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FURTHER INFORMATION IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of China Longyuan Power Group Corporation Limited* (the “**Company**”) dated 23 December 2025 (the “**Announcement**”), in relation to, among other things, the renewal of the Factoring Services Agreement. Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Announcement. The Company hereby provides the following further information supplementing the section titled “III. New Factoring Services Agreement – Annual Caps and Basis of Determination” in the Announcement.

During the term of the New Factoring Services Agreement, the daily maximum balance (including interest, factoring service fees and other related financing fees) of the factoring services provided by Guoneng Factoring to the Group shall be RMB1.5 billion for each of the years ending 31 December 2026, 31 December 2027 and 31 December 2028, respectively. The Company has also considered the following factors in determining these caps:

- (1) The purpose of the New Factoring Services Agreement entered into by the Company and Guoneng Factoring is to fully utilize the flexibility and low fee advantages of the factoring financing provided by Guoneng Factoring. Each member of the Group can flexibly choose financing methods based on their respective accounts receivable, financing needs, and market interest rates, etc., ensuring that the actual amount utilized does not exceed the annual caps under the Framework Agreement. Regarding the historical caps and historical amounts of factoring services provided by Guoneng Factoring to the Group, (i) certain Group members have experienced favorable accounts receivable collection in recent years, with a cumulative collection of RMB23 billion from 2023 to 2025, which fully meets the funding requirements of respective members; and (ii) certain Group members have adjusted investment plans, reducing investment expenditures and further lowering capital requirements, resulting in limited utilization of factoring services provided by Guoneng Factoring by the Group members in past years for financing.

(2) The annual cap under the New Factoring Services Agreement is set at RMB1.5 billion, primarily to align the advantages of low-cost financing with the expansion needs of the new energy business, providing funding security for the Group's sustained development. The specific reasons include:

- a. The scale of the Group's new energy business is expected to continue expanding in the future. Leveraging Guoneng Factoring's financing cost advantage, this will help optimize the Group's capital allocation. Guoneng Factoring's operating performance is positive, with its own financing costs showing a downward trend, while it has further strengthened its ability to obtain low-cost funds by broadening financing channels. The current factoring financing interest rate provided by Guoneng Factoring to the Group's members is approximately 2.18%, which is lower than the average financing cost of the Group's members. In core business areas such as financing for construction project payables, benchmark electricity fee financing, and new energy subsidy financing, Guoneng Factoring has already provided efficient financial support to the Group. Aligning with the Group's future business expansion plans and financing needs, it is anticipated that the proportion of financing conducted through Guoneng Factoring will further increase. Appropriately raising the annual cap amount for factoring services will provide the Group with more financing channel options and effectively reduce the Group's overall financial costs.
- b. Appropriately increasing the annual cap amount under the New Factoring Services Agreement helps focus on serving the financing needs of the Group's non-wholly owned subsidiaries, comprehensively safeguarding the Group's funding security. The Group can directly provide parental financing support to its wholly-owned subsidiaries, whereas the Group's non-wholly owned subsidiaries, restricted by their equity structure, rely more heavily on market-based financing. Guoneng Factoring's financing costs are at a relatively low level in the market, enabling it to provide efficient and low-cost funding solutions for the Group's non-wholly owned subsidiaries. Appropriately increasing the annual cap amount for factoring services can specifically meet the funding needs of the Group's non-wholly owned subsidiaries in business segments such as project construction and daily operations, ensuring synergistic business development.

- c. Potential acquisitions of new energy assets will increase the demand for factoring services. Pursuant to the agreements in the Supplemental Undertaking Letter in relation to Non-competition with China Longyuan Power Group Corporation Limited* by China Energy Investment Corporation Limited and the Supplemental Undertaking Letter II (collectively, the “**Supplemental Undertaking Letters**”) (details of which can be found in the Company’s circulars dated 8 July 2021 and 25 November 2024), CHN Energy will continuously inject new energy assets into the Group. The Group acquired 8 target companies with a total of 2.0329 million KW of new energy projects from CHN Energy on 22 October 2024 (details of which can be found in the Company’s announcement dated 22 October 2024). Both parties are also promoting the subsequent injection of assets into new energy projects, some of which have already established business cooperation relationships with Guoneng Factoring. Should the injection of assets be implemented, it will further utilize the limit for connected transactions involving factoring services. With the continuous injection of new energy assets in the future, the assets injected into the Group and Guoneng Factoring’s existing cooperation will drive an increase in the demand for factoring services, and the scale of business cooperation between the Group and Guoneng Factoring will further expand.
- d. As the scale of the Group’s new energy business continues to expand, it is expected that from December 2025 to January 2026, the Group members will secure an additional RMB806 million in factoring financing, with the daily maximum stock balance reaching RMB1.025 billion, which approaches the cap for connected transactions under the Factoring Services Agreement. To ensure that the future cap limit meets the Group’s factoring business needs, the Company has appropriately raised the annual cap amount for factoring services over the next three years to RMB1.5 billion.

By order of the Board
China Longyuan Power Group Corporation Limited*
Gong Yufei
Chairman

Beijing, the PRC, 14 January 2026

As at the date of this announcement, the executive directors of the Company are Mr. Gong Yufei and Mr. Wang Liqiang; the non-executive directors are Ms. Wang Xuelian, Mr. Zhang Tong, Mr. Wang Yong and Mr. Liu Jintao; and the independent non-executive directors are Mr. Michael Ngai Ming Tak, Mr. Gao Debu and Ms. Zhao Feng.

* For identification purpose only