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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)

VOLUNTARY ANNOUNCEMENT
FORMATION OF JOINT VENTURE

FORMATION OF JOINT VENTURE

On 5 July 2024 (after trading hours), the Company and Xingwen Industrial Investment entered into the Equity Investment Cooperation Agreement and the Shareholder Contribution Agreement in respect of the formation of the Joint Venture in the PRC. Pursuant to the said agreements, the total registered capital of the Joint Venture shall be RMB120,000,000, of which 70% (equivalent to RMB84,000,000) shall be contributed by the Company and 30% (equivalent to RMB36,000,000) shall be contributed by Xingwen Industrial Investment. Upon the establishment of the Joint Venture, it will be held as to 70% by the Company and will be accounted for as a subsidiary of the Group with its financial results to be consolidated into the Group's consolidated financial statements.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Formation of the Joint Venture is less than 5%, the Formation of the Joint Venture does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 5 July 2024 (after trading hours), the Company and Xingwen Industrial Investment entered into the Equity Investment Cooperation Agreement and the Shareholder Contribution Agreement in respect of the formation of the Joint Venture in the PRC.

MAJOR TERMS OF THE EQUITY INVESTMENT COOPERATION AGREEMENT

The major terms of the Equity Investment Cooperation Agreement are set out as follows:

Date:

5 July 2024

Parties

- (i) The Company; and
- (ii) Xingwen Industrial Investment

Formation of the Joint Venture

The Company and Xingwen Industrial Investment have agreed to jointly contribute funds for the establishment of the Joint Venture in Xingwen County, Yibin City, the PRC.

The proposed name of the Joint Venture is Sichuan Energy Investment Xingwen Energy Technology Co., Ltd.* (四川能投興文能源科技有限公司) (subject to the approval by the Xingwen Market Supervision Bureau* (興文縣市場監管局)).

Conditions to the Equity Investment Cooperation Agreement

The Equity Investment Cooperation Agreement shall become effective upon (i) the approval by the governing body of each party to the Equity Investment Cooperation Agreement; and (ii) the due execution by the parties to the Equity Investment Cooperation Agreement.

Scope of business of the Joint Venture

The Joint Venture is established to engage in the investment, construction and operation of distributed energy projects, supply of steam and electricity energy, contract energy management, comprehensive energy services, new energy business and other value-added businesses, etc. (to be based on the standardised specification of business scope approved by the Xingwen Market Supervision Bureau).

Registered capital, proportion of capital contribution and timing of capital contribution

The total registered capital of the Joint Venture shall be RMB120,000,000, and shall be contributed by the Parties as follows:

Name of shareholder	Committed contribution sum	Proportion of capital contribution	Time of capital contribution	Method of capital contribution
The Company	RMB27,600,000	23%	Before 31 December 2024	Cash
	RMB56,400,000	47%	Before 31 December 2025	Cash
Xingwen Industrial Investment	RMB12,000,000	10%	Before 31 December 2024	Cash
	<u>RMB24,000,000</u>	<u>20%</u>	Before 31 December 2025	Cash
Total	<u><u>RMB120,000,000</u></u>	<u><u>100%</u></u>		

Accordingly, upon the establishment of the Joint Venture, it will be held as to 70% by the Company and will be accounted for as a subsidiary of the Group with its financial results to be consolidated into the Group's consolidated financial statements.

Corporate governance of the Joint Venture

Shareholders' general meeting

Pursuant to the Equity Investment Cooperation Agreement, resolutions made in shareholders' general meeting in respect of amendment of the articles of the Joint Venture, increase or reduction of the registered capital of the Joint Venture, and the merger, division, dissolution or alteration of form of the Joint Venture shall be passed by over two-thirds (2/3) of the voting rights held by the shareholders of the Joint Venture.

Composition of the board of directors of the Joint Venture

Pursuant to the Equity Investment Cooperation Agreement, the board of directors of the Joint Venture shall have seven members, out of which (i) four directors (including the chairman of the board of directors) shall be nominated by the Company; (ii) two directors shall be nominated by Xingwen Industrial Investment; and (iii) one director (being the employee representative director), shall be in principal recommended by the Company and nominated by the union of the Joint Venture, and elected in the employee representative meeting.

Composition of the supervisory committee of the Joint Venture

Pursuant to the Equity Investment Cooperation Agreement, the supervisory committee of the Joint Venture shall have three members, out of which (i) one supervisor shall be nominated by the Company; (ii) one supervisor shall be nominated by Xingwen Industrial Investment; and (iii) one supervisor (being the employee representative supervisor), shall be in principal recommended by the Company and nominated by the union of the Joint Venture, and elected in the employee representative meeting.

The chairman of the supervisory committee shall be served by the supervisor nominated by Xingwen Industrial Investment after approval by more than half of the members of the supervisory committee.

Other management members of the Joint Venture

Pursuant to the Equity Investment Cooperation Agreement, the Joint Venture shall have one general manager, three deputy general managers, one chief financial officer and one chief engineer. The Company is entitled to recommend the general manager, two deputy general managers, one chief financial officer and one chief engineer, whereas Xingwen Industrial Investment is entitled to recommend one deputy general manager.

Distribution of profits

The shareholder of the Joint Venture shall share the profit and risks of the Joint Venture in proportion to their respective paid-in registered capital in the Joint Venture. In the event that the Joint Venture has distributable profits, matters such as whether to distribute dividends and how to distribute dividends shall be decided by an effective resolution of the general meeting.

Transfer of equity interests in Joint Venture

Shareholders may withdraw from the company through equity transfer. The methods of equity transfer include two ways: transfer between shareholders and transfer to persons other than shareholders.

The transfer of equity by a shareholder to persons other than shareholders shall be subject to the consent of more than half of the other shareholders. The shareholder shall notify other shareholders in writing of his or her equity transfer to seek their consent. If other shareholders fail to respond within 30 days upon receiving the written notice, they shall be deemed to have agreed to the transfer. If more than half of the other shareholders do not agree to the transfer, the shareholders who do not agree shall purchase the transferred equity; if they do not do so, they shall be deemed to have agreed to the transfer. As for the equity that the shareholders have agreed to transfer, other shareholders shall have the right of first refusal under the same conditions.

MAJOR TERMS OF THE SHAREHOLDER CONTRIBUTION AGREEMENT

On 5 July 2024 (after trading hours), the Company and Xingwen Industrial Investment entered into the Shareholder Contribution Agreement, which contains largely the same terms as the Equity Investment Cooperation Agreement, but has further set out, among others, the following additional terms:

Shareholders' general meeting

Pursuant to the Shareholder Contribution Agreement, the shareholders' general meeting of the Joint Venture shall have the powers:

- (1) to decide on the company's business policies and investment plans;
- (2) to consider and approve external borrowings and guarantees of the company;
- (3) to elect and replace the supervisors and directors who are not employee representatives and decide on matters relating to the remuneration of the directors and supervisors;
- (4) to consider and approve the reports of the board and the supervisory committee;
- (5) to consider and approve the company's annual financial budgets, final account plans, profit distribution plans and loss recovery plans;

- (6) to resolve on the increase or decrease of the company's registered capital;
- (7) to resolve on the issuance of corporate bonds;
- (8) to make resolutions on matters such as the merger, division, dissolution, liquidation or change of the corporate form of the company;
- (9) to amend the articles of association; and
- (10) to consider other matters which should be decided by the general meetings.

INFORMATION ON THE GROUP AND THE PARTIES TO THE EQUITY INVESTMENT COOPERATION AGREEMENT AND SHAREHOLDER CONTRIBUTION AGREEMENT

The Company

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

Xingwen Industrial Investment

Xingwen Industrial Investment is a limited liability company established in the PRC on 4 June 2021 and is owned as to 59% by the State-owned Assets Supervision and Administration and Finance Bureau of Xingwen County* (興文縣國有資產監督管理和金融工作局) and 41% by the Agricultural Development Infrastructure Fund Co., Ltd.* (農發基礎設施基金有限公司). Agricultural Development Infrastructure Fund Co., Ltd.* is wholly owned by Agricultural Development Bank of China, which is in turn wholly owned by the State Council of the PRC.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE

The Group is a vertically integrated power supplier and service provider in Yibin City, Sichuan Province, with an integrated power service model of “power generation and electricity distribution and sales”. Its main businesses include power supply, power generation, power distribution and sales, engineering construction services, new energy, value-added power services, etc.

In response to the national call for “energy conservation, consumption reduction and emission reduction” and “promoting revolution in energy consumption and supply”, in accordance with Sichuan Province Energy Investment Group Co., Ltd.* (四川省能源投資集團有限責任公司)’s corporate mission of “pursuing green, low-carbon and technology-empowered development”, and based on several exchanges and consensus reached between the Company and the People’s Government of Xingwen County on enhancing the capability of the power grid in the territory of Xingwen County to guarantee power supply, the Company intends to invest in the construction of natural gas distributed energy project (the “**Natural Gas Distributed Energy Project**”) in the Economic Development Zone of Xingwen County through the establishment of the Joint Venture, and subsequently through the Joint Venture, enters into an energy supply agreement with the enterprises which intend to invest in the production in the Economic Development Zone of Xingwen County to supply the required electricity.

The Natural Gas Distributed Energy Project will (i) effectively cooperate with the requirements of the “Opinions on Accelerating the Utilization of Natural Gas” (Fa Gai Neng Yuan [2017] No. 1217) (《加快推進天然氣利用的意見》(發改能源[2017]1217號)) proposed by the NDRC and other departments. According to the “Opinions on Accelerating the Utilization of Natural Gas”, it encourages the construction of new natural gas peak-shaving power stations in power load centers, as well as the construction of natural gas peak-shaving power stations using existing land, factories, transmission lines, and other facilities of existing coal-fired power plants, to improve the level of power safety guarantee of load centers; It also encourages the construction of gas-fired peak-shaving power stations for wind power and photovoltaic power generation, and carried out demonstration of multi-energy complementation projects combining renewable energy and natural gas, so as to improve the stability of power output and reduce the curtailment rate of wind power and photovoltaic power; (ii) strengthen the support of regional receiving end power grids, improve the stability of power grids, and enhance the reliability of power supply; and (iii) help meet the demand for power load development in the supply area, reduce the possible power gap of the Group in the future, optimize the power supply structure of the Group and improve the power supply capacity.

Xingwen Industrial Investment, being a party to the Formation of Joint Venture, is a wholly-owned enterprise under the control of the State-owned Assets Supervision and Administration and Finance Bureau of Xingwen County* (興文縣國有資產監督管理和金融工作局), which is a county platform company. Therefore, the Company believes that Xingwen Industrial Investment, as one of the shareholders of the Joint Venture, will be beneficial to the completion of the procedures with the relevant government authorities during the project implementation process.

The terms of the Equity Investment Cooperation Agreement and the Shareholder Contribution Agreement were negotiated between the parties thereto after arm’s length negotiations. In view of the aforesaid, the Directors (including the independent non-executive Directors) consider that the terms of the Equity Investment Cooperation Agreement and the Shareholder Contribution Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Board”	the Board of Directors
“Company”	Sichuan Energy Investment Development Co., Ltd.* (四川能投發展股份有限公司) (stock code: 01713), a company established in the PRC as a joint stock company with limited liability on 29 September 2011
“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
“Equity Investment Cooperation Agreement”	the equity investment cooperation agreement dated 5 July 2024 and entered into between the Company and Xingwen Industrial Investment in relation to the establishment of the Joint Venture
“Formation of the Joint Venture”	the establishment of the Joint Venture pursuant to the Equity Investment Cooperation Agreement and the Shareholder Contribution Agreement
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture”	the joint venture to be set up between the Company and Xingwen Industrial Investment pursuant to the Equity Investment Cooperation Agreement and the Shareholder Contribution Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Party(ies)”	the parties to the Equity Investment Cooperation Agreement
“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
“Share(s)”	the ordinary share(s) of RMB1.00 each in the share capital of the Company, including H Shares and Domestic Shares

“Shareholder Contribution Agreement”	the shareholder contribution agreement dated 5 July 2024 and entered into between the Company and Xingwen Industrial Investment in relation to the establishment of the Joint Venture
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xingwen Industrial Investment”	Xingwen County Industrial Investment Group Co., Ltd.* (興文縣產業投資集團有限責任公司), a company established in the PRC with limited liability
“%”	per cent

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

Chengdu, Sichuan Province, the PRC, 5 July 2024

As at the date of this announcement, the executive Directors are Mr. He Jing, Mr. Wang Yuanchun 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*