AND ANALYSIS

General Power Supply Business

Operating costs associated with our general power supply business increased by 32.5% from RMB982.8 million for the six months ended 30 June 2022 to RMB1,301.7 million for the six months ended 30 June 2023, primarily due to the increase in scale of the general power supply business during the first half of 2023 and a period-on-period increase in power purchase from external parties of 34.0%. Operating costs associated with third-party power supply business accounted for 54.5% and 65.3% of our total operating costs for the six months ended 30 June 2022 and 2023, respectively.

Incremental Power Transmission and Distribution Business

Operating costs associated with our incremental power transmission and distribution business increased by 19.2% from RMB129.8 million for the six months ended 30 June 2022 to RMB154.8 million for the six months ended 30 June 2023, mainly due to the increase in scale of the incremental power transmission and distribution business during the first half of 2023.

EECS Business

Operating costs associated with our EECS business increased by 1.5% from RMB134.2 million for the six months ended 30 June 2022 to RMB136.2 million for the six months ended 30 June 2023, primarily due to an increase in labor costs during the first half of 2023.

Gross Profit and Gross Profit Margin

Business	Six months ended 30 June			
	2023	Gross Profit Margin	2022	Gross Profit Margin
	Gross Profit (RMB)	%	Gross Profit (RMB)	%
General power supply business	207,906,308.01	13.8	207,861,024.98	17.5
Incremental power transmission and distribution business	9,075,527.84	5.5	4,290,971.55	3.2
EECS business	23,682,843.54	14.8	43,271,929.17	24.4
Total	240,664,679.39	13.1	255,423,925.70	17.0

As a result of the above, our gross profit decreased by 5.8% from RMB255.4 million for the six months ended 30 June 2022 to RMB240.7 million for the six months ended 30 June 2023, which was mainly due to a decrease in gross profit generated from the EECS business.

General Power Supply Business

The gross profit of our general power supply business remained relatively stable at RMB207.9 million and RMB207.9 million, respectively, for the six months ended 30 June 2022 and six months ended 30 June 2023. The corresponding gross profit margin decreased from 17.5% for the six months ended 30 June 2022 to 13.8% for the six months ended 30 June 2023, which was mainly due to an increase in labor cost and unit cost of electricity purchased from external parties.

III. MANAGEMENT DISCUSSION AND ANALYSIS

Incremental Power Transmission and Distribution Business

The gross profit of our incremental power transmission and distribution business increased by 111.5% from RMB4.3 million for the six months ended 30 June 2022 to RMB9.1 million for the six months ended 30 June 2023, primarily due to the increase in scale of the incremental power transmission and distribution business during the first half of 2023. The corresponding gross profit margin increased from 3.2% for the six months ended 30 June 2022 to 5.5% for the six months ended 30 June 2023, primarily due to the relatively higher gross profit margin of customers newly acquired in the first half of 2023.

EECS Business

The gross profit of EECS business decreased by 45.3% from RMB43.3 million for the six months ended 30 June 2022 to RMB23.7 million for the six months ended 30 June 2023. The corresponding gross profit margin decreased from 24.4% for the six months ended 30 June 2022 to 14.8% for the six months ended 30 June 2023, primarily due to an increase in labor costs.

Finance Costs

Finance costs decreased by 47.1% from RMB4.5 million for the six months ended 30 June 2022 to RMB2.4 million for the six months ended 30 June 2023, which was mainly due to a decrease in foreign exchange losses during the first half of 2023.

Income/Loss from Investment in Associates

Income from investment in associates decreased by 277.8% from income of RMB3.9 million for the six months ended 30 June 2022 to loss of RMB6.9 million for the six months ended 30 June 2023, primarily due to investment in a new energy company during the Reporting Period whose accounts receivable are primarily settled in the second half of the year, leading to a loss in the first half of 2023.

Income Tax

Income tax expenses were RMB29.2 million and RMB28.2 million for the six months ended 30 June 2022 and 2023, at effective tax rates of 18.3% and 17.9%, respectively.

Net Profit

As a result of the above, net profit amounted to RMB129.7 million and RMB129.1 million for the six months ended 30 June 2022 and the six months ended 30 June 2023, respectively.

III. MANAGEMENT DISCUSSION AND ANALYSIS

Analysis of Key Items in Consolidated Balance Sheet

Fixed Assets, Construction in Progress and Right-of-use Assets

	As at 30 June 2023 RMB	As at 31 December 2022 RMB
Fixed asset	3,003,290,859.82	3,062,952,630.19
Construction in progress	630,827,570.53	272,105,986.58
Right-of-use assets	7,727,361.88	6,597,730.52
Total	3,641,845,792.23	3,341,656,347.29

As at 31 December 2022 and 30 June 2023, our fixed assets, construction in progress and right-of-use assets were RMB3,341.7 million and RMB3,641.8 million, respectively, which mainly included plant and building, machinery, vehicles, office equipment, projects under construction and right-of-use assets. Construction in progress increased from RMB272.1 million as at 31 December 2022 to RMB630.8 million as at 30 June 2023, mainly due to an increase in the number of rural grid consolidation and improvement projects during the first half of 2023.

Intangible Assets

Our intangible assets remained relatively stable as at 30 June 2023 and 31 December 2022, amounting to RMB150.6 million and RMB149.5 million, respectively.

Inventories

Our inventories primarily consisted of raw materials, spare parts and others, which amounted to RMB87.9 million and RMB94.0 million as at 31 December 2022 and 30 June 2023, respectively. The following table sets forth a breakdown of our inventories as at the dates indicated:

	As at 30 June 2023 (RMB)	As at 31 December 2022 (RMB)
Raw materials	93,913,198.54	87,793,656.25
Spare parts and others	125,532.77	98,960.08
Total	94,038,731.31	87,892,616.33

III. MANAGEMENT DISCUSSION AND ANALYSIS

Our inventories increased by 7.0% from RMB87.9 million as at 31 December 2022 to RMB94.0 million as at 30 June 2023, mainly due to the increase in construction projects during the first half of 2023.

The average turnover days of our inventories (calculated by using the average value of the opening and closing balance of inventories of the relevant period divided by the operating costs for the period, and then multiplied by the number of days in the period) were 10.9 days and 10.3 days as at 30 June 2022 and 2023, respectively.

Receivables

Receivables include bills receivable, accounts receivable, prepayments and other receivables. Our receivables decreased by 15.5% from RMB400.8 million as at 31 December 2022 to RMB338.6 million as at 30 June 2023, mainly due to adjustment in meter reading cycle and recognition of estimated electricity bills as contract assets during the first half of 2023.

Payables

Payables include accounts payable, contract liabilities, employee benefits payable, taxes payable and other payables. Our payables increased by 3.6% from RMB1,197.4 million as at 31 December 2022 to RMB1,240.4 million as at 30 June 2023, primarily due to provision of dividends payable on ordinary Shares as of the end of 2022.

The average turnover days of our payables (calculated by using the average value of opening and closing balance of the payables of the relevant period divided by the cost of the period, and then multiplied by the number of days in the period) decreased from 162.9 days as at 30 June 2022 to 137.8 days as at 30 June 2023, primarily due to the increase of operating costs as a result of the increasing scale of general power supply business.

Liquidity and Financial Resources

The Group manages its capital to ensure that entities in the Group will be able to continue operating as going concern while maximizing the return to our Shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year. The capital structure of the Group consists of net debts (which includes borrowings net of cash and cash equivalents) and total equity (comprising paid-in capital/share capital, capital reserve, statutory surplus reserve, retained profits and non-controlling interests). The Group is not subject to any externally imposed capital requirements.

As at 30 June 2023, our cash and cash equivalents amounted to RMB602.7 million (31 December 2022: RMB757.9 million).

As at 30 June 2023, the total borrowings of the Group (including bank and other borrowings) amounted to RMB512.9 million (31 December 2022: RMB314.2 million), of which short-term borrowings was RMB200.0 million, long-term borrowings due within one year was RMB22.9 million and long-term borrowings was RMB290.0 million. All of our bank and other borrowings bear interest at floating rates, and are denominated in Renminbi.

Foreign Exchange Risk

The Group only locked the exchange rate of the dividends to be paid in Hong Kong dollars in the current year, so as to mitigate risks arising from exchange rate fluctuations. Except for the aforesaid, the Group does not engage in other hedging activities that are designed or intended to manage foreign exchange risk. The Group conducts business in the PRC and receives revenue and pays its costs/expenses in RMB.

III. MANAGEMENT DISCUSSION AND ANALYSIS

Gearing Ratio

As at 30 June 2023, the gearing ratio of the Group was 16.1% (31 December 2022: 9.9%). Gearing ratio is calculated based on our total interest-bearing liabilities divided by total equity as at the same date.

Capital Commitments

We have certain capital commitments relating to the construction of our comprehensive information-based power dispatching and control center. If our management has identified potential capital commitment and has determined that it is likely to make the commitment, we will classify such commitments as authorized but not contracted for.

The following table sets forth our capital commitments outstanding for the periods indicated:

	As at 30 June 2023 (RMB)	As at 31 December 2022 (RMB)
Contracted for	153,712,689.86	104,883,250.10

Pledges of the Group's Assets

No property, plant and equipment was pledged to banks as at 30 June 2023 (31 December 2022: Nil).

Contingent Liabilities

As at 30 June 2023, the Group did not have any contingent liabilities (31 December 2022: Nil).

Significant Investments Held, Major Acquisitions and Disposals

On 17 March 2023, the Company entered into the share transfer agreement with Shenzhen Yuanzhi Huaxin Emerging Industry Equity Investment Fund Partnership (L.P.)* (深圳市遠致華信新興產業股權投資基金合夥企業(有限合夥)), Shenzhen Jianyuan Investment Loan Linkage Equity Investment Fund Partnership (L.P.)* (深圳建遠投貸聯動股權投資基金合夥企業(有限合夥)) and Shenzhen Xinfuhui No.2 Investment Partnership (Limited Partnership)* (深圳市信福匯二號投資合夥企業(有限合夥)), pursuant to which, Company has agreed to purchase, and the above parties have agreed to sell the sale shares, representing 15% of the equity interest of Shenzhen CEGN Co., Ltd* (深圳市車電網絡有限公司) at the total consideration of RMB115.2 million. For further details of the acquisition, please refer to the announcement of the Company dated 17 March 2023.

As at 30 June 2023, the Group did not hold any significant investments. Save as disclosed above, there were no material acquisition or disposal of subsidiaries, associates or joint ventures by the Group during the Reporting Period.

III. MANAGEMENT DISCUSSION AND ANALYSIS

Interim Dividend

The Board does not recommend the declaration of any interim dividend in respect of the six months ended 30 June 2023 (2022 interim dividend: Nil).

Global Offering and Use of Proceeds from Global Offering

The Company was listed on the Stock Exchange on 28 December 2018 and issued 268,800,000 H Shares with a nominal value of RMB1.00 each at HK\$1.77 per Share (the "Global Offering"). Net proceeds from the Global Offering were approximately RMB380.5 million. As at 30 June 2023, the Group has used the proceeds from the Global Offering of approximately RMB340.6 million in accordance with the relevant disclosure in the Prospectus, and the unused proceeds amounted to approximately RMB39.9 million. The use of proceeds is as follows:

Use of proceeds as disclosed in the Prospectus	Percentage of net proceeds from the initial public offering (as set out in the Prospectus)	Planned use of net proceeds from the initial public offering (as set out in the Prospectus) (RMB'000)	Amount unused as at 1 January 2023 (RMB'000)	Amount used for the Reporting Period (RMB'000)	Amount unused as at 30 June 2023 (RMB'000)	Estimated schedule ⁽¹⁾
Acquisition of power-related assets	40%	152,193	152,193	115,200	36,993	2023
Power grid construction and optimization	30%	114,145	-	-	-	N/A
Establishment of centralized power dispatching control center and promotion of intelligent power grid system	20%	76,097	-	-	-	N/A
Working capital	10%	38,048	2,989	129	2,860	2030
Total	100%	380,483	155,182	115,329	39,853	

Note:

- (1) The estimated schedule for utilizing the remaining proceeds is based on the best estimation made by the Group of future market condition and may change with the current market condition and future development.

As at 30 June 2023, the unused net proceeds from the Global Offering for each business strategy mentioned in the above table have been deposited as deposits in licensed banks in China, and have been and are expected to be used as previously disclosed in the Prospectus. There have been no major changes or delays in the use or timeline for use of the net proceeds of the Company.

III. MANAGEMENT DISCUSSION AND ANALYSIS

Environmental Policies and Performance

For the six months ended 30 June 2023, the Company had not encountered any environmental pollution event; all operating power stations under our operation control were in compliance with the relevant domestic environmental protection regulations and we were not subject to any penalty or prosecution due to non-compliance incident.

During the Reporting Period, the Company had strictly complied with all national environmental laws and regulations, including the China Environmental Protection Law, the Environmental Impact Assessment Law and the Water Pollution Prevention and Control Law of the PRC. The Company, in accordance with the requirements of laws and regulations, guaranteed the investment of funds in environmental protection and complied with regulatory and industry standards set by central and local government departments and industry associations. The main environmental risks that arose in the course of production of the Company include: (1) the wastes that were drifted from the upstream of the hydropower station; and (2) a small amount of oily wastes generated during equipment maintenance. These two types of substances are not hazardous wastes, but we collected, stored and disposed them as hazardous wastes. We signed agreements with qualified entities to transport these wastes to landfills or handling areas designated by relevant government departments for standardized processing. During the Reporting Period, the Company's production fulfilled environmental-friendly requirements without violation records.

Operation Safety

For the six months ended 30 June 2023, no accident had occurred involving employees, equipment or power grid of the Company. All operating power stations under our operation control were in compliance with the relevant domestic regulations relating to production safety, and we were not subject to any fine or prosecution due to non-compliance with the regulations.

During the Reporting Period, the Company conscientiously fulfilled the relevant performance requirements imposed by the competent government authorities, conducted stringent evaluation on production safety, enhanced the basic management of safety and environment, strengthened production safety and performed environmental protection responsibilities, conducted serious training and education on safety, carried out large-scale inspections to identify and control potential danger, and achieved the goal of production safety with superior performance.

Employees and Remuneration Policy

As at 30 June 2023, the Company had a total of 2,790 employees (30 June 2022: 2,854 employees). The related employee costs (including Directors' fees) for the six months ended 30 June 2023 were approximately RMB239.41 million.

The Group continued to press ahead with the "three-system" reform, and has established a total salary allocation system that is linked to the operating results of the Company and a remuneration allocation mechanism that is aligned with the annual and tenure-based objective responsibility letters of the management team and linked to the performance appraisal results of employees, so as to give full play to the incentive and constraint role of remuneration and activate the enthusiasm, initiatives and creativity of employees.

The Group has formulated annual training plans to provide internal and external training sessions to employees on management, technical expertise, safety education and professional skills, so as to improve the comprehensive capabilities and management skills of employees.

During the Reporting Period, no labor disputes had occurred in the Company and its subsidiaries which would affect the operations of the Group.

Future Plan for Material Investments and Capital Assets

We plan to expedite the construction of the high pressure level power grids, including the investment in the construction of the Xingwen County Dahe 110 kV new power transmission and distribution project, the Western Xingwen County 110 kV new power transmission and distribution project, Gao County Tianfu 110 kV new power transmission and transformation project, Pingshan Yongkang 110 kV new power transmission and distribution project and Pingshan Changhe 110 kV new power transmission and distribution project, the Sichuan Taichuan Expansion Supporting Power Grid Project and the State Grid Pingshan Station to Gaochang 110 kV Line New Construction Project. We also plan to build 5 110 kV substations and add 9 additional main transformers with a capacity of 502,000 kVA. The total investment is approximately RMB400 million, 40% of which are capital funds and 60% of which are bank loans. We will endeavor to complete the main project by the end of 2023 in order to improve the power supply and support capabilities, operational efficiency and service level of the regional power grid.

III. MANAGEMENT DISCUSSION AND ANALYSIS

Important Events Subsequent to the Reporting Period

There are no material events affecting the Company or any of its subsidiaries during the Reporting Period and up to the date of this interim report.

Outlook

During the first half of 2023, the Group continued to strengthen power grid construction, improve service capabilities and enhance safety risk management, leading to stable operating results. The Group will focus on the following tasks in the second half of 2023:

- (1) Focus on the guiding role of strategic planning to establish a new pattern of business structure

Firstly, the Company will expand and enhance its principal operations of power supply. Under a coordinated and rational plan, we will vigorously promote projects such as gas-fired, wind and photovoltaic power generation as well as pumped storage projects, accelerate the introduction of external high-quality power sources, and build up an innovative regional power grid featuring safe and stable operation with adequate capacity to meet the power load demand. Secondly, the Company will expedite synergistic development of its auxiliary green energy business. Capturing opportunities in the new energy revolution, we will seize and tap into local high-quality energy resources, and accelerate integrated energy services such as smart integrated energy stations, battery charging and swapping facilities for electric vehicles, and contracted energy management. Thirdly, the Company will pursue synergistic growth through capital operations. We will employ an array of means and tools to acquire attractive assets and continuously integrate high-quality power projects; and tap into high-quality projects in upstream and downstream of the industry chain, proactively investing in high-quality new energy projects to explore a diversified business model.

- (2) Focus on the tenet of serving the people to seek new upgrades in service capabilities

Firstly, the Company will effectively upgrade its infrastructure. Through various initiatives such as electricity line upgrade and “four new” technologies and equipment, we will launch all-round upgrades of power supply facilities, and effectively improve intelligence as well as operation, maintenance and rush repair capabilities of our power distribution network. Secondly, the Company will strengthen power dispatching management. Drawing upon coordination strengths of Yibin Power Dispatching Center, we will rationally adjust operation mode of power grid, and strengthen management over planned and ad hoc power outages, in a bid to boost safe and economic operation, guaranteed supply, and overall planning capabilities of power grid. Thirdly, the Company will earnestly improve its service capabilities. Deepening the reform of power supply stations based on the model of “power supply stations + service stations”, we expect to further optimize business process, shorten the service radius, and improve work efficiency.

- (3) Focus on the effectiveness of fine management to upgrade management capabilities to a new level

Firstly, the Company will step up its efforts in reform and innovation. Focusing on better core competitiveness and core functions, we will continue to improve the decision-making mechanism and refine assessment metrics to effectively upgrade our management efficiency and governance. Secondly, the Company will strengthen internal collaboration. We will develop work plans and management methods for internal collaboration, tapping into internal and external resources to promote collaboration and sharing of internal human resources, information resources and productive resources on the basis of legal compliance, market-oriented, and maximized overall benefits. Thirdly, the Company will take efforts to forestall and defuse risks. We will comprehensively improve budget management, strengthen audit supervision over key areas, deepen the campaign of containing “balance of inventories and accounts receivable”, and press forward the standardization of safe production system to earnestly upgrade fundamentals and essentials of safe production.

- (4) Focus on strict governance of the Party to seek new achievements in the Party building

We will deepen the campaign for studying and implementing Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era, give full play to the leadership role of the Party organization in “holding the overall direction, controlling the general situation and ensuring implementation”, and deepen the rectification work based on inspection opinions. Upholding the spirit of the Party’s 20th National Congress and general secretary Xi Jinping’s new concepts, new strategies and new initiatives on talent work in the new era as our guidelines, we will vigorously carry out the campaign of enhancing competence and caliber of our cadres and talents.

IV. CORPORATE GOVERNANCE AND OTHER INFORMATION

1. DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the six months ended 30 June 2023, no rights were granted to any Directors or Supervisors or their respective spouses or children aged below 18 to derive gains by purchasing the Shares or debentures of the Company and they did not exercise any such rights. Neither the Company nor any of its subsidiaries entered into any arrangements, including share option scheme, that would enable the Directors or Supervisors to purchase such rights of any other legal entities.

2. CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

According to Rule 13.51B(1) of the Listing Rules, changes in information of Directors and Supervisors since the date of the 2022 annual report of the Company are as follows:

With effect from May 2023, Ms. He Yin served as an independent director and chairlady of the risk control committee of Baoying Fund Management Limited* (寶盈基金管理有限公司).

With effect from 26 July 2023, Mr. Huang Yao resigned as a Supervisor due to work rearrangement, and Ms. Sun Hui was appointed as a Supervisor at the 2023 second extraordinary general meeting of the Company. For further details, please refer to the announcements of the Company dated 30 May 2023 and 26 July 2023, respectively.

After making specific enquiries by the Company and confirmed by the Directors and Supervisors, save as disclosed above, there are no other changes in the information of Directors and Supervisors during the Reporting Period that are required to be disclosed pursuant to paragraphs (a) to (e) and paragraph (g) of Rule 13.51(2) of the Listing Rules or Rule 13.51B(1) of the Listing Rules.

3. COMPLIANCE WITH CODE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

For the six months ended 30 June 2023, the Company had complied with all the code provisions as set out in the Corporate Governance Code contained in Part 2 of Appendix 14 to the Listing Rules and had adopted most of the recommended best practices as set out in Appendix 14 to the Listing Rules.

4. COMPLIANCE WITH CODE PROVISIONS OF THE MODEL CODE BY DIRECTORS AND SUPERVISORS

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors and the Supervisors. Having made specific enquiries with all Directors and Supervisors, all Directors and Supervisors confirmed that they have complied with the required standard set out in the Model Code regarding securities transactions by directors and supervisors during the six months ended 30 June 2023.

IV. CORPORATE GOVERNANCE AND OTHER INFORMATION

5. RISK MANAGEMENT AND INTERNAL CONTROL

5.1 Risk Management:

(1) Industry policy risk

Following the implementation of the market-oriented reform of the on-grid power tariff of coal-fired power generation, the industrial and commercial user catalogue tariff has been cancelled, and the industrial and commercial users (including the former general industrial and commercial and others, and large-scale industrial categories) entered into the market to purchase power either directly or through agents such as power grid companies at the market price. As a result, the profit model of the industrial and commercial users under the Company's general power supply business has been changed from the previous margin between on-grid purchase and sales to transmission and distribution tariff, which shall be subject to the standard of Sichuan Grid before any local transmission and distribution tariff is determined by price management authorities in Sichuan. Meanwhile, the Company is exposed to challenges from pricing power for domestic purposes on a par with that of the State Grid, which may lead to a decline in the profitability of the Company.

(2) Business transition risk

There remain great uncertainties in the overall profitability of integrated energy projects. The Company is transforming from a traditional power enterprise to a comprehensive energy service provider. The Company is at the stage of grabbing high-quality resources, establishing related businesses and expanding into potential markets in the comprehensive energy sector. However, certain comprehensive energy markets have not fostered a complete industrial chain, the market demand has not been fully tapped, related businesses need a certain incubation period, and the project profitability is affected by local resource conditions and policies of the places where the projects are located, which may result in a certain gap between actual profitability and expectations in the early stage of the project, leading to certain challenges in improving the overall economic benefits of comprehensive energy projects.

(3) Operating risk

Our power sources are insufficient and simple in structure. All of the hydropower stations connected to the grid of the Company are runoff-type with drastic differences in output during dry and raining seasons. Besides, the Company's power supply capacity is significantly affected by superior power grids such as the State Grid and CSG.

(4) Investment risk

The Company currently is at the rapid development stage and will successively roll out a broad array of significant investment and M&A projects. Whether or not the investment income will meet our expectations will have a relatively significant impact on the future development of the Company.

IV. CORPORATE GOVERNANCE AND OTHER INFORMATION

(5) Capital management risk

1. Exchange rate risk: the Company primarily conducts production and operations in mainland China and receives revenue and settles expenses mainly in Renminbi. The Company held a small amount of Hong Kong dollars. Fluctuation of Renminbi against Hong Kong dollars will lead to certain exchange gains and losses on Hong Kong dollars held by the Company. However, in general, foreign exchange gains and losses arising from exchange fluctuations have little impact on the Company's financial condition and operating performance.
2. Capital risk: the Company will increase material investment activities during its course of business development. Capital sufficiency will have a significant impact on the operation and development of the Company.

6. INVESTOR RELATIONS

The Company believes that effective communications with Shareholders are essential for enhancing investor relations and understanding the Group's business, performance and strategy. The Company attaches importance to providing investors with accurate information in a timely manner for continuously promoting investor relations, and has established different communication channels with investors so that they may keep abreast of the latest business development and financial performance, including the annual general meeting, extraordinary general meeting, the publication of annual report, announcement and circular on the websites of the Stock Exchange and the Company, to maintain a high degree of transparency.

In order to promote effective communication, the Company has adopted a Shareholder communication policy, aiming at establishing relationship and communication channel between the Company and its Shareholders, and has set up a website (<http://www.scntgf.com>), and the Company will make the latest data related to its business operation and development, financial data, corporate governance practices and other materials available to the public on the aforesaid website and the website of the Stock Exchange (www.hkexnews.hk). The Company also maintains investor inquiry channels. Shareholders who wish to make inquiries about the Company to the Board may resort to the following channels, and the Company will respond to relevant inquiries in an appropriate way and in a timely manner:

Address: No. 789, Renhe Road, Wenjiang District, Chengdu City, Sichuan Province, the PRC
Tel: +86 (28) 86299666
Fax: +86 (28) 86299666
E-mail: db@scntgf.com
Company website: <http://www.scntgf.com>

In the future, the Company will continue to promote investor relations management and strengthen communication with Shareholders and potential investors.

7. SHARE OPTION SCHEME

As of 30 June 2023, the Company did not have any share option scheme.

IV. CORPORATE GOVERNANCE AND OTHER INFORMATION

8. INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES HELD BY DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at 30 June 2023, according to the information obtained by the Company and to the best knowledge of the Company, none of the Directors, Supervisors and chief executives of the Company has any interest or short positions (including those deemed or considered as interests or short positions held pursuant to Divisions 7 and 8 of the SFO) in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or any interest or short positions which have to be recorded in the equity register to be kept pursuant to section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

9. INTEREST IN SECURITIES HELD BY SUBSTANTIAL SHAREHOLDERS

As at 30 June 2023, to the best knowledge of the Directors, the following persons (other than the Directors, Supervisors or chief executives of the Company) have interest or short positions in Shares or underlying Shares required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or interest or short positions required to be recorded in the register to be kept pursuant to section 336 of the SFO:

Name of Shareholder	Capacity	Class of Shares	Number of Shares (Note 1)	Long position/ Short position	Percentage of total Shares (%)	Percentage of issued Shares of the same class (%)
Sichuan Development (Holding) Co., Ltd.* (四川發展(控股)有限責任公司) (Note 2)	Interest of controlled corporations	Domestic Shares	286,960,942	Long position	26.71	100
	Beneficial owner and interest of controlled corporations	H Shares	132,375,058	Long position	12.32	16.81
Sichuan Energy Investment Group Co., Ltd.* (四川省能源投資集團有限責任公司) (Note 2)	Interest of controlled corporations	Domestic Shares	286,960,942	Long position	26.71	100
	Interest of controlled corporations	H Shares	107,437,458	Long position	10.00	13.64
Sichuan Province Hydropower Investment and Management Group Co., Ltd.* (四川省水電投資經營集團有限公司)	Beneficial owner	Domestic Shares	286,960,942	Long position	26.71	100
	Beneficial owner	H Shares	107,437,458	Long position	10.00	13.64
China Power International Development Limited (中國電力國際發展有限公司)	Beneficial owner	H Shares	98,039,200	Long position	9.13	12.45
China Three Gorges Corporation* (中國長江三峽集團有限公司) (Note 3)	Interest of controlled corporations	H Shares	98,039,200	Long position	9.13	12.45
Three Gorges Capital Holdings Company Limited* (三峽資本控股有限責任公司)	Beneficial owner	H Shares	98,039,200	Long position	9.13	12.45
Gao County State-owned Assets Operation Co., Ltd.* (高縣國有資產經營管理有限責任公司)	Beneficial owner	H Shares	92,406,000	Long position	8.60	11.74
Tianqi Lithium HK Co., Limited	Beneficial owner	H Shares	77,500,000	Long position	7.21	9.84
Yibin Development Holding Group Co., Ltd.* (宜賓發展控股集團有限公司)	Beneficial owner	H Shares	65,359,500	Long position	6.08	8.30
Tian Qiu (田秋) (Note 4)	Interest of controlled corporations and interest of spouse	H Shares	62,570,000	Long position	5.82	7.95
Wang Wenxiang (王文香) (Note 4)	Interest of controlled corporations and interest of spouse	H Shares	62,570,000	Long position	5.82	7.95
Sichuan Jinneng Energy Group Co., Ltd.* (四川金能能源集團有限公司) (Note 4)	Interest of controlled corporations	H Shares	62,570,000	Long position	5.82	7.95
Jinneng Holding (Hong Kong) Limited	Beneficial owner	H Shares	62,570,000	Long position	5.82	7.95
Beijing Forever Technology Company Limited* (北京恒華偉業科技股份有限公司)	Beneficial owner	H Shares	55,366,000	Long position	5.15	7.03

* For identification purposes only

IV. CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. As at 30 June 2023, the Company had issued 286,960,942 Domestic Shares and 787,396,758 H Shares. The total number of issued Shares was 1,074,357,700.
2. As at 30 June 2023, Hydropower Group held 286,960,942 Domestic Shares and 107,437,458 H Shares, and is held as to 77.74% by Energy Investment Group, which is in turn wholly-owned by Sichuan Development. Therefore, Energy Investment Group is deemed to be interested in the 286,960,942 Domestic Shares and 107,437,458 H Shares held by Hydropower Group pursuant to Part XV of the SFO. Sichuan Development is also deemed to be interested in the said 286,960,942 Domestic Shares and 107,437,458 H Shares. In addition, Sichuan Development directly held 24,937,600 H Shares, thus Sichuan Development was deemed to hold a total of 286,960,942 Domestic Shares and 132,375,058 H Shares.
3. As at 30 June 2023, Three Gorges Capital Holdings Company Limited held 98,039,200 H Shares. Three Gorges Capital Holdings Company Limited is controlled by China Three Gorges Corporation. Therefore, according to Part XV of the SFO, China Three Gorges Corporation is deemed to be interested in 98,039,200 H Shares.
4. As at 30 June 2023, Jinneng Holding (Hong Kong) Limited held 62,570,000 H Shares. Jinneng Holding (Hong Kong) Limited is directly wholly-owned by Sichuan Jinneng Energy Group Co., Ltd., which was owned as to 70% and 30% by Mr. Tian Qiu and Ms. Wang Wenxiang, respectively. In addition, Mr. Tian Qiu and Ms. Wang Wenxiang are spouses. Therefore, according to Part XV of the SFO, Sichuan Jinneng Energy Group Co., Ltd. is deemed to be interested in 62,570,000 H Shares held by Jinneng Holding (Hong Kong) Limited. Mr. Tian Qiu and Ms. Wang Wenxiang are also deemed to be interested in the 62,570,000 H Shares above.

Save as disclosed above, as at 30 June 2023, the Company was not aware of any other persons (other than the Directors, Supervisors or chief executives of the Company) have any interest or short positions in the Shares or underlying Shares that would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept pursuant to Section 336 of the SFO.

10. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY BY THE LISTED ISSUER OR ITS SUBSIDIARIES

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

11. PUBLIC FLOAT

During the six months ended 30 June 2023, based on the information that was publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the minimum public float required by the Listing Rules.

12. REVIEW OF INTERIM REPORT

The audit committee under the Board had reviewed the Company's interim report, including the unaudited financial statements of the Group for the six months ended 30 June 2023.

13. MATERIAL LITIGATION

During the six months ended 30 June 2023, the Company had not been involved in any material legal proceedings or arbitration.

V. CONSOLIDATED BALANCE SHEET

As at 30 June 2023

	Notes	As at 30 June 2023 RMB (unaudited)	As at 31 December 2022 RMB (audited)
Assets			
Current assets			
Cash and cash equivalents	6	622,717,390.18	770,087,145.82
Financial assets held for trading		1,587,200.00	–
Notes receivable	7	10,487,510.66	200,000.00
Accounts receivable	8	278,119,953.53	363,526,861.94
Prepayments	9	34,603,794.27	14,919,626.24
Other receivables	10	15,389,260.84	22,186,662.89
Inventories	11	94,038,731.31	87,892,616.33
Contract assets	12	281,659,970.49	74,010,659.53
Other current assets		30,362,333.23	40,005,526.27
Total current assets		1,368,966,144.51	1,372,829,099.02
Non-current assets			
Long-term equity investments		351,217,705.44	242,965,216.18
Other non-current financial assets		170,250.00	170,250.00
Fixed assets	13	3,003,290,859.82	3,062,952,630.19
Construction in progress		630,827,570.53	272,105,986.58
Right-of-use assets		7,727,361.88	6,597,730.52
Intangible assets		150,626,696.45	149,469,058.02
Long-term prepaid expenses		4,040,059.02	3,314,992.28
Deferred income tax assets		29,159,160.06	37,605,948.52
Total non-current assets		4,177,059,663.20	3,775,181,812.29
Total assets		5,546,025,807.71	5,148,010,911.31

The notes to the financial statements on pages 32 to 48 form part of these financial statements.

V. CONSOLIDATED BALANCE SHEET

As at 30 June 2023 (Continued)

	Notes	As at 30 June 2023 RMB (unaudited)	As at 31 December 2022 RMB (audited)
Liabilities and shareholders' equity			
Current liabilities			
Short-term borrowings	14	200,000,000.00	300,000,000.00
Accounts payable	15	641,496,202.10	598,916,839.30
Contract liabilities	16	239,424,164.87	295,247,950.78
Employee benefits payable	17	85,960,554.00	129,350,952.84
Taxes payable		29,793,515.13	58,447,348.06
Other payables		243,746,860.97	115,414,446.80
Non-current liabilities due within one year		22,868,329.54	14,197,718.07
Total current liabilities		1,463,289,626.61	1,511,575,255.85
Non-current liabilities			
Long-term borrowings		290,000,000.00	–
Lease liabilities		5,292,842.64	4,163,211.28
Deferred income		132,716,367.04	136,586,729.31
Deferred income tax liabilities		16,492,878.60	16,492,878.60
Long-term payables		456,271,287.09	293,974,587.09
Total non-current liabilities		900,773,375.37	451,217,406.28
Total liabilities		2,364,063,001.98	1,962,792,662.13

The notes to the financial statements on pages 32 to 48 form part of these financial statements.

V. CONSOLIDATED BALANCE SHEET

As at 30 June 2023 (Continued)

	Notes	As at 30 June 2023 RMB (unaudited)	As at 31 December 2022 RMB (audited)
Shareholders' equity			
Share capital	18	1,074,357,700.00	1,074,357,700.00
Capital reserve	19	1,081,447,605.75	1,081,447,605.75
Other comprehensive income		–	–
Special reserve		12,094,226.45	15,112,314.76
Surplus reserve		132,895,011.72	132,895,011.72
Undistributed profit	20	842,993,253.85	843,553,062.73
Total equity attributable to shareholders of the parent company		3,143,787,797.77	3,147,365,694.96
Non-controlling interests		38,175,007.96	37,852,554.22
Total shareholders' equity		3,181,962,805.73	3,185,218,249.18
Total liabilities and shareholders' equity		5,546,025,807.71	5,148,010,911.31

These financial statements have been approved by the Board of Directors.

He Jing
Legal representative
(Signature and seal)

Li Bi
Person in charge of accounting of the Company
and head of the accounting department
(Signature and seal)

(Company seal)

Date:

The notes to the financial statements on pages 32 to 48 form part of these financial statements.

VI. CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 RMB (unaudited)	2022 RMB (unaudited)
Operating revenue	21	1,833,386,031.70	1,502,213,920.97
Less: Cost of sales		1,592,721,352.31	1,246,789,995.27
Taxes and surcharges	22	6,376,311.45	9,356,010.24
Administrative expenses		94,941,326.20	85,596,927.76
Finance costs	23	2,393,801.02	4,526,607.04
Including: Interest expenses		5,127,002.44	5,049,699.71
Interest income		3,343,389.57	2,927,699.67
Add: Investment income/(loss)	24	(6,947,510.74)	4,790,775.71
Including: gain/(loss) on investment in associates		(6,947,510.74)	3,907,609.35
Gain/(loss) on fair value changes		1,587,200.00	169,906.85
Credit impairment (loss)/gain	25	8,805,519.70	(5,118,552.05)
Asset impairment (loss)/gain	26	225,507.83	(328,549.78)
(Loss)/gain from asset disposals		-	(320.27)
Other income		4,238,819.00	109,897.31
Operating profit		144,862,776.51	155,567,538.43
Add: Non-operating income	27(1)	17,838,443.48	7,667,963.58
Less: Non-operating expenses	27(2)	5,371,125.64	4,337,197.67
Total profit		157,330,094.35	158,898,304.34
Less: Income tax expenses	28	28,228,525.49	29,157,529.52
Net profit		129,101,568.86	129,740,774.82

The notes to the financial statements on pages 32 to 48 form part of these financial statements.

VI. CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023 (Continued)

		Six months ended 30 June	
		2023	2022
		RMB	RMB
Note		(unaudited)	(unaudited)
(i)	Breakdown by continuity of operation:		
	1. Net profit from continuing operations	129,101,568.86	129,740,774.82
	2. Net profit from discontinued operations	-	-
(ii)	Breakdown by attributable interests:		
	1. Net profit attributable to shareholders of the parent company	128,363,115.12	129,713,416.10
	2. Minority interests	738,453.74	27,358.72
	Other comprehensive income, after tax	-	-
	Total comprehensive income	129,101,568.86	129,740,774.82
	Total comprehensive income attributable to shareholders of the parent company	128,363,115.12	129,713,416.10
	Total comprehensive income attributable to non-controlling interests	738,453.74	27,358.72
	Earnings per share		
	Basic and diluted	29	0.12

The notes to the financial statements on pages 32 to 48 form part of these financial statements.

VII. CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023 RMB (unaudited)	2022 RMB (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from sales of goods or rendering of services		2,018,359,731.77	1,657,475,010.55
Refund of taxes and surcharges		2,993,130.70	885,758.04
Cash received relating to other operating activities		67,792,355.49	21,654,094.86
Subtotal of cash inflows from operating activities		2,089,145,217.96	1,680,014,863.45
<hr/>			
Cash paid for goods and services		1,556,545,516.04	1,228,678,898.79
Cash paid to and on behalf of employees		271,122,141.82	248,181,798.28
Cash paid for all types of taxes		112,631,595.59	137,605,063.25
Cash paid relating to other operating activities		107,597,959.49	55,850,345.06
Subtotal of cash outflows from operating activities		2,047,897,212.94	1,670,316,105.38
Net cash flows from operating activities		41,248,005.02	9,698,758.07
<hr/>			
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from disposal of investments		–	419,000,000.00
Cash received from return on investments		–	12,409,887.11
Net cash received from disposal of fixed assets		–	–
Cash received relating to other investing activities		2,393,432.74	5,003,608.67
Subtotal of cash inflows from investing activities		2,393,432.74	436,413,495.78
<hr/>			
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		431,262,535.05	231,288,476.51
Cash paid for acquisition of investments		115,200,000.00	471,000,000.00
Cash paid relating to other investing activities		50,000.00	3,853,330.26
Subtotal of cash outflows from investing activities		546,512,535.05	706,141,806.77
Net cash flows from investing activities		(544,119,102.31)	(269,728,310.99)

The notes to the financial statements on pages 32 to 48 form part of these financial statements.

VII. CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023 (Continued)

	Note	Six months ended 30 June	
		2023 RMB (unaudited)	2022 RMB (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash received from absorption of investments		–	–
Cash received from borrowings		400,000,000.00	446,864,170.00
Cash received relating to other financing activities		161,294,300.00	163,264,600.00
Subtotal of cash inflows from financing activities		561,294,300.00	610,128,770.00
Cash paid for debt repayment		200,257,791.67	449,076,574.98
Cash paid for distribution of dividends or payment of interest expenses		5,535,166.68	4,597,625.00
Including: Profits distributed to non-controlling interests by subsidiaries		416,000.00	520,000.00
Repayment of principal of lease liabilities		–	–
Repayment of interest on lease liabilities		–	–
Subtotal of cash outflow from financing activities		205,792,958.35	453,674,199.98
Net cash flows from financing activities		355,501,341.65	156,454,570.02
Effect of foreign exchange rate changes on cash and cash equivalents		–	–
Net (decrease)/increase in cash and cash equivalents		(147,369,755.64)	(103,574,982.90)
Add: Balance of cash and cash equivalents at the beginning of the year		770,087,145.82	583,976,784.39
Balance of cash and cash equivalents at the end of the year		622,717,390.18	480,401,801.49

The notes to the financial statements on pages 32 to 48 form part of these financial statements.

VIII. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2023 – unaudited
(Expressed in RMB)

	Note	Attributable to owners of the parent company							Non-controlling interests	Total owners' equity
		Paid-in capital	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Subtotal		
Balance at 1 January 2023		1,074,357,700.00	1,081,447,605.75	-	15,112,314.76	132,895,011.72	843,553,062.73	3,147,365,694.96	37,852,554.22	3,185,218,249.18
Movements during the year ("-" for decrease)		-	-	-	-	-	-	-	-	-
1. Total comprehensive income		-	-	-	-	-	128,363,115.12	128,363,115.12	738,453.74	129,101,568.86
2. Profit distribution		-	-	-	-	-	-	-	-	-
– Appropriation for surplus reserve		-	-	-	-	-	-	-	-	-
– Distribution to owners	30	-	-	-	-	-	(128,922,924.00)	(128,922,924.00)	(416,000.00)	(129,338,924.00)
– Others		-	-	-	-	-	-	-	-	-
3. Specific reserve		-	-	-	-	-	-	-	-	-
– Appropriation of specific reserve		-	-	-	11,049,070.02	-	-	11,049,070.02	-	11,049,070.02
– Use of specific reserve		-	-	-	(14,067,158.33)	-	-	(14,067,158.33)	-	(14,067,158.33)
Subtotal of items 1 to 3 above		-	-	-	(3,018,088.31)	-	(559,808.88)	(3,577,897.19)	322,453.74	(3,255,443.45)
Balance at 30 June 2023		1,074,357,700.00	1,081,447,605.75	-	12,094,226.45	132,895,011.72	842,993,253.85	3,143,787,797.77	38,175,007.96	3,181,962,805.73

The notes to the financial statements on pages 32 to 48 form part of these financial statements.

VIII. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2023 (Continued)
(Expressed in RMB)

	Note	Attributable to owners of the parent company						Subtotal	Non-controlling interests	Total owners' equity
		Paid-in capital	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings			
Balance at 1 January 2022		1,074,357,700.00	1,081,447,605.75	-	19,925,149.81	104,468,551.68	699,460,812.11	2,979,659,819.35	16,239,614.16	2,995,899,433.51
Movements during the year ("-" for decrease)		-	-	-	-	-	-	-	-	-
1. Total comprehensive income		-	-	-	-	-	301,441,634.66	301,441,634.66	1,107,059.09	302,548,693.75
2. Capital contributed by owners		-	-	-	-	-	-	-	21,000,000.00	21,000,000.00
3. Profit distribution		-	-	-	-	-	-	-	-	-
- Appropriation for surplus reserve		-	-	-	-	28,426,460.04	(28,426,460.04)	-	-	-
- Distribution to owners	30	-	-	-	-	-	(128,922,924.00)	(128,922,924.00)	(520,000.00)	(129,442,924.00)
- Others		-	-	-	-	-	-	-	-	-
4. Specific reserve		-	-	-	-	-	-	-	-	-
- Appropriation of specific reserve		-	-	-	20,242,255.67	-	-	20,242,255.67	33,587.25	20,275,842.92
- Use of specific reserve		-	-	-	(25,055,090.72)	-	-	(25,055,090.72)	(7,706.28)	(25,062,797.00)
Subtotal of items 1 to 4 above		-	-	-	(4,812,835.05)	28,426,460.04	144,092,250.62	167,705,875.61	21,612,940.06	189,318,815.67
Balance at 31 December 2022		1,074,357,700.00	1,081,447,605.75	-	15,112,314.76	132,895,011.72	843,553,062.73	3,147,365,694.96	37,852,554.22	3,185,218,249.18

The notes to the financial statements on pages 32 to 48 form part of these financial statements.

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1. BASIC INFORMATION OF THE COMPANY

Sichuan Energy Investment Development Co., Ltd.* (the “Company”) is a joint stock limited liability company established in Chengdu, Sichuan Province and headquartered in Wenjiang District, Chengdu, Sichuan Province. The Company’s legal representative is He Jing, its parent company is Sichuan Province Hydropower Investment and Management Group Co., Ltd., and the ultimate controlling company is Sichuan Development (Holding) Co., Ltd.

The Company and its subsidiaries (collectively, the “Group”) operate in the electric power industry with main business scope including development, construction and operation management of power projects; development, construction and operation management of power distribution network and power plants; production and sale of power products; new energy technology research, development and advisory services; installation, commissioning and repair of power facilities and inspection of electrical equipment, sale of material (excluding commodities subject to state-run trade management, and for commodities subject to quota and permit management, application shall be made in accordance with relevant national regulations; projects subject to approval as required by the law shall be carried out after approval by relevant authorities). The operating term of the Company is perpetual.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The Company prepares its financial statements on a going concern basis.

As at 30 June 2023, the Group’s current liabilities exceeded its current assets by RMB94,323,482.11. As the Group’s cash flow from operating activities continues to be a net cash inflow, the balance of undrawn bank credit facilities as at 30 June 2023 was RMB1,650 million, and based on the communication with banks, the Group believes that it can renew or extend the term of short-term borrowings (if necessary) based on its good credit history, the Board of Directors considers that the Group has sufficient funds to meet its working capital commitments and debt obligations, and therefore these financial statements have been prepared on a going concern basis.

(1) Statement of Compliance with Accounting Standards for Business Enterprises

These financial statements comply with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People’s Republic of China (“MOF”) and give a true and complete view of the consolidated financial position and financial position as of 30 June 2023, the consolidated operating results and operating results and the consolidated cash flows and cash flows for the period from January to June 2023 of the Company.

(2) Accounting Year

The Group’s accounting year begins on 1 January and ends on 31 December of a calendar year.

(3) Functional Currency and Presentation Currency

The Company’s functional currency is RMB and the currency used in preparing the financial statements is RMB. The Company and its subsidiaries have selected the functional currency based on the currency of denomination and settlement of major business income and expenditures.

3. MAJOR ACCOUNTING POLICIES AND ESTIMATES

No changes in accounting policies has a material impact on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

4. TAXATION

- (1) The taxes applicable to the Group in relation to the sales of products and provision of services include value-added tax, urban maintenance and construction tax, education surcharge, local education surcharge and housing property tax.

Tax	Calculation and payment standards
Value-added tax	The output tax is calculated at 3% to 16% of the taxable revenue from electricity sales and taxable revenue from electricity installation engineering service calculated according to the tax law, and after deducting the input tax deductible for the current period, the difference is the value-added tax payable.
Urban maintenance and construction tax	5% or 7% of the actual value-added tax paid.
Education surcharge	3% of the actual value-added tax paid.
Local education surcharge	2% of the actual value-added tax paid.
Housing property tax	12% of the taxable rental income or 1.2% of the residual value of the taxable property.

(2) Income tax

The Company is subject to statutory tax rate of 25% during the Reporting Period (2022: 25%). Information related to the income tax of each of the Company's subsidiaries is set out as follows:

Company name	Preferential tax rate	Reason for preferential treatment
Sichuan Energy Yibin City Xuzhou Electricity Co., Ltd.	15%	Preferential tax rate for western development
Sichuan Energy Yibin Electricity Engineering Co., Ltd.	15%	Preferential tax rate for western development
Sichuan Energy Investment Gong County Electricity Co., Ltd.	15%	Preferential tax rate for western development
Sichuan Energy Investment Gao County Electricity Co., Ltd.	15%	Preferential tax rate for western development
Sichuan Energy Investment Yibin Power Generation Co., Ltd.	25%	Not applicable
Sichuan Energy Power Investment Pingshan Electricity Co., Ltd.	15%	Preferential tax rate for western development
Sichuan Energy Investment Xingwen Electricity Co., Ltd.	15%	Preferential tax rate for western development
Sichuan Energy Investment Junlian Electricity Co., Ltd.	15%	Preferential tax rate for western development
Shuifu Yangliutan Power Generation Co., Ltd.	15%	Preferential tax rate for western development
Sichuan Energy Investment Electricity Energy Co., Ltd.	25%	Not applicable
Sichuan Energy Investment Gao County Integrated Energy Co., Ltd.	25%	Not applicable

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

5. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2023, the subsidiaries included in the scope of the Company's consolidated financial statements were as follows:

Name of subsidiary	Place of registration and principal place of business	Business nature	Registered capital (RMB)	Percentage of direct and indirect shareholding by the Company	Percentage of voting rights directly and indirectly held by the Company
Sichuan Energy Yibin City Xuzhou Electricity Co., Ltd.	Yibin, Sichuan Province	Electricity sale	60,000,000.00	100%	100%
Sichuan Energy Yibin Electricity Engineering Co., Ltd.	Yibin, Sichuan Province	Electrical installation	100,000,000.00	100%	100%
Sichuan Energy Investment Gong County Electricity Co., Ltd.	Gong County, Yibin, Sichuan Province	Electricity sale	11,960,000.00	100%	100%
Sichuan Energy Investment Gao County Electricity Co., Ltd.	Gao County, Yibin, Sichuan Province	Electricity sale	78,100,000.00	100%	100%
Sichuan Energy Investment Yibin Power Generation Co., Ltd.	Gao County, Yibin, Sichuan Province	Power generation	3,000,000.00	100%	100%
Sichuan Energy Power Investment Pingshan Electricity Co., Ltd.	Pingshan County, Yibin, Sichuan Province	Electricity sale	111,111,400.00	100%	100%
Sichuan Energy Investment Xingwen Electricity Co., Ltd.	Xingwen County, Yibin, Sichuan Province	Electricity sale	32,020,000.00	100%	100%
Sichuan Energy Investment Junlian Electricity Co., Ltd.	Junlian County, Yibin, Sichuan Province	Electricity sale	40,000,000.00	100%	100%
Shuifu Yangliutan Power Generation Co., Ltd.	Shuifu, Yunnan Province	Power generation	10,000,000.00	100%	100%
Sichuan Energy Investment Electricity Energy Co., Ltd.	Yibin, Sichuan Province	Electricity sale	50,000,000.00	74%	74%
Sichuan Energy Investment Gao County Integrated Energy Co., Ltd.	Gao County, Yibin City, Sichuan Province	Electricity sale	20,000,000.00	60%	60%

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

6. CASH AND CASH EQUIVALENTS

	<i>Note</i>	30 June 2023 <i>RMB</i>	31 December 2022 <i>RMB</i>
Cash		–	–
Bank deposit		602,717,390.18	757,887,345.82
Other cash and cash equivalents	(1)	20,000,000.00	12,199,800.00
Total		622,717,390.18	770,087,145.82

Other cash and cash equivalents represent the deposits for letter of guarantee deposited by Sichuan Energy Investment Electricity Energy Co., Ltd. in its bank deposit account.

7. NOTES RECEIVABLE

Breakdown of notes receivable

	30 June 2023 <i>RMB</i>	31 December 2022 <i>RMB</i>
Bank acceptance notes	10,487,510.66	200,000.00
Total	10,487,510.66	200,000.00

All notes receivable above are due within one year.

8. ACCOUNTS RECEIVABLE

(1) Analysis of accounts receivable by customer type is as follows:

	30 June 2023 <i>RMB</i>	31 December 2022 <i>RMB</i>
Receivable from subsidiaries	–	–
Receivable from related companies	13,514,108.65	77,535,576.55
Other customers	390,141,994.12	415,141,514.30
Subtotal	403,656,102.77	492,677,090.85
Less: Allowance for doubtful debts	125,536,149.24	129,150,228.91
Total	278,119,953.53	363,526,861.94

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

8. ACCOUNTS RECEIVABLE (Continued)

(2) An ageing analysis of accounts receivable is as follows:

	30 June 2023 <i>RMB</i>	31 December 2022 <i>RMB</i>
Within 1 year (inclusive)	227,898,824.13	339,185,826.24
1 to 2 years (inclusive)	71,603,807.43	46,969,704.26
2 to 3 years (inclusive)	22,364,301.90	11,727,367.32
Over 3 years	81,789,169.31	94,794,193.03
Subtotal	403,656,102.77	492,677,090.85
Less: Allowance for doubtful debts	125,536,149.24	129,150,228.91
Total	278,119,953.53	363,526,861.94

Ageing is counted starting from the date when accounts receivable are recognized.

(3) Assessment of expected credit loss on accounts receivable:

The Group has been measuring the impairment provision of accounts receivable according to the amount equivalent to the life-time expected credit loss, and calculates its expected credit loss based on the comparison table of overdue days and loss given default. As the Group's historical credit loss experience indicates significantly different loss patterns for different customer segments, the loss allowance based on past due status is further distinguished between electricity fee receivables and receivables for construction work. The Group considers that the counterparties of receivables from related companies have a strong ability to meet their contractual cash flow obligations in the short term with a lower risk of default, and such receivables are expected to be recovered within one year, so no provision for bad debts is required. For customers that have become bankrupt or ceased operations, the Company considers that the counterparties' ability to meet contractual cash flow obligations is weak and the risk of default is high, so a full provision for bad debts is provided.

9. PREPAYMENTS

An ageing analysis of prepayments is as follows:

	30 June 2023 <i>RMB</i>	31 December 2022 <i>RMB</i>
Within 1 year (inclusive)	31,901,506.87	13,193,885.38
Over 1 year	2,702,287.40	1,725,740.86
Total	34,603,794.27	14,919,626.24

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

10. OTHER RECEIVABLES

	30 June 2023 <i>RMB</i>	31 December 2022 <i>RMB</i>
Dividend receivable	–	–
Others	15,389,260.84	22,186,662.89
Total	15,389,260.84	22,186,662.89

11. INVENTORIES

Type of inventories	30 June 2023			31 December 2022		
	Book balance <i>RMB</i>	Provision for impairment of inventories <i>RMB</i>	Carrying amount <i>RMB</i>	Book balance <i>RMB</i>	Provision for impairment of inventories <i>RMB</i>	Carrying amount <i>RMB</i>
Raw materials	93,985,744.07	72,545.53	93,913,198.54	87,866,201.78	72,545.53	87,793,656.25
Low-value consumables	125,532.77	–	125,532.77	98,960.08	–	98,960.08
Total	94,111,276.84	72,545.53	94,038,731.31	87,965,161.86	72,545.53	87,892,616.33

The Group has no inventories for guarantee as at 30 June 2023 (31 December 2022: Nil).

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

11. INVENTORIES (Continued)

Analysis of the Group's provision for impairment of inventories is as follows:

	Balance as at 1 January 2023 RMB	Provision for the year RMB	Decrease during the year		Balance as at 30 June 2023 RMB
			Reversal RMB	Write-off RMB	
Raw materials	72,545.53	-	-	-	72,545.53
Low-value consumables	-	-	-	-	-
Engineering construction	-	-	-	-	-
Total	72,545.53	-	-	-	72,545.53

	Balance as at 1 January 2022 RMB	Provision for the year RMB	Decrease during the year		Balance as at 31 December 2022 RMB
			Reversal RMB	Write-off RMB	
Raw materials	72,545.53	-	-	-	72,545.53
Low-value consumables	-	-	-	-	-
Engineering construction	-	-	-	-	-
Total	72,545.53	-	-	-	72,545.53

12. CONTRACT ASSETS

Breakdown of contract assets by nature is as follows:

Type of inventories	30 June 2023			31 December 2022		
	Book balance RMB	Provision for impairment RMB	Carrying amount RMB	Book balance RMB	Provision for impairment RMB	Carrying amount RMB
Unsettled electrical installation projects under construction	71,542,631.33	2,581,828.87	68,960,802.46	76,592,488.40	2,581,828.87	74,010,659.53
Unsettled electricity bills	212,699,168.03	-	212,699,168.03	-	-	-
Total	284,241,799.36	2,581,828.87	281,659,970.49	76,592,488.40	2,581,828.87	74,010,659.53

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

13. FIXED ASSETS

	Plant and buildings <i>RMB</i>	Machinery equipment <i>RMB</i>	Transportation equipment <i>RMB</i>	Office and other equipment <i>RMB</i>	Total <i>RMB</i>
Cost					
Balance as at 1 January 2022	1,338,264,465.99	3,038,927,419.60	41,064,526.75	181,396,120.10	4,599,652,532.44
Purchase	6,410,246.41	8,552,704.91	2,811,884.18	16,258,285.17	34,033,120.67
Transferred from construction in progress	12,708,606.55	384,200,518.06	–	10,128,540.49	407,037,665.10
Disposal or scrap	(230,490.56)	(9,088,751.26)	(2,377,197.90)	(2,764,883.81)	(14,461,323.53)
Balance as at 31 December 2022	1,357,152,828.39	3,422,591,891.31	41,499,213.03	205,018,061.95	5,026,261,994.68
Purchase	363,643.18	11,789,798.98	584,265.48	3,832,016.81	16,569,724.45
Transferred from construction in progress	678,807.34	14,722,901.09	–	–	15,401,708.43
Disposal or scrap	–	(3,009,666.12)	(788,718.22)	(128,313.00)	(3,926,697.34)
Balance as at 30 June 2023	1,358,195,278.91	3,446,094,925.26	41,294,760.29	208,721,765.76	5,054,306,730.22
Less: Accumulated depreciation					
Balance as at 1 January 2022	432,705,466.64	1,248,058,277.15	29,288,360.27	62,026,144.67	1,772,078,248.73
Depreciation charged during the year	31,929,976.10	105,545,583.61	2,336,928.85	19,058,962.49	158,871,451.05
Depreciation write-off	(112,558.02)	(5,423,961.06)	(2,211,270.75)	(2,618,802.77)	(10,366,592.60)
Balance as at 31 December 2022	464,522,884.72	1,348,179,899.70	29,414,018.37	78,466,304.39	1,920,583,107.18
Depreciation charged during the year	16,511,337.89	70,987,554.90	1,049,524.67	3,155,645.37	91,704,062.83
Depreciation write-off	–	(2,727,298.95)	(749,282.31)	(121,897.34)	(3,598,478.60)
Balance as at 30 June 2023	481,034,222.61	1,416,440,155.65	29,714,260.73	81,500,052.42	2,008,688,691.41
Less: Impairment provision					
Balance as at 1 January 2022	7,341,090.25	34,857,935.92	172,241.94	155,094.71	42,526,362.82
Charge for the year	–	1,254,470.43	–	138.46	1,254,608.89
Written-off on disposal	(1,804.86)	(1,007,463.71)	(14,653.80)	(30,792.03)	(1,054,714.10)
Balance as at 31 December 2022	7,339,285.39	35,104,942.64	157,588.14	124,441.14	42,726,257.31
Charge for the year	–	–	–	–	–
Written-off on disposal	–	(315,320.90)	(16,544.55)	(67,212.87)	(399,078.32)
Balance as at 30 June 2023	7,339,285.39	34,789,621.74	141,043.59	57,228.27	42,327,178.99
Carrying amount					
30 June 2023	869,821,770.91	1,994,865,147.87	11,439,455.97	127,164,485.07	3,003,290,859.82
31 December 2022	885,290,658.28	2,039,307,048.97	11,927,606.52	126,427,316.42	3,062,952,630.19

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

14. SHORT-TERM BORROWINGS

	30 June 2023 <i>RMB</i>	31 December 2022 <i>RMB</i>
Unsecured borrowings		
Unsecured bank borrowings	200,000,000.00	300,000,000.00
Total	200,000,000.00	300,000,000.00

15. ACCOUNTS PAYABLE

	30 June 2023 <i>RMB</i>	31 December 2022 <i>RMB</i>
Accounts payable	641,496,202.10	598,916,839.30

As at the end of the Reporting Period, the ageing analysis of accounts payable, based on the invoice dates, is as follows:

	30 June 2023 <i>RMB</i>	31 December 2022 <i>RMB</i>
Within 1 year (inclusive)	614,309,101.01	574,028,979.89
1 to 2 years (inclusive)	12,798,389.21	12,282,057.47
2 to 3 years (inclusive)	5,286,432.48	2,897,832.80
Over 3 years	9,102,279.40	9,707,969.14
Total	641,496,202.10	598,916,839.30

16. CONTRACT LIABILITIES

The balance of contract liabilities by nature is as follows:

	30 June 2023 <i>RMB</i>	31 December 2022 <i>RMB</i>
Electricity payment received in advance	166,597,303.79	195,738,270.38
Electricity project payment	72,826,861.08	99,509,680.40
Total	239,424,164.87	295,247,950.78

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

16. CONTRACT LIABILITIES (Continued)

The Group normally receives prepayment for electricity from customers. Prior to selling electricity to these customers, the Group will recognize contract liability for the prepaid amount. If the Group receives advance payments from customers before construction begins or if the amount settled exceeds the progress of the project, contract liability will be recognized until the progress of the project recognized exceeds the amount of advance payments received. All contract liabilities at the end of the current year are expected to be recognized as revenue within one year.

17. EMPLOYEE BENEFITS PAYABLE

	30 June 2023 <i>RMB</i>	31 December 2022 <i>RMB</i>
Short-term benefits	85,885,241.38	129,317,032.83
Post-employment benefits – defined contribution plans	75,312.62	33,920.01
Total	85,960,554.00	129,350,952.84

18. SHARE CAPITAL

The Group's share capital structure as at 30 June 2023 and 31 December 2022 is as follows:

	<i>At the beginning and end of the period</i>	
	<i>Number of shares</i>	<i>RMB</i>
Ordinary shares in issue	1,074,357,700.00	1,074,357,700.00
		<i>At the beginning and end of the period</i>
		<i>Number of shares</i>
Ordinary shares of RMB1 each		
– Domestic shares		707,518,500.00
– Unlisted foreign shares		98,039,200.00
– H shares		268,800,000.00
Total		1,074,357,700.00

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

19. CAPITAL RESERVE

	30 June 2023	31 December 2022
	RMB	RMB
Share premium	203,429,005.75	203,429,005.75
State capital reserve benefits	878,018,600.00	878,018,600.00
Total	1,081,447,605.75	1,081,447,605.75

20. RETAINED PROFITS AS OF 30 JUNE 2023

As of 30 June 2023, the Group's retained profits attributable to the parent company include RMB144,191,178.66 (31 December 2022: RMB144,191,178.66) of surplus reserve appropriated by the Company's subsidiaries.

21. OPERATING REVENUE

(1) Operating revenue

Item	Six months ended 30 June	
	2023	2022
	RMB	RMB
Revenue from principal business	1,829,746,480.01	1,498,732,043.43
Revenue from other business	3,639,551.69	3,481,877.54
Total	1,833,386,031.70	1,502,213,920.97
Including: Revenue from contracts	1,833,386,031.70	1,500,731,523.93

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

21. OPERATING REVENUE (Continued)

(2) Revenue from contracts of the Group

Type of contracts	Six months ended 30 June	
	2023 RMB	2022 RMB
Classified by contract type		
Power supply contracts	1,673,522,074.59	1,324,765,990.74
Contracts of power installation projects	158,792,317.44	165,606,118.60
Material sales contracts	1,071,639.67	10,359,414.59
Total	1,833,386,031.70	1,500,731,523.93
Classified by time of revenue recognition		
Revenue recognized at a point in time	1,674,593,714.26	1,335,125,405.33
Revenue recognized over time	158,792,317.44	165,606,118.60
Total	1,833,386,031.70	1,500,731,523.93

22. TAXES AND SURCHARGES

	Six months ended 30 June	
	2023 RMB	2022 RMB
City maintenance and construction tax	1,124,436.55	2,573,312.43
Education surcharge	973,232.48	1,468,837.24
Housing property tax	1,978,967.93	1,958,720.11
Others	2,299,674.49	3,355,140.46
Total	6,376,311.45	9,356,010.24

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

23. FINANCE COSTS

	Six months ended 30 June	
	2023 RMB	2022 RMB
Interest expenses on loans and payables	5,127,002.44	5,049,699.71
Interest expenses on lease liabilities	146,611.74	135,864.14
Interest income on deposits	(3,343,389.57)	(2,927,699.67)
Foreign exchange losses/(gains)	(224,847.90)	1,194,880.90
Other finance costs	688,424.31	1,073,861.96
Total	2,393,801.02	4,526,607.04

24. INVESTMENT INCOME/(LOSS)

	Six months ended 30 June	
	2023 RMB	2022 RMB
Income from long-term equity investments accounted for under cost method	-	-
Income/(loss) from long-term equity investments accounted for under equity method	(6,947,510.74)	3,907,609.35
Investment income from financial assets at fair value through profit or loss	-	883,166.36
Total	(6,947,510.74)	4,790,775.71

25. CREDIT IMPAIRMENT (LOSS)/GAIN

	Six months ended 30 June	
	2023 RMB	2022 RMB
Accounts receivable	3,614,079.67	(7,043,203.55)
Other receivables	5,191,440.03	1,924,651.50
Contract assets	-	-
Total	8,805,519.70	(5,118,552.05)

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

26. ASSET IMPAIRMENT (LOSS)/GAIN

	Six months ended 30 June	
	2023 RMB	2022 RMB
Fixed assets	225,507.83	(328,549.78)
Intangible assets	-	-
Inventories	-	-
Total	225,507.83	(328,549.78)

27. NON-OPERATING INCOME AND EXPENSES

(1) Non-operating income

	Six months ended 30 June	
	2023 RMB	2022 RMB
Government grants	15,885,177.88	3,643,159.20
Others	1,953,265.60	4,024,804.38
Total	17,838,443.48	7,667,963.58

(2) Non-operating expenses

	Six months ended 30 June	
	2023 RMB	2022 RMB
Donations	4,551,889.29	-
Others	819,236.35	4,337,197.67
Total	5,371,125.64	4,337,197.67

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

28. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023 RMB	2022 RMB
Income tax	28,507,226.83	28,339,631.03
Changes in deferred income tax	(278,701.34)	817,898.49
Total	28,228,525.49	29,157,529.52

29. EARNINGS PER SHARE

The calculation of basic earnings per Share is based on net profit attributable to ordinary equity Shareholders of the Company of RMB129,101,568.86 (six months ended 30 June 2022: RMB129,740,774.82) and the weighted average number of ordinary Shares of 1,074,357,700 (six months ended 30 June 2022: 1,074,357,700 Shares) in issue during the current interim period. There were no potentially dilutive ordinary Shares for the six months ended 30 June 2023, and therefore, diluted earnings per Share are the same as the basic earnings per Share.

30. INTERIM DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the interim period

No interim dividend is declared for the six months ended 30 June 2023 (2022 interim dividend: Nil).

Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period:

	Six months ended 30 June	
	2023 RMB	2022 RMB
Final dividend approved in respect of previous financial year of RMB0.12 (2022: RMB0.12) per Share	128,922,924.00	128,922,924.00

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

31. CAPITAL MANAGEMENT

The Group's primary objectives of capital management are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for owners by pricing products and services commensurately with the level of risk and by ensuring access to finance at reasonable financial costs.

The Group defines "capital" as shareholders' equity less unrecognized profits proposed for distribution. The Group's capital excludes balances of related party transactions.

The Group's capital structure is regularly reviewed and managed to achieve an optimal structure and returns to owners. The factors considered by the Group include: the Group's capital requirements in the future, capital efficiency, actual and expected profitability, expected cash flow, and estimated capital expenditures. If any change of the economic conditions affects the Group, the Group will adjust its capital structure.

The Group monitors its capital structure through adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes short-term loans, long-term loans and lease liabilities) plus unrecognised profits proposed for distribution and net of cash.

The adjusted net debt-to-capital ratio is as follows:

	30 June 2023	31 December 2022
	<i>RMB</i>	<i>RMB</i>
Current liabilities		
Short-term borrowings	200,000,000.00	300,000,000.00
Long-term borrowings due within one year	22,868,329.54	14,197,718.07
Lease liabilities due within one year		
Non-current liabilities		
Long-term borrowings	290,000,000.00	–
Lease liabilities	5,292,842.64	4,163,211.28
Total debt	518,161,172.18	318,360,929.35
Add: Profit proposed for distribution	128,922,924.00	128,922,924.00
Less: Cash and cash equivalents	602,717,390.18	757,887,345.82
Adjusted net debt	44,366,706.00	(310,603,492.47)
Shareholders' equity	3,181,962,805.73	3,185,218,249.18
Less: Profit proposed for distribution	128,922,924.00	128,922,924.00
Adjusted capital	3,053,039,881.73	3,056,295,325.18
Adjusted net debt-to-capital ratio	1.45%	(10.16%)

Neither the Company nor any of the Company's subsidiaries are subject to external mandatory capital requirements.

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

32. CAPITAL COMMITMENTS

As at 30 June 2023 and 31 December 2022, the Group's capital commitments are as follows:

Item	30 June 2023 RMB	31 December 2022 RMB
Contracted	153,712,689.86	104,883,250.10

33. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The amounts of transactions with related parties are as follows:

	Six months ended 30 June	
	2023 RMB	2022 RMB
Purchase of goods	80,839,736.84	96,378,819.90
Provision of services	4,221,199.48	2,988,296.61
Receiving services	77,533,424.96	26,679,797.77
Sale of goods	–	35,450.52
Maintenance of rural power grid assets	6,640,835.40	4,904,669.47
Use of rural power grid assets	15,084,062.73	8,714,139.75

The balances of transactions with related parties as of 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023 RMB	31 December 2022 RMB
Accounts receivable	13,514,108.65	77,535,576.55
Other receivables	14,444,370.29	7,838,173.87
Accounts payable	62,193,266.63	86,014,926.84
Other payables	8,172,029.34	16,031,091.26
Prepayments	37,565,055.87	1,478,007.60
Contract liabilities	3,756,506.98	1,216,201.28
Long-term payables	456,271,287.09	293,974,587.09

X. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

In this report, the following expressions shall have the following meanings unless the context requires otherwise:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this report, Hong Kong, Macau and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company” or “Sichuan Energy Investment Development”	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
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“CSG”	China Southern Power Grid Co., Ltd.* (中國南方電網有限責任公司)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	domestic ordinary shares in the Company’s registered capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and held by PRC nationals or PRC-incorporated entities, and are not listed or traded on any stock exchange
“EECS business”	electrical engineering construction service and related business, which includes the construction, installation, testing and maintenance of power facilities and related sales of electric equipment and materials
“Energy Investment Group”	Sichuan Energy Investment Group Co., Ltd.* (四川省能源投資集團有限責任公司), a company established in China on 21 February 2011 with limited liability, one of our controlling shareholders
“Group”	the Company and its subsidiaries
“H Share(s)”	the issued ordinary share(s) of RMB1.00 each in the share capital of the Company, which are listed on the Main Board of 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 company established in China on 17 December 2004 with limited liability, one of our controlling shareholders
“Listing”	listing of the H Shares on the Main Board of the Stock Exchange

X. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
“Prospectus”	the prospectus dated 13 December 2018 in relation to the initial public offering of H Shares
“Reporting Period”	the period from 1 January 2023 to 30 June 2023
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the ordinary share(s) of RMB1.00 each in the share capital of the Company, including H Shares and Domestic Shares as of the date of this interim report
“Shareholder(s)”	the shareholder(s) of the Company
“Sichuan Development”	Sichuan Development (Holding) Co., Ltd.* (四川發展(控股)有限責任公司), a wholly state-owned company established on 24 December 2008 under the laws of the PRC with limited liability, one of our controlling shareholders
“State Grid”	State Grid Corporation of China* (國家電網有限公司)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in Section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“%”	per cent.

* For identification purposes only