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四川能投發展股份有限公司
Sichuan Energy Investment Development Co., Ltd.*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01713)

PROPOSED CONTINUING CONNECTED TRANSACTION
PROPOSED RENEWAL OF LEASING OF SUBSTATIONS

BACKGROUND

On 28 December 2023, after trading hours, the Board resolved to approve Sichuan Energy Investment Development Construction, a wholly-owned subsidiary of the Company, to enter into the 2024 Substations Leasing Agreement with Changning Natural Gas to renew the leasing of substations under the 2023 Substations Leasing Agreement, pursuant to which Sichuan Energy Investment Development Construction shall lease six temporary substations to Changning Natural Gas from 1 January 2024 to 31 December 2024.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Changning Natural Gas is owned as to 30% by Energy Investment Group, which is one of the controlling shareholders of the Company. Accordingly, Changning Natural Gas is an associate of Energy Investment Group and therefore a connected person of the Company under Rule 14A.07 of the Listing Rules and the transaction contemplated under the 2024 Substations Leasing Agreement constitutes a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio in respect of the transaction contemplated under the 2024 Substations Leasing Agreement exceeds 0.1% but less than 5%, the entering into of the 2024 Substations Leasing Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the circular and independent Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

As each party has to complete its own internal procedures before entering into the 2024 Substations Leasing Agreement, the 2024 Substations Leasing Agreement has not been formally executed. The Company will make a further announcement when the 2024 Substations Leasing Agreement is executed.

INTRODUCTION

Reference is made to the announcement of the Company dated 23 February 2023 with respect to the 2023 Substations Leasing Agreement entered into between Sichuan Energy Investment Development Construction (known as Sichuan Energy Yibin Electricity Engineering Co. Ltd.* (四川能投宜賓電力工程建設有限公司) at the time), a wholly-owned subsidiary of the Company, and Changning Natural Gas, pursuant to which Sichuan Energy Investment Development Construction shall lease six temporary substations to Changning Natural Gas for the period between 1 January 2023 and 31 December 2023. The 2023 Substations Leasing Agreement and the lease of temporary substations thereunder will expire on 31 December 2023.

In this connection, on 28 December 2023 (after trading hours), the Board resolved to approve Sichuan Energy Investment Development Construction to enter into the 2024 Substations Leasing Agreement with Changning Natural Gas to renew the leasing of temporary substations under the 2023 Substations Leasing Agreement, pursuant to which Sichuan Energy Investment Development Construction shall lease six temporary substations to Changning Natural Gas from 1 January 2024 to 31 December 2024.

As each party has to complete its own internal procedures before entering into the 2024 Substations Leasing Agreement, the 2024 Substations Leasing Agreement has not been formally executed. The Company will make a further announcement when the 2024 Substations Leasing Agreement is executed.

INFORMATION ON THE 2024 SUBSTATIONS LEASING AGREEMENT

- Parties:**
- (1) Sichuan Energy Investment Development Construction (as lessor)
 - (2) Changning Natural Gas (as lessee)
- Transaction:** Sichuan Energy Investment Development Construction shall lease six temporary substations to Changning Natural Gas from 1 January 2024 to 31 December 2024.
- Price and payment terms:** The total rental under the 2024 Substations Leasing Agreement shall not exceed RMB5,600,000, which is based on the sum of the total lease payment of each of the six temporary substations based on their respective monthly rental over the lease period of 12 months under the 2024 Substations Leasing Agreement. Rental payment should be paid by Changning Natural Gas to Sichuan Energy Investment Development Construction every three months.
- Pricing basis:** The monthly rental rate of the six temporary substations is determined on arm's length basis with reference to the prevailing market rates, the tariffs for power transmission and distribution at the relevant locations and the rent charged by Sichuan Energy Investment Development Construction to other independent third parties. The monthly rental rate under the 2024 Substations Leasing Agreement offered by Sichuan Energy Investment Development Construction to Changning Natural Gas is not lower than the rate offered to independent third parties.

Historical figures: The total actual rental for the period from 1 January 2023 to 31 December 2023 under the 2023 Substations Leasing Agreement shall be approximately RMB5,859,815.04, whereas the annual cap for the year ending 31 December 2023 in relation to the 2023 Substations Leasing Agreement is RMB5,860,000. The actual amount recorded will not exceed the annual cap in relation to the 2023 Substations Leasing Agreement.

Annual caps and basis: The annual cap of the transaction contemplated under the 2024 Substations Leasing Agreement for the year ending 31 December 2024 is RMB5,600,000, which is based on the total amount of rental payable under the 2024 Substations Leasing Agreement. The lease of all six temporary substations to Changning Natural Gas will expire within the year ending 31 December 2024.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024 SUBSTATIONS LEASING AGREEMENT

Changning Natural Gas is the implementation unit of a national key shale gas development project located within the region of our business operation. The Group entered into the 2024 Substations Leasing Agreement as a gesture of proactively supporting the national key development projects.

The Directors consider that by providing quality service through the current cooperation with Changning Natural Gas, it would facilitate the Group's expansion to the power construction market beyond its region of business operation, and provide more opportunities of business cooperation with other non-power sectors. The current transaction contemplated under the 2024 Substations Leasing Agreement would also increase the operation income of the Company, thus enhancing its financial performance. Furthermore, by participating in a national key development project, the Directors consider that it would enhance the Company's reputation and brand influence.

The Directors (including the independent non-executive Directors) are of the view that the terms under the 2024 Substations Leasing Agreement are fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole.

As Mr. He Jing, Mr. Li Hui and Ms. Xie Peixi are the Directors nominated by Hydropower Group (the subsidiary of Energy Investment Group), they have abstained from voting on the Board resolution to approve the 2024 Substations Leasing Agreement and the transactions contemplated thereunder voluntarily. Save and except for the aforesaid, none of the Directors has any material interest in the transactions contemplated under the 2024 Substations Leasing Agreement or was required to abstain from voting on the Board resolution in relation to the 2024 Substations Leasing Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Changning Natural Gas is owned as to 30% by Energy Investment Group, which is one of the controlling shareholders of the Company. Accordingly, Changning Natural Gas is an associate of Energy Investment Group and therefore a connected person of the Company under Rule 14A.07 of the Listing Rules and the transaction contemplated under the 2024 Substations Leasing Agreement constitutes a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio in respect of the 2024 Substations Leasing Agreement exceeds 0.1% but less than 5%, the entering into of the 2024 Substations Leasing Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the circular and independent Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

INFORMATION OF THE PARTIES INVOLVED

Changning Natural Gas

Changning Natural Gas is a limited liability company established in the PRC on 2 December 2013 which is primarily engaged in the exploration, development and sale of shale gas in cooperation with PetroChina Company Limited.

Changning Natural Gas is owned approximately as to 55% by PetroChina Company Limited (中國石油天然氣股份有限公司), 30% by Energy Investment Group (one of the controlling shareholders of the Company), 10% by Yibin Development Holding Group Co., Ltd.* (宜賓發展控股集團有限公司) and 5% by Beijing Guolian Energy Industry Investment Fund (Limited Partnership)* (北京國聯能源產業投資基金(有限合夥)).

Energy Investment Group is principally engaged in investment covering various industries including power, chemical, tourism, natural gas, coalbed gas and shale gas, and new technology and materials. Energy Investment Group is in turn wholly-owned by Sichuan Development Co.. Sichuan Development Co. is principally engaged in the investment, financing, operation and management of assets and its investment covers various industries including transportation, energy, water, tourism, agriculture, development of predominant resources and environment and other areas authorized by the People's Government of Sichuan Province. Sichuan Development Co. is owned as to 90% by State-owned Assets Supervision and Administration Commission of Sichuan Province (四川省政府國有資產監督管理委員會) and 10% by the Sichuan Provincial Finance Department (四川省財政廳).

PetroChina Company Limited is an oil and gas producer and distributor company with state-owned background in the PRC, the H Shares of which are listed on the Stock Exchange (stock code: 0857) and the A Shares of which are listed on the Shanghai Stock Exchange (stock code: 601857).

Sichuan Energy Investment Development Construction

Sichuan Energy Investment Development Construction is a limited liability company established in the PRC on 5 November 1996 and a wholly-owned subsidiary of the Company. It is primarily engaged in inspection and maintenance of transformer substations, hydropower stations and electricity transmission lines.

The Company is a vertically integrated power supplier and service provider in Yibin City, Sichuan Province, with a full power supply value chain covering power generation and electricity distribution and sales.

DEFINITIONS

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

“2023 Substations Leasing Agreement”	the substation leasing agreement entered into on 23 February 2023 by Sichuan Energy Investment Development Construction and Changning Natural Gas, pursuant to which Sichuan Energy Investment Development Construction shall lease six temporary substations to Changning Natural Gas from 1 January 2023 to 31 December 2023
“2024 Substations Leasing Agreement”	the substation leasing agreement to be entered into by Sichuan Energy Investment Development Construction and Changning Natural Gas, pursuant to which Sichuan Energy Investment Development Construction shall lease six temporary substations to Changning Natural Gas from 1 January 2024 to 31 December 2024
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the Board of Directors
“Changning Natural Gas”	Sichuan Changning Natural Gas Development Co., Ltd.* (四川長寧天然氣開發有限責任公司), a limited liability company established in the PRC on 2 December 2013
“Company”	Sichuan Energy Investment Development Co., Ltd.* (四川能投發展股份有限公司) (stock code: 01713), a company established in the PRC as a joint stock company with limited liability on 29 September 2011
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Domestic Share(s)”	the ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in RMB by PRC nationals and/or PRC corporate entities
“Energy Investment Group”	Sichuan Province Energy Investment Group Co., Ltd.* (四川省能源投資集團有限責任公司), a limited liability company established in the PRC on 21 February 2011 and one of the controlling shareholders (as defined under the Listing Rules) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK\$ and listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hydropower Group”	Sichuan Province Hydropower Investment and Management Group Co., Ltd* (四川省水電投資經營集團有限公司), a limited liability company established in the PRC on 17 December 2004 and one of the controlling shareholders of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“PRC”	the People’s Republic of China, for the purposes of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	holder(s) of the Shares of the Company
“Sichuan Development Co.”	Sichuan Development (Holding) Co., Ltd.* (四川發展(控股)有限責任公司), a wholly state-owned enterprise with limited liability established under the laws of the PRC on 24 December 2008 and one of the Company’s controlling shareholders (as defined under the Listing Rules)

“Sichuan Energy Investment Development Construction”	Sichuan Energy Investment Development Construction Co., Ltd. (四川能投發展建設有限公司) (formerly known as Sichuan Energy Yibin Electricity Engineering Co. Ltd.* (四川能投宜賓電力工程建設有限公司)), a company established in the PRC with limited liability on 5 November 1996 and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Chengdu, Sichuan Province, the PRC
28 December 2023

As at the date of this announcement, the executive Directors are Mr. He Jing, Mr. Li Hui and Ms. Xie Peixi; the non-executive Directors are Ms. Han Chunhong, Mr. Tao Xueqing, Ms. Liang Hong, Ms. Lv Yan and Mr. Kong Ce; and the independent non-executive Directors are Mr. Kin Kwong Kwok Gary, Ms. He Zhen, Mr. Wang Peng, Prof. Li Jian and Ms. He Yin.

* *for identification purposes only*