THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should obtain independent professional advice.

If you have sold or transferred all your shares in Huaneng Power International, Inc., you should at once hand this circular and, where applicable, the form of proxy to the purchaser or transferee or to the bank, or a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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華能國際電力股份有限公司

HUANENG POWER INTERNATIONAL, INC.

(a Sino-foreign joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 902)

CONTINUING CONNECTED TRANSACTIONS UNDER THE HUANENG GROUP FRAMEWORK AGREEMENT; DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS UNDER THE TIANCHENG LEASING FRAMEWORK AGREEMENT; PROPOSED ELECTION OF DIRECTORS; AND NOTICE OF EGM

Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders

Gram Capital Limited
嘉林資本有限公司

The Company will convene the EGM at 9:00 a.m. on 23 December 2025 at Conference Room A102, the headquarters of the Company, Huaneng Building, 6 Fuxingmennei Street, Xicheng District, Beijing, the PRC. A notice convening the EGM is set out on pages II-1 to II-4 of this circular. A letter from the Board of the Company is set out on pages 1 to 50 of this circular. A letter from the Independent Board Committee of the Company is set out on pages 51 to 52 of this circular. A letter from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders of the Company is set out on pages 53 to 73 of this circular.

Whether or not you are able to attend the EGM, you should complete and return the form of proxy in accordance with the instructions printed thereon and return it to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event by not later than 24 hours before the time appointed for holding such meeting or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting at the EGM should you so wish. If you attend and vote at the EGM in person, the authority of your proxy will be deemed to have been revoked.

28 November 2025

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Appendix I – General Information I-1

Appendix II – Notice of EGM II-1

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

"2023 to 2025 Tiancheng Leasing Framework Agreement"	the framework agreement on the continuing connected transactions (for 2023 to 2025) between Huaneng Power International, Inc. and Huaneng Tiancheng Financial Leasing Co., Ltd. entered into between the Company and Tiancheng Leasing on 25 October 2022
"2025 Huaneng Group Framework Agreement"	the framework agreement on the continuing connected transactions for 2025 between Huaneng Power International, Inc. and China Huaneng Group Co., Ltd. entered into between the Company and Huaneng Group on 29 October 2024
"A Shares" or "Domestic Shares"	domestic tradable shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
"A Shareholder(s)"	holder(s) of A Shares
"associate(s)"	has the meaning ascribed to it in the Hong Kong Listing Rules
"Board"	the board of Directors of the Company
"Company", "Huaneng International"	Huaneng Power International, Inc., a sino-foreign joint stock limited company incorporated in the PRC and the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively, and its subsidiaries (as the case may be)
"connected person(s)"	has the meaning ascribed to it in the Hong Kong Listing Rules
"Director(s)"	the director(s) (including independent non-executive directors) of the Company
"EGM" or "Extraordinary General Meeting"	the 2025 second extraordinary general meeting of the Company to be held at 9:00 a.m. on 23 December 2025 at Conference Room A102, the headquarters of the Company, Huaneng Building, 6 Fuxingmennei Street, Xicheng District, Beijing, the PRC to consider and approve the resolutions set out in the Notice of EGM

"Gram Capital", "Independent Financial Adviser"	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the purchase of fuel and transportation services and accepting the technical services, engineering contracting services and other services (including the proposed caps) contemplated under the Huaneng Group Framework Agreement and the transactions contemplated under the Tiancheng Leasing Framework Agreement
"H Shares"	overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
"H Shareholder(s)"	holder(s) of H Shares
"HIPDC"	Huaneng International Power Development Corporation
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hua Neng HK"	China Hua Neng Group Hong Kong Limited
"Huaneng Group"	China Huaneng Group Co., Ltd.
"Huaneng Group Framework Agreement"	the framework agreement on the continuing connected transactions for 2026 between Huaneng Power International, Inc. and China Huaneng Group Co., Ltd. entered into between the Company and Huaneng Group on 28 October 2025
"IFRS"	International Financial Reporting Standard

"Independent Board Committee"	a committee of the Board established for the purpose of considering the terms of the purchase of fuel and transportation services and accepting the technical services, engineering contracting services and other services (including the respective caps) contemplated under the Huaneng Group Framework Agreement and the transactions contemplated under the Tiancheng Leasing Framework Agreement, comprising independent non-executive Directors who are independent of these transactions
"Lease Interest"	the interest, together with handling fee, if any, under the Tiancheng Leasing Framework Agreement
"Lease Principal"	the maximum daily balance of the principal of the finance lease under the Tiancheng Leasing Framework Agreement
"Independent Shareholders"	the Company's shareholders other than Huaneng Group and its associates
"Latest Practicable Date"	26 November 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
"Notice of EGM"	the notice for convening the EGM as set out in Appendix II to this circular
"Other Transactions"	the transactions to be conducted between the Company and its subsidiaries and Huaneng Group and its subsidiaries and its associates in 2026 under the Huaneng Group Framework Agreement, including the purchase of ancillary equipment and parts; leasing of facilities, land and office spaces; provision of entrusted sale by Huaneng Group and its subsidiaries and associates; accepting the entrustment for entrusted sale and related services from Huaneng Group and its subsidiaries and associates; sale of products and related services; purchase of heat products and related services; sale of heat products and related services; purchase of carbon emission reduction resources and related services; sale of carbon emission reduction resources and related services; borrowing trust loans and accepting loans and accepting factoring services
"PBOC"	The People's Bank of China

"PRC", "China"	The People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	A Shareholder(s) and H Shareholder(s)
"SSE Listing Rules"	The Rules Governing the Listing of Securities on the Shanghai Stock Exchange
"subsidiary(ies)"	has the meaning ascribed to it in the Hong Kong Listing Rules
"Tiancheng Leasing"	Huaneng Tiancheng Financial Leasing Co., Ltd.
"Tiancheng Leasing Framework Agreement"	the framework agreement on the continuing connected transactions (for 2026 to 2028) between Huaneng Power International, Inc. and Huaneng Tiancheng Financial Leasing Co., Ltd. entered into between the Company and Tiancheng Leasing on 28 October 2025

華能國際電力股份有限公司
HUANENG POWER INTERNATIONAL, INC.

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(Stock Code: 902)

Director:
Wang Kui
Liu Ancang

Non-executive Directors:
Du Daming
Zhou Yi
Li Lailong
Li Jin
Cao Xin
Gao Guoqin
Ding Xuchun
Wang Jianfeng

Independent non-executive Directors:
Xia Qing
He Qiang
Zhang Liying
Zhang Shouwen
Dang Ying

Registered Address:
Huaneng Headquarters
Startup Zone
Xiong'an New Area
Hebei Province 071000
PRC

28 November 2025

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS UNDER THE HUANENG GROUP FRAMEWORK AGREEMENT; DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS UNDER THE TIANCHENG LEASING FRAMEWORK AGREEMENT; PROPOSED ELECTION OF DIRECTORS; AND NOTICE OF EGM

A. INTRODUCTION

Background

On 28 October 2025, the Company published the announcement regarding, among others, (i) the continuing connected transactions (including the respective caps) for 2026 contemplated under the Huaneng Group Framework Agreement; (ii) the discloseable and continuing connected transactions contemplated under the Tiancheng Leasing Framework Agreement.

Under the Hong Kong Listing Rules, (i) transactions regarding the purchase of fuel and transportation services and accepting the technical services, engineering contracting services and other services (including the respective proposed caps) for 2026 contemplated under the Huaneng Group Framework Agreement and (ii) the discloseable and continuing connected transactions contemplated under the Tiancheng Leasing Framework Agreement shall require Independent Shareholders' approval. The Other Transactions are only subject to the reporting, annual review and announcement requirements or within the de minimis provision of Rule 14A.76 and were therefore fully exempt from the connected transaction requirements under the Hong Kong Listing Rules. However, as required by the SSE Listing Rules, the Company is required to propose an ordinary resolution for each of (i) the continuing connected transactions for 2026 under the Huaneng Group Framework Agreement and (ii) the discloseable and continuing connected transactions contemplated under the Tiancheng Leasing Framework Agreement for approval by Independent Shareholders at the EGM. As such, with respect to ordinary resolution no. 2 of the Notice of EGM, all the continuing connected transactions for 2026 contemplated under the Huaneng Group Framework Agreement, regardless of whether such transactions are subject to Independent Shareholders' approval requirements under the Hong Kong Listing Rules, will be treated as one single resolution for approval by Independent Shareholders at the EGM. Likewise, all the discloseable and continuing connected transactions contemplated under the Tiancheng Leasing Framework Agreement will be treated as one single resolution as resolution no. 3 for approval by Independent Shareholders at the EGM.

To comply with the requirements of the Hong Kong Listing Rules, the Independent Board Committee will advise the Independent Shareholders in connection with (i) the continuing connected transactions regarding the purchase of fuel and transportation services and accepting the technical services, engineering contracting services and other services (including the respective caps) contemplated under the Huaneng Group Framework Agreement and (ii) the discloseable and continuing connected transactions contemplated under the Tiancheng Leasing Framework Agreement. The letter from the Independent Board Committee to the Independent Shareholders is included in this circular. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on (i) the fairness and reasonableness of the transactions regarding the purchase of fuel and transportation services and accepting the technical services, engineering contracting services and other services (including

the respective caps) contemplated under the Huaneng Group Framework Agreement and the discloseable and the continuing connected transactions contemplated under the Tiancheng Leasing Framework Agreement and (ii) whether such transactions (including their respective proposed caps) under the above framework agreements are in the interests of the Company and its Shareholders as a whole. The letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders is also included in this circular.

Under the Hong Kong Listing Rules, Gram Capital is only required to opine on (i) the transactions relating to the purchase of fuel and transportation services and accepting the technical services, engineering contracting services and other services (including the respective caps) contemplated under the Huaneng Group Framework Agreement and (ii) the discloseable and continuing connected transactions contemplated under the Tiancheng Leasing Framework Agreement. Gram Capital will not provide opinion on the Other Transactions. Notwithstanding such arrangement, the Company still provides details of the Other Transactions in this circular so that H Shareholders can have a full picture of the background regarding the resolutions to be proposed at the EGM. The Company believes that in doing so, the Independent Shareholders have been provided with sufficient information to make an informed decision in the voting of the relevant proposed resolutions at the EGM.

Reference is also made to the announcement of the Company dated 28 November 2025 in relation to, among other things, the proposed election of a non-executive Director and an independent non-executive Director.

As disclosed in the announcement, the proposed election of Ms. Kou Yaozhou as a non-executive Director and Mr. Zhang Xianchong as an independent non-executive Director is subject to the approval of the Shareholders at the EGM.

Purpose of this Circular

The purpose of this circular is:

(i) to provide you with further information in relation to the proposals regarding (i) the continuing connected transactions (including the respective caps) for 2026 contemplated under the Huaneng Group Framework Agreement; (ii) the discloseable and continuing connected transactions contemplated under the Tiancheng Leasing Framework Agreement; and (iii) the proposed election of Ms. Kou Yaozhou as a non-executive Director and Mr. Zhang Xianchong as an independent non-executive Director;

(ii) to set out the letter of advice relating to the conduct of the purchase of fuel and transportation services and accepting the technical services, engineering contracting services and other services (including the respective caps) contemplated under the Huaneng Group Framework Agreement and the transactions contemplated under the Tiancheng Leasing Framework Agreement from Gram Capital to the Independent Board Committee and the Independent Shareholders and the recommendation of the Independent Board Committee as advised by Gram Capital;

(iii) to seek your approval of the ordinary resolutions in relation to (i) the proposal regarding the continuing connected transactions (including the respective caps) for 2026 contemplated under the Huaneng Group Framework Agreement (being resolution no. 2 of the Notice of EGM); (ii) the discloseable and continuing connected transactions contemplated under the Tiancheng Leasing Framework Agreement (being resolution no. 3 of the Notice of EGM); and (iii) the proposed election of Ms. Kou Yaozhou as a non-executive Director and Mr. Zhang Xianchong as an independent non-executive Director (being resolutions nos. 4 and 5 of the Notice of EGM), all of which have been respectively set out in the Notice of the EGM.

The resolutions set out in the Notice of EGM are not inter-conditional upon each other. Independent Shareholders should note that with respect to the ordinary resolution (being resolution no. 2 of the Notice of EGM) regarding the continuing connected transactions for 2026 contemplated under the Huaneng Group Framework Agreement proposed at the EGM, if they vote in favour of such resolution, they would approve all the continuing connected transactions for 2026 contemplated under the Huaneng Group Framework Agreement (including the purchase of fuel and transportation services, accepting the technical services, engineering contracting services, and other services and Other Transactions). In the event that the resolution proposed at the EGM as regards the continuing connected transactions for 2026 under the Huaneng Group Framework Agreement is not approved by the Independent Shareholders, all continuing connected transactions for 2026 contemplated under the Huaneng Group Framework Agreement would not be carried out by the Company.

B. CONTINUING CONNECTED TRANSACTIONS UNDER THE HUANENG GROUP FRAMEWORK AGREEMENT AND DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS UNDER THE TIANCHENG LEASING FRAMEWORK AGREEMENT

I. Relationship Between the Company, Huaneng Group and Tiancheng Leasing

The Company and its subsidiaries mainly develop, construct, operate and manage power plants in China nationwide. It is one of the largest listed power producers in China, with a controlled generation capacity of 154,820MW.

Huaneng Group is principally engaged in the operation and management of enterprise investments; development, investment, construction, operation and management of power plants; organising the generation and sale of power (and heat); and the development, investment, construction, production and sale of products in relation to energy, transportation, new energy and environmental protection industries.

As at the Latest Practicable Date, Huaneng Group holds a 75% direct interest and a 25% indirect interest in HIPDC, while HIPDC, being the direct controlling shareholder of the Company, holds a 32.28% interest in the Company. Huaneng Group is a state-owned central enterprise with power generation as its main business, which is under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council. Huaneng Group also holds a 9.91% direct interest in the Company and holds a 3.01% indirect interest in the Company through its wholly-owned subsidiary Huaneng HK, a 0.84% indirect interest in the Company through Huaneng Treasury, its wholly-owned subsidiary, a 0.20% indirect interest in the Company through Huaneng Structural Adjustment No.1 Securities Investment Private Fund, its concerted party. Huaneng Group is the ultimate controlling shareholder of the Company.

Tiancheng Leasing is a company incorporated in the PRC, of which the principal business is finance lease. Currently, Tiancheng Leasing has six shareholders. Apart from the 20% equity interest which is held by the Company, the remaining 80% equity interests of Tiancheng Leasing is held by the five controlling subsidiaries of Huaneng Group (of which Huaneng Capital Services Company Limited holds 39% interest, China Huaneng Group Hong Kong Limited holds 21% interest, Huaneng Lancang River Hydropower Co., Ltd. holds 10% interest, Huaneng Renewables Corporation Limited holds 5.56% interest, and Huaneng Renewables (Hong Kong) Company Limited holds 4.44% interest).

Under Chapter 14A of the Hong Kong Listing Rules, Huaneng Group is a connected person of the Company while the transactions between the Company and Huaneng Group (including its subsidiaries and associates and Tiancheng Leasing) constitute connected transactions of the Company, and are subject to the relevant disclosure and/or the Independent Shareholders' approval requirements as stipulated in the Hong Kong Listing Rules.

II. Continuing Connected Transactions Under the Huaneng Group Framework Agreement

1. Introduction

The Company entered into the 2025 Huaneng Group Framework Agreement on 29 October 2024 for the purpose of governing the conduct of certain continuing connected transactions between the Company and its subsidiaries and Huaneng Group (and its subsidiaries and associates) in 2025. The relevant agreement will expire on 31 December 2025. In order to continue the relevant transactions, the Company entered into the Huaneng Group Framework Agreement with Huaneng Group on 28 October 2025 for a term commencing on 1 January 2026 and expiring on 31 December 2026.

2. Particulars of Transactions

Pursuant to the Huaneng Group Framework Agreement, the Company and its subsidiaries will conduct the following transactions with Huaneng Group and its subsidiaries and associates on an on-going basis:

(1) Purchase of ancillary equipment and parts

Due to operational needs, the Company and its subsidiaries have to purchase ancillary equipment and parts which include mainly the raw materials and ancillary equipment and other installation and products relevant to the production and operation for the infrastructure construction works for power plants. Pursuant to the provisions of the 2025 Huaneng Group Framework Agreement with respect to the purchase of ancillary equipment and parts in 2025 by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates, the annual cap of such transactions for 2025 was set at RMB2.1 billion. During the period from 1 January 2025 to 30 September 2025, the aggregate transaction amount (unaudited) in respect of the purchase of ancillary equipment and parts by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates was approximately RMB560 million. It is estimated that by the end of 2025, the actual aggregate transaction amount will not exceed the anticipated transaction amount of 2025. The substantial difference between the estimated transaction amount and the actual transaction amount was primarily due to the fact that the corresponding adjustments were made to the transactions based on the Company's actual operating conditions and market changes, and at the same time relevant projects are seasonal and some transactions are expected to occur in the fourth quarter.

For 2026, the aggregate transaction amount with respect to the purchase of ancillary equipment and parts by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates under the Huaneng Group Framework Agreement is estimated not to exceed RMB2.1 billion. The estimate of such cap takes into consideration the overall business scale and operation of the power plants of the Company and its subsidiaries, a reasonable expectation of the Company and its subsidiaries as to the development of the relevant power plants, and also the benefit of offering favourable prices on bulk purchases by Huaneng Group and its subsidiaries and associates.

The competitive advantage of Huaneng Group and its subsidiaries and associates in the supply of ancillary equipment and parts is that they are able to offer more favourable prices for bulk purchase of ancillary equipment and parts to the Company and its subsidiaries, they have a close relationship with the Company and its subsidiaries, while they are able to provide the Company and its subsidiaries with the ancillary equipment and parts in a timely and reliable manner, thereby minimising the management and operational costs of the Company and its subsidiaries.

Pursuant to the Huaneng Group Framework Agreement, the terms and the prices with respect to the purchase of ancillary equipment and parts by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates are negotiated at arm's length terms, taking into account the types and quantity of ancillary equipment and parts to be purchased according to the Company's procurement policy, details of which are set out in paragraph headed "Measures to Safeguard the Interest of the Independent Shareholders" to this circular. In any event at the terms and prices no less favorable than those offered to the Company and its subsidiaries by independent third parties for the same or similar type of ancillary equipment and parts. In addition, the payment of such purchases will be settled in cash in arrears, or in accordance with the payment terms agreed by the relevant parties in the contracts to be entered into pursuant to such framework agreement.

As none of the applicable percentage ratios relating to the scale of the transactions in question calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules exceeds 5%, such transactions are only subject to the reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules but are exempt from the Independent Shareholders' approval requirements. In addition, the Company will, with respect to the transactions in question, comply with the requirements under Rules 14A.55 to 14A.59 of the Hong Kong Listing Rules in respect of the annual review of these continuing connected transactions. If the actual aggregate amount of such transactions during the year ending 31 December 2026 exceeds the above cap (i.e. RMB2.1 billion), the Company will further comply with the requirements under Rule 14A.54 of the Hong Kong Listing Rules.

(2) Purchase of fuel and transportation services

The Company's main fuel for power generation is coal. Pursuant to the Huaneng Group Framework Agreement, the Company and its subsidiaries will purchase fuel and coal transportation services from Huaneng Group and its subsidiaries and associates at prices and charges calculated by reference to RMB/ton and the actual weight of carriage, with arm's length terms taking into account the then market conditions, and in any event the terms of the purchases of fuel and the transportation services shall be no less favourable than those offered by independent third parties to the Company and its subsidiaries for the same or similar type of fuel supply or transportation services.

Pursuant to the provisions of the 2025 Huaneng Group Framework Agreement with respect to the purchase of fuel and transportation services in 2025 by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates, the cap of the aggregate transaction amount for 2025 was RMB75 billion. During the period from 1 January 2025 to 30 September 2025, the aggregate transaction amount (unaudited) for purchase of fuel and transportation services by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates was approximately RMB33.154 billion. It is estimated that by the end of 2025, the actual aggregate transaction amount will not exceed the anticipated transaction amount of 2025. The substantial difference between the estimated transaction amount and the actual transaction amount was mainly attributable to the relatively significant changes in the coal market than envisaged and the corresponding adjustments to relevant transactions made by the Company. Specifically, coal prices remained relatively low throughout 2025. The average standard coal procurement price of the Company and its subsidiaries for the nine months ended 30 September 2025 decreased by approximately 15% as compared with the corresponding period in 2024, resulting in a significant reduction in overall fuel procurement costs. In addition, with the large-scale commissioning of new energy projects, the proportion of coal-fired power generation in the overall power generation mix of the Company and its subsidiaries has declined. For the nine months ended 30 September 2025, the coal-fired generating units of the Company and its subsidiaries recorded a year-on-year decrease in electricity output of over 7%, leading to lower-than-expected actual coal consumption. In view of the foregoing, it is expected that the actual transaction amount for the procurement of fuel and transportation services for 2025 will be lower than the annual cap for the year.

Pursuant to the Huaneng Group Framework Agreement, the cap of the transaction amount for purchase of fuel and transportation services by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates for 2026 is estimated to be RMB73.4 billion. The payment of the consideration will be settled in cash in arrears, or in accordance with the payment terms agreed by the relevant parties in the contracts to be entered into pursuant to the framework agreement. The annual cap for 2026 is slightly less than the existing annual cap for the year ending 31 December 2025. This mainly reflects the significant decline in coal procurement prices in 2025 compared with the corresponding period in 2024. According to the China Electricity Council's China Coal Procurement Price Index (CECI, Caofeidian Index), as of 31 October 2025, spot price of thermal coal with a calorific value of 5,500 kcal was RMB769 per tonne, representing a decrease of approximately 10.06% from RMB855 per tonne for the same period in 2024. The annual cap for 2026 also takes into account the overall business scale and operating conditions of the power plants of the Company and its subsidiaries, the reasonable expectations of those power plants, market trends, and the capability of Huaneng Group and its subsidiaries and associates to offer relatively competitive prices for bulk procurement of fuel and transportation services.

The competitive advantage of Huaneng Group and its subsidiaries and associates in the supply of fuel and transportation services is that they can offer more favourable prices for bulk purchase of fuel and transportation services. Taking into consideration the ability of Huaneng Group and its subsidiaries and associates to offer more favourable prices for purchases of fuel and transportation services, and owing to their close relationships with the Company and its subsidiaries, Huaneng Group and its subsidiaries and associates are able to provide the Company and its subsidiaries with fuel and transportation services in a timely and reliable manner, thereby minimising the management and operational costs of the Company and its subsidiaries.

As the applicable percentage ratios relating to the transaction scale for the purchase of fuel and transportation services by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules exceed 5%, such transactions shall be subject to the reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules and the requirement to obtain approval from the Independent Shareholders. The Company has conducted a detailed survey in respect of its short-term and long-term operational demand for coal and coal transportation services. The Company is of the view that before the convening of the EGM, such transactions will not (and the Company will through its internal control system ensure that such transactions will not) exceed the relevant thresholds that require the Independent Shareholders' approval under the Hong Kong Listing Rules.

(3) Leasing of facilities, land and office spaces

For operational needs, the Company and its subsidiaries have to lease facilities, land and office spaces (mainly including power transmission and transformation assets, vessels, land and office spaces for power plants, etc.) from Huaneng Group and its subsidiaries and associates. Pursuant to the provisions of the 2025 Huaneng Group Framework Agreement with respect to the leasing of facilities, land and office spaces in 2025 by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates, the cap of the relevant transaction amount for 2025 was set at RMB300 million. During the period from 1 January 2025 to 30 September 2025, the aggregate transaction amount (unaudited) which has already been paid by the Company and its subsidiaries to Huaneng Group and its subsidiaries and associates for leasing of facilities, land and office spaces was approximately RMB180 million. It is estimated that by the end of 2025, the actual aggregate transaction amount will not exceed the anticipated transaction amount of 2025.

Pursuant to the Huaneng Group Framework Agreement, the transaction amount with respect to the leasing of facilities, land and office spaces by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates in 2026 is estimated not to exceed RMB400 million. The estimate of such cap amount is based on the existing overall business scale and operation of the power plants of the Company and its subsidiaries, the anticipated development of such power plants as deemed reasonable by the Company and its subsidiaries, having taken into account at the same time the benefit of favourable prices offered by Huaneng Group and its subsidiaries and associates for leasing of facilities, land and office spaces.

In respect of leasing of facilities, land and office spaces, the competitive advantage of Huaneng Group and its subsidiaries and its associates is that they are able to offer more favourable prices for leasing of facilities, land and office spaces to the Company and its subsidiaries, they have a close relationship with the Company and its subsidiaries, while they are able to provide the Company and its subsidiaries with the leased facilities, land and office spaces in a timely and reliable manner, thereby minimising the management and operational costs of the Company and its subsidiaries.

Pursuant to the Huaneng Group Framework Agreement, the terms and the prices with respect to the leasing of facilities, land and office spaces to the Company and its subsidiaries by Huaneng Group and its subsidiaries and associates are negotiated at arm's length terms, taking into account the then prevailing market conditions; but in any event at the leasing terms and prices no less favourable than those offered to the Company and its subsidiaries by independent third parties for the same or similar types of leased facilities, land and office spaces. In addition, the payment will be settled in cash, or in accordance with the payment terms agreed by the relevant parties in the contracts to be entered into in the future pursuant to the framework agreement.

As the term relating to the leasing of facilities, land and office spaces contemplated under the Huaneng Group Framework Agreement is 12 months or less, the Company will not recognize right of-use assets and lease liabilities for such short-term lease under International Financial Reporting Standard 16 (Leases).

As none of the applicable percentage ratio relating to the scale of the transactions in question calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules exceeds 5%, such transactions are only subject to the reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules but are exempt from the Independent Shareholders' approval requirements. In addition, the Company will, with respect to the transactions in question, comply with the requirements under Rule 14A.55 to 14A.59 of the Hong Kong Listing Rules in respect of conducting annual review of these continuing connected transactions. If the actual aggregate amount of such transactions during the year ending 31 December 2026 exceeds the above cap (i.e. RMB400 million), the Company will further comply with the requirements under Rule 14A.54 of the Hong Kong Listing Rules.

(4) Accepting the technical services, engineering contracting services and other services

Accepting the technical services, engineering contracting services and other services between the Company and its subsidiaries and Huaneng Group and its subsidiaries and associates mainly includes the provision of fuel management service relevant to power plants, maintenance services for power plants' monitoring systems, real-time consolidation of project data, trial run of generating units, contracting of construction works in progress, supervision of manufacture of facilities and insurance services by Huaneng Group and its subsidiaries and associates to the Company and its subsidiaries. Pursuant to the 2025 Huaneng Group Framework Agreement, the cap for the aggregate transaction amount with respect to the purchase of technical services, engineering contracting services and other services by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates for 2025 was set at RMB5.5 billion. During the period from 1 January 2025 to 30 September 2025, the aggregate transaction amount (unaudited) between the Company and its subsidiaries and Huaneng Group and its subsidiaries and associates was approximately RMB1,293 million. It is estimated that by the end of 2025, the actual aggregate transaction amount will not exceed the anticipated transaction amount of 2025. The substantial difference between the estimated transaction amount and the actual transaction amount was mainly due to external factors such as the introduction of new national policies, including the deepening of market-oriented reform of on-grid electricity prices for new energy, and the resulting changes in market competition landscape. As a result, certain technical service and engineering contracting projects originally estimated for 2025 experienced changes in suppliers or delays in project schedules. Meanwhile, with the continuous advancement of new energy generation technologies in China, the market prices of new energy materials have also shown significant fluctuations. Since 2024, the slight decline in photovoltaic module prices has further affected the actual transaction amounts of the relevant technical service and engineering contracting projects.

Pursuant to the Huaneng Group Framework Agreement, the transaction amount with respect to accepting the technical services, engineering contracting services and other services by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates in 2026 is estimated not to exceed RMB5.5 billion. The estimate of such cap is based on the existing overall business scale and operation of the power plants of the Company and its subsidiaries as well as the substantial demand for new energy construction expected arise from the green transformation of the Company and its subsidiaries. With the accelerated development of the national new energy system and the steady and prudent advancement of the "dual-carbon" goals, the new energy sector is expected to continue growing at a stable pace. At the same time, following the implementation of the “anti-overcompetition” policy, the prices of photovoltaic and other new energy materials have gradually stabilized, while the ongoing construction of large-scale, high-efficiency coal-fired and gas-fired projects in the conventional power sector is expected to generate corresponding demand for technical services and engineering contracting. The estimate also takes into account the benefit of favourable prices for the provision of technical services and engineering contracting services and other services offered by Huaneng Group and its subsidiaries and associates. Taking into consideration the aforementioned policy, business and market factors, as well as the overall business scale and operation of the power plants of the Company and its subsidiaries, the Company considers the proposed cap for 2026 to be reasonable.

The competitive advantage of Huaneng Group and its subsidiaries and associates in terms of providing technical services, engineering contracting services and other services is that they can offer more favourable prices to the Company and its subsidiaries, they have a close relationship with the Company and its subsidiaries, while they are able to provide the Company and its subsidiaries with the technical services, engineering contracting services and other services in a timely and reliable manner, thereby minimizing the management and operational costs of the Company and its subsidiaries. In addition, some of the subsidiaries and associates of Huaneng Group focus on researching information technology and national new energy power generation technology, as well as equipment of thermal energy in power plants, therefore they can provide reliable and efficient services of information technology and project contracting, and can also provide advanced and comprehensive power station-specific technical services and project contracting services, which can lower the operational costs of the Company and its subsidiaries.

Pursuant to the Huaneng Group Framework Agreement, the terms and the prices of transactions with respect to accepting technical services, engineering contracting services and other services by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates are negotiated at arm's length terms, taking into account the types of energy transactions, technical indicators and engineering related raw materials required for each of the contracts according to the Company's procurement rules, details of which are set out in paragraph headed "Measures to Safeguard the Interest of the Independent Shareholders" to this circular. In any event at the terms and prices no less favourable than those offered to the Company and its subsidiaries by independent third parties for the same or similar types of technical services, engineering contracting services and other services. In addition, the payment of consideration will be settled in cash in arrears, or in accordance with the payment terms agreed by the relevant parties in the contracts to be entered into pursuant to the framework agreement.

As the applicable percentage ratios relating to the transaction scale for accepting the technical services, engineering contracting services and other services by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules exceed 5%, such transactions shall be subject to the reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules and the requirement to obtain approval from the Independent Shareholders. The Company has conducted a detailed survey in respect of its short-term and long- term operational demand for the technical services, engineering contracting services and other services. The Company is of the view that before the convening of the EGM, such transactions will not (and the Company will through its internal control system ensure that such transactions will not) exceed the relevant thresholds that require the Independent Shareholders' approval under the Hong Kong Listing Rules.

(5) Provision of entrusted sale and related services from Huaneng Group and its subsidiaries and associates

The provision of entrusted sale of electricity and related services from Huaneng Group and its subsidiaries and associates to the Company and its subsidiaries involves mainly Huaneng Group and its subsidiaries and associates using power generation quota of the Company and its subsidiaries for substituted power generation. The transaction prices of substituted power generation are to be settled in two ways: (1) after using the power generation quota of the Company and its subsidiaries to generate electricity, Huaneng Group and its subsidiaries and associates will settle with the power grid company(ies) first, and then pay the prices for quota generation prices to the Company and its subsidiaries; (2) after using the power generation quota of the Company and its subsidiaries by Huaneng Group and its subsidiaries and associates to generate electricity, the Company and its subsidiaries will settle with the power grid company(ies) first and then pay the electricity revenue after deduction of the amount of the quota usage prices to Huaneng Group and its subsidiaries and associates. In addition, the Company and its subsidiaries sell electricity to Huaneng Group and its subsidiaries and associates, or entrust Huaneng Group, its subsidiaries and associates to sell electricity to market users, and the Company and its subsidiaries will pay the corresponding service fees. Pursuant to the provisions of the 2025 Huaneng Group Framework Agreement with respect to the provision of entrusted sale of electricity and related services from Huaneng Group and its subsidiaries and associates in 2025, the anticipated transaction amount for 2025 was RMB100 million. During the period from 1 January 2025 to 30 September 2025, the aggregate transaction amount for the provision of entrusted sale and related services from Huaneng Group and its subsidiaries and associates to the Company and its subsidiaries was RMB0. It is estimated that by the end of 2025, the actual aggregate transaction amount will not exceed the anticipated transaction amount of 2025.

Pursuant to the Huaneng Group Framework Agreement, the transaction amount with respect to such entrusted sale and related services between the Company and its subsidiaries and Huaneng Group and its subsidiaries and associates for 2026 is estimated to be RMB100 million. Such estimate of cap amount is set based on the factors such as overall business scale of the transaction parties in 2026, the quota for transfer of power generation, transaction rules, transaction volume, transaction prices, service fees, etc. and the reasonable expectation of the transactions by the Company and its subsidiaries.

In order to resolutely implement the State's power system reform, energy conservation and emission reduction strategy, and to save cost and improve efficiency, the Company and its subsidiaries will carry out substituted power generation transactions, power transactions, paid services and other businesses in areas where the Company and its subsidiaries are located. The counterparty(ies) of the transaction include connected or non-connected party(ies). In terms of substituted power generation, power transactions, paid services, etc., the advantage of Huaneng Group and its subsidiaries and associates is that they have a relatively better co-operation relationship with the Company and its subsidiaries.

Pursuant to the Huaneng Group Framework Agreement, the terms and prices with respect to the provision of aforesaid entrusted sale and related services from Huaneng Group and its subsidiaries and associates to the Company and its subsidiaries are to be negotiated at arm's length terms, taking into account the then prevailing market conditions, but in any event at the terms and prices no less favourable than those offered to the Company and its subsidiaries by an independent third party for the same or similar type of services. In addition, the relevant price shall be paid in cash after the performance of the contract, or according to the terms agreed in the contract signed by the relevant parties in accordance with the framework agreement in the future.

As all of the applicable percentage ratios in respect of such transactions calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules are less than 0.1%, such transactions constitute fully exempt continuing connected transactions under the Hong Kong Listing Rules and are therefore exempt from the reporting, announcement and independent shareholders' approval requirements. If the actual aggregate amount of such transactions during the year ending 31 December 2026 exceeds the above cap (i.e. RMB100 million), the Company will further comply with the requirements under Rule 14A.54 of the Hong Kong Listing Rules.

(6) Accepting the entrustment for entrusted sale and related services from Huaneng Group and its subsidiaries and associates

The acceptance of entrustment for entrusted sale and related services from Huaneng Group and its subsidiaries and associates by the Company and its subsidiaries involves mainly the use of power generation quota of Huaneng Group and its subsidiaries and associates for substituted power generation. The transaction prices of substituted power generation are to be settled in two ways: (1) after using the power generation quota of Huaneng Group and its subsidiaries and associates to generate electricity, the Company and its subsidiaries will settle with the power grid company(ies) first, and then pay the prices for the power generation quota to Huaneng Group and its subsidiaries and associates; (2) after using the power generation quota of Huaneng Group and its subsidiaries and associates by the Company and its subsidiaries to generate electricity, Huaneng Group and its subsidiaries and associates will settle with the power grid company(ies) first and then pay the electricity revenue after deduction of the amount of the quota usage prices to the Company and its subsidiaries. In addition, the Company and its subsidiaries purchase electricity from Huaneng Group and its subsidiaries and associates, or accept the entrustment from Huaneng Group, its subsidiaries and associates to sell electricity to market users, and the Company and its subsidiaries will charge the corresponding service fees. Pursuant to the 2025 Huaneng Group Framework Agreement with respect to the acceptance of entrustment for entrusted sale and related services from Huaneng Group and its subsidiaries and associates by the Company and its subsidiaries, the cap of the aggregate transaction amount for 2025 was set at RMB100 million. During the period from 1 January 2025 to 30 September 2025, the aggregate transaction amount for the acceptance of entrustment for entrusted sale and related services from Huaneng Group and its subsidiaries and associates by the Company and its subsidiaries was RMB0. It is estimated that by the end of 2025, the aggregate of the actual transaction amount will not exceed the anticipated transaction amount in 2025.

Pursuant to the Huaneng Group Framework Agreement, the estimated transaction amount for the acceptance of entrustment of sale and related services between the Company and its subsidiaries and Huaneng Group and its subsidiaries and associates for 2026 is estimated to be RMB100 million. Such estimated cap is based on the factors such as overall business scale of the transaction parties in 2026, the quota for transfer of power generation, transaction rules, transaction volume, transaction prices, service fees, etc. and the reasonable expectation of the development of the transaction parties by the Company and its subsidiaries.

In order to resolutely implement the State's power system reform, energy conservation and emission reduction strategy, and to improve efficiency, the Company and its subsidiaries will carry out power generation quota transfer transactions, power transactions, paid services and other businesses in areas where the Company and its subsidiaries are located. The counterparty(ies) of the transaction of the Company and its subsidiaries include connected or non- connected party(ies). In terms of substituted power generation, power transactions, paid services, etc., the advantage of Huaneng Group and its subsidiaries and associates is that they have a relatively better co-operation relationship with the Company and its subsidiaries.

Pursuant to the Huaneng Group Framework Agreement, the terms and prices with respect to the acceptance of entrustment for aforesaid entrusted sale and related services from Huaneng Group and its subsidiaries and associates by the Company and its subsidiaries are to be negotiated at arm's length terms, taking into account the then prevailing market conditions, but in any event at the terms and prices no less favourable than those offered to an independent third party by the Company and its subsidiaries for the same or similar type of services. In addition, the relevant price shall be paid in cash after the performance of the contract, or according to the terms agreed in the contract signed by the relevant parties in accordance with the framework agreement in the future.

As all of the applicable percentage ratios in respect of such transactions calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules are less than 0.1%, such transactions constitute fully exempt continuing connected transactions under the Hong Kong Listing Rules and are therefore exempt from the reporting, announcement and independent shareholders' approval requirements. If the actual aggregate amount of such transactions during the year ending 31 December 2026 exceeds the above cap (i.e. RMB100 million), the Company will further comply with the requirements under Rule 14A.54 of the Hong Kong Listing Rules.

(7) Sale of products and related services

To be more cost-efficient in management, the Company's subsidiary(ies) will sell products and related services (mainly coal, provision of transportation and port services and other services) to Huaneng Group and its subsidiaries and associates. The prices and charges of coal will be calculated by reference to RMB/ton and the actual weight of carriage, with arm's length terms taking into account the then market conditions, and in any event the terms of the coal and other related products shall be no less favourable than those offered by independent third parties to the Company for the same or similar type of coal supply and other related products. Pursuant to the 2025 Huaneng Group Framework Agreement, the cap of the aggregate transaction amount with respect to the sale of products and related services by the Company and its subsidiaries to Huaneng Group and its subsidiaries and associates for 2025 was set at RMB0.8 billion. During the period from 1 January 2025 to 30 September 2025, the aggregate transaction amount (unaudited) for the sale of products and related services by the Company and its subsidiaries to Huaneng Group and its subsidiaries and associates was approximately RMB464 million. It is estimated that by the end of 2025, the aggregate of the actual transaction amount will not exceed the anticipated transaction amount in 2025. The substantial difference between the estimated transaction amount and the actual transaction amount was primarily due to the fact that the 2025 budget includes transactions that may sell coal to connected persons under specific conditions, while such transactions have not actually occurred so far in 2025.

Pursuant to the Huaneng Group Framework Agreement, the transaction amount with respect to the sale of products and related services between the Company and Huaneng Group and its subsidiaries and associates for 2026 is estimated to be RMB0.8 billion. The payment of the consideration will be settled in cash in arrears, or in accordance with the payment terms to be agreed by the relevant parties pursuant to the Huaneng Group Framework Agreement. Such estimate of cap amount is based on the demand of coal and transportation and relevant products and services of the power plants of Huaneng Group and its subsidiaries in 2026 and more favorable pricing by way of bulk purchase. In order to leverage on the advantage of scale procurement, the Company may increase the purchase volume of coal and will not exclude the possibility of re-selling of the excess portions to power plants of Huaneng Group and its subsidiaries.

As none of the applicable percentage ratios relating to the scale of the transactions in question calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules exceeds 5%, such transactions are only subject to the reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules but are exempt from the Independent Shareholders' approval requirements. In addition, the Company will, with respect to the transactions in question, comply with the requirements under Rule 14A.55 to 14A.59 of the Hong Kong Listing Rules in respect of the annual review of these continuing connected transactions. If the actual aggregate amount of such transactions during the year ending 31 December 2026 exceeds the above cap (i.e. RMB0.8 billion), the Company will further comply with the requirements under Rule 14A.54 of the Hong Kong Listing Rules.

(8) Purchase of heat products and related services

The purchase of heat products and related services by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates includes the purchase of industrial steam, hot water and other thermal products produced by power plants and heating enterprises, and the entrustment to Huaneng Group and its subsidiaries and associates to sell industrial steam, hot water and other thermal products, and pay the corresponding service fees to counterparties. Pursuant to the 2025 Huaneng Group Framework Agreement, the cap of the aggregate transaction amount with respect to the purchase of heat products and related services by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates for 2025 was set at RMB200 million. During the period from 1 January 2025 to 30 September 2025, the amount of such transactions between the Company and its subsidiaries and Huaneng Group and its subsidiaries and associates was RMB124 million. It is estimated that by the end of 2025, the actual transaction amount will not exceed the anticipated transaction amount in 2025.

Pursuant to the Huaneng Group Framework Agreement, the transaction amount with respect to the purchase of heat products and related services by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates in 2026 is estimated to be RMB400 million. The cap of the transaction amount is based on the expected need for the purchase of heat products and related services by the Company and its subsidiaries in 2026, as well as the reasonable expectations of the Company and its subsidiaries for the development of the transaction, after considering at the same time that the good cooperative relationships between the Company and Huaneng Group and its subsidiaries and associates can reduce the management and operating costs of the Company and its subsidiaries to improve the Company's operating results.

As none of the applicable percentage ratios relating to the scale of the transactions in question calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules exceeds 5%, such transactions are only subject to the reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules but are exempt from the Independent Shareholders' approval requirements. In addition, the Company will, with respect to the transactions in question, comply with the requirements under Rule 14A.55 to 14A.59 of the Hong Kong Listing Rules in respect of the annual review of these continuing connected transactions. If the actual aggregate amount of such transactions during the year ending 31 December 2026 exceeds the above cap (i.e. RMB400 million), the Company will further comply with the requirements under Rule 14A.54 of the Hong Kong Listing Rules.

(9) Sale of heat products and related services

The Company and its subsidiaries sell heat products and related services to Huaneng Group and its subsidiaries and associates, mainly including the sales of industrial steam, hot water and other thermal products produced by the Company's power plants and heating enterprise, and the acceptance of the entrustment of Huaneng Group and its subsidiaries and associates to sell industrial steam, hot water and other thermal products, and charge counterparties for the service fees.

Pursuant to the provisions of the 2025 Huaneng Group Framework Agreement with respect to the sale of heat products and related services by the Company and its subsidiaries to Huaneng Group and its subsidiaries and associates in 2025, the cap of the aggregate transaction amount for 2025 was set at RMB200 million. During the period from 1 January 2025 to 30 September 2025, the amount (unaudited) of such transactions between the Company and its subsidiaries and Huaneng Group and its subsidiaries and associates was approximately RMB29 million. It is estimated that by the end of 2025, the actual transaction amount will not exceed the anticipated transaction amount for 2025.

According to the Huaneng Group Framework Agreement, the transaction amount with respect to the sale of heat products and related services by the Company and its subsidiaries to Huaneng Group and its subsidiaries and associates in 2026 is estimated to be RMB200 million. The cap of the transaction amount is estimated after taking into account the expected volume of purchase of heat products and related services by the Huaneng Group and its subsidiaries and associates from the Company and its subsidiaries in 2026 based on the existing overall business scale and operation of the power plants of the Company and its subsidiaries in 2026, as well as the reasonable expectations of the Company and its subsidiaries for the development of the transaction after considering at the same time that the good cooperative relationships between the Company and Huaneng Group and its subsidiaries and related parties can reduce the management and operating costs of the Company and its subsidiaries to improve the Company's operating results.

As none of the applicable percentage ratios relating to the scale of the transactions in question calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules exceeds 5%, such transactions are only subject to the reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules but are exempt from the Independent Shareholders' approval requirements. In addition, the Company will, with respect to the transactions in question, comply with the requirements under Rule 14A.55 to 14A.59 of the Hong Kong Listing Rules in respect of the annual review of these continuing connected transactions. If the actual aggregate amount of such transactions during the year ending 31 December 2026 exceeds the above cap (i.e. RMB200 million), the Company will further comply with the requirements under Rule 14A.54 of the Hong Kong Listing Rules.

(10) Purchase of carbon emission reduction resources and related services

The purchase of carbon emission reduction resources and related services by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates includes purchase of carbon allowances, China Certified Emission Reduction (CCER), green certificates and carbon emission reduction related services.

Pursuant to the 2025 Huaneng Group Framework Agreement regarding the purchase of carbon emission reduction resources and related services by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates in 2025, the annual cap of the relevant transaction amount in 2025 is RMB1.3 billion. During the period from 1 January 2025 to 30 September 2025, the aggregate transaction amount (unaudited) for the purchase of carbon emission reduction resources and related services from Huaneng Group and its subsidiaries and associates by the Company and its subsidiaries was RMB30 million. The substantial difference between the estimated transaction amount and the actual transaction amount was because the Company's actual operation and market condition have changed and the fourth performance cycle of the State's carbon quotas will be completed in the fourth quarter. The Company is currently carrying out work relating to carbon quota performance, and it is expected that the actual amount to be incurred will not exceed the estimated cap for 2025.

Pursuant to the Huaneng Group Framework Agreement, the transaction amount with respect to the purchase of carbon emission reduction resources and related services by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates in 2026 is estimated to be RMB1.1 billion. The cap of the transaction amount is based on the shortage of carbon emission reduction resources of the Company and its subsidiaries in 2026 and the reasonable expectation for the development of the transaction after considering that the good cooperative relationships between the Company and Huaneng Group and its subsidiaries and related parties can reduce the management and operating costs of the Company and its subsidiaries at the same time to improve the Company's operating results.

As none of the applicable percentage ratios relating to the scale of the transactions in question calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules exceeds 5%, such transactions are only subject to the reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules but are exempt from the Independent Shareholders' approval requirements. In addition, the Company will, with respect to the transactions in question, comply with the requirements under Rule 14A.55 to 14A.59 of the Hong Kong Listing Rules in respect of the annual review of these continuing connected transactions. If the actual aggregate amount of such transactions during the year ending 31 December 2026 exceeds the above cap (i.e. RMB1.1 billion), the Company will further comply with the requirements under Rule 14A.54 of the Hong Kong Listing Rules.

(11) Sale of carbon emission reduction resources and related services

The sale of carbon emission reduction resources and related services by the Company and its subsidiaries to Huaneng Group and its subsidiaries and associates includes the sale of carbon allowances, China Certified Emission Reduction (CCER), green certificates and carbon emission reduction related services.

Pursuant to the 2025 Huaneng Group Framework Agreement regarding the sale of carbon emission reduction resources and related services by the Company and its subsidiaries to Huaneng Group and its subsidiaries and associates in 2025, the annual cap of the relevant transaction amount in 2025 is RMB1.3 billion. During the period from 1 January 2025 to 30 September 2025, the aggregate transaction amount for the sale of carbon emission reduction resources and related services to Huaneng Group and its subsidiaries and associates by the Company and its subsidiaries was RMB68 million. It is estimated that by the end of 2025, the aggregate of the actual transaction amount will not exceed the anticipated transaction amount in 2025. The substantial difference between the estimated transaction amount and the actual transaction amount was because the Company's actual operation and market condition have changed and the fourth performance cycle of the State's carbon quotas will be completed in the fourth quarter.

The transaction amount with respect to the sale of carbon emission reduction resources and related services by the Company and its subsidiaries to Huaneng Group and its subsidiaries and associates in 2026 is estimated to be RMB600 million. The cap of the transaction amount is based on the sufficiency of carbon emission reduction resources of the Company and its subsidiaries in 2026 and the reasonable expectation for the development of the transaction after considering that Huaneng Group and its subsidiaries and associates can reduce the management and operating costs of the Company and its subsidiaries at the same time to improve the Company's operating results.

As none of the applicable percentage ratios relating to the scale of the transactions in question calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules exceeds 5%, such transactions are only subject to the reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules but are exempt from the Independent Shareholders' approval requirements. In addition, the Company will, with respect to the transactions in question, comply with the requirements under Rule 14A.55 to 14A.59 of the Hong Kong Listing Rules in respect of the annual review of these continuing connected transactions. If the actual aggregate amount of such transactions during the year ending 31 December 2026 exceeds the above cap (i.e. RMB600 million), the Company will further comply with the requirements under Rule 14A.54 of the Hong Kong Listing Rules.

The Company acknowledges that, under the Huaneng Group Framework Agreement, it both purchases and sells carbon emission reduction resources and related services with Huaneng Group. In accordance with the national carbon market regulations, the trading entities are the legal entities of the Company's thermal power plants. Some of the Company's power plants have surplus carbon emission allowances, while others face a shortfall. Power plants with surplus allowances sell their excess quotas, whereas those with a deficit purchase the required allowances. Specifically, the purchases are intended to cover the needs of power plants with a shortfall, while the sales are aimed at disposing of excess allowances from power plants with a surplus, reflecting different purposes and directions of the transactions. All such transactions are carried out by the power plants as legal entities at designated trading venues, namely the Shanghai Environment and Energy Exchange. The counterparties to the transactions may be either a connected person or a non-connected person. The transaction arrangements are negotiated and determined based on market conditions, the Group's operational needs, and local regulatory requirements, so as to ensure the selection of the most favorable counterparty and pricing. Engaging Huaneng Group as a counterparty facilitates transaction coordination and compliance management, while transaction volumes and prices remain determined by market conditions to ensure fairness and economic efficiency. These arrangements ensure that each power plant can fulfill its carbon quota obligations on time and help the Company optimize the overall efficiency and cost-effectiveness of its carbon emission resources.

(12) Borrowing trust loans and accepting loans

Borrowing trust loans is direct borrowing of trust loans by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates without the involvement of any agent bank as an intermediary, whereas accepting loans is organized between the Company and its subsidiaries and Huaneng Group and its subsidiaries and associates with a trustee or agent bank acting as an intermediary. The Huaneng Group Framework Agreement has also included (i) borrowing of trust loans by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates; and (ii) the provision of loans from Huaneng Group and its subsidiaries and associates to the Company and its subsidiaries. For reasons as set out in the paragraph below, borrowing trust loans and accepting loans under the Huaneng Group Framework Agreement are exempted from the reporting, announcement and the Independent Shareholders' approval requirements under the Hong Kong Listing Rules. The setting of the cap of the transaction amount (i.e. interest arising from borrowing of the relevant trust loans) of the trust loans to be borrowed and the transaction amount (i.e. the amount of the loans accepted) of the loans received is to comply with the disclosure requirements under the SSE Listing Rules. The cap of the amount of interest arising from the transactions (i.e. interest arising from borrowing of the relevant trust loans) of the trust loans borrowed for 2026 is expected to be RMB800 million and the maximum daily balance for the loans received for 2026 is expected to be RMB16 billion or its equivalent in foreign currency.

Given that the trust loans and loans are obtained by the Company and its subsidiaries from or through Huaneng Group and its subsidiaries and associates on normal commercial terms which are comparable to or more favourable than those available from independent third parties for similar services in the PRC and that no security is granted over the assets of the Company and its subsidiaries in respect of such services, the trust loans and loans contemplated under the Huaneng Group Framework Agreement are exempted from all the reporting, announcement and the Independent Shareholders' approval requirements pursuant to Rule 14A.90 (which relates to financial assistance exemption) of the Hong Kong Listing Rules. The Company therefore only makes disclosure in light of the Company's announcement disclosed on the Shanghai Stock Exchange.

(13) Accepting factoring services

Huaneng Group and its subsidiaries and associates shall provide factoring services to the Company and its subsidiaries. Huaneng Group and its subsidiaries and associates shall provide factoring facility to the Company and its subsidiaries. The financing fee for provision of factoring services is based on the Loan Prime Rate (LPR) for the same period with moderate fluctuation, and it shall not be higher than the financing fee determined by an independent third-party factoring company for providing the same kind of services to the Company and its subsidiaries and shall be determined on normal commercial terms. The specific fee rate shall be agreed under the specific agreements to be signed by the parties based on the aforesaid principles.

Pursuant to the 2025 Huaneng Group Framework Agreement regarding the transaction amount for acceptance of factoring services from Huaneng Group and its subsidiaries and associates by the Company and its subsidiaries in 2025, the annual cap of the relevant transaction amount in 2025 is RMB4 billion. During the period from 1 January 2025 to 30 September 2025, the aggregate transaction amount for acceptance of factoring services from Huaneng Group and its subsidiaries and associates by the Company and its subsidiaries was RMB73 million. It is estimated that by the end of 2025, the aggregate of the actual transaction amount will not exceed the anticipated transaction amount in 2025.

The estimated transaction amount for acceptance of factoring services from Huaneng Group and its subsidiaries and associates by the Company and its subsidiaries in 2026 is RMB4 billion or its equivalent in foreign currency. The cap of such transaction amount takes into account the existing overall business scale and operation of the power plants of the Company and its subsidiaries, the anticipated development of such power plants as deemed reasonable by the Company and its subsidiaries, and also the favourable interest rates offered by Huaneng Group and its subsidiaries and associates.

The factoring business facilitates the Company to expand its financing channels and improve the operating efficiency of the supply chain. The Company would take into consideration of the following factors when choosing the vendors of factoring services: (i) the qualifications and qualities of vendors; (ii) the factoring services rates; and (iii) whether the factoring financing plan meets the operating characteristics of enterprises in power industry. In comparison with obtaining from independent third parties, Huaneng Group and its subsidiaries and associates have a deeper understanding on the operation of the Company, which is beneficial for Huaneng Group and its subsidiaries and associates to provide more convenient, efficient and personalized factoring business services to the Company and its subsidiaries than other financial institutions.

As none of the applicable percentage ratios relating to the scale of the transactions in question calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules exceed 5%, such transactions are only subject to the reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules but are exempt from the Independent Shareholders' approval requirements. In addition, the Company will, with respect to the transactions in question, comply with the requirements under Rules 14A.55 to 14A.59 of the Hong Kong Listing Rules in respect of the annual review of these continuing connected transactions. If the actual aggregate amount of such transactions during the year ending 31 December 2026 exceeds the above cap (i.e. RMB4 billion), the Company will further comply with the requirements under Rule 14A.54 of the Hong Kong Listing Rules.

III. Discloseable and Continuing Connected Transactions Under the Tiancheng Leasing Framework Agreement

1. Introduction

On 25 October 2022, the Company entered into the 2023 to 2025 Tiancheng Leasing Framework Agreement effective for a term commencing on 1 January 2023 and expiring on 31 December 2025.

On 28 October 2025, the Company entered into the Tiancheng Leasing Framework Agreement with Tiancheng Leasing for the purpose of governing the conduct of continuing connected transactions between the Company and Tiancheng Leasing from 2026 to 2028. Tiancheng Leasing Framework Agreement shall be effective from 1 January 2026 to 31 December 2028.

2. Particulars of Transactions

Under the 2023 to 2025 Tiancheng Leasing Framework Agreement, the estimated Lease Principal (the maximum daily balances of the Lease Principal each year) of the Company and its subsidiaries and Tiancheng Leasing from 2023 to 2025 is RMB10 billion, and the annual amount of the Lease Interest is RMB490 million.

Under the Tiancheng Leasing Framework Agreement, Tiancheng Leasing mainly provides financial leasing services to the Company and its subsidiaries. The estimated amount of connected transactions between the Company and its subsidiaries and Tiancheng Leasing from 2026 to 2028 (the maximum daily balances of the Lease Principal) is RMB10 billion per year, and the annual amount of the Lease Interest (including interest expenses and handling fees) is RMB490 million. The annual transaction amount is estimated based on the investment needs of the Company in the power sector represented by new energy in the coming years, as well as the investment and financing needs in the fields of technological transformation such as ultra-low emission technical transformation of coal-fired power units.

3. Direct Lease(s) and Sales and Leaseback

Pursuant to the Tiancheng Leasing Framework Agreement, the assets leased by the Company and its subsidiaries primarily consist of production and operational assets related to power plants. The leased assets mainly include, but are not limited to: (1) photovoltaic project equipment; and (2) wind power project equipment. The leasing arrangements are primarily structured under two modes: direct leases ("**Direct Leases**") and sale and leaseback ("**Sale and Leaseback**"). The choice of leasing mode is primarily determined by the ownership status of the leased assets: for assets whose ownership has not yet been established or for newly constructed projects, Tiancheng Leasing undertakes the lease under a Direct Lease arrangement; for assets already owned by the lessee, a Sale and Leaseback arrangement is typically adopted.

Direct Leases and Sale and Leaseback are all classified as finance leases and normally possess similar attributes as follows:

(i) In relation to Direct Lease, the lessor (being Tiancheng Leasing), based on the choice of the lessee (being the Company or its subsidiaries), acquires the leased property for the direct purpose of leasing it out to the lessee. The lessor owns the title to the leased property. The lessee, pursuant to the relevant agreement(s), shall pay the rent (inclusive of interest) to the lessor during the lease term. At the expiry of the lease term, the lessee is given an option to purchase, or to renew or terminate the lease of, the leased property. In relation to Sales and Leaseback, the lessor (being Tiancheng Leasing), based on the choice of the lessee (being the Company or its subsidiaries), acquires from the lessee the leased property and then leases it back to the lessee. The lessee, pursuant to the relevant agreement(s), shall pay the rent and interests to the lessor during the lease term. At the expiry of the lease term, the lessee is given an option to purchase, or to renew or terminate the lease of, the leased property;

(ii) The amount of the lease rent will be determined by reference to the total purchase price of the relevant equipment and the interest agreed by the parties. The interest rate shall be determined with reference to the LPR published from time to time by the PBOC, taking into account prevailing market conditions and fairly negotiated between the parties, and shall not be less favourable than the terms offered to the Company by domestic independent third parties for similar services. Handling fee (if any) may be charged by Tiancheng Leasing from the Company and its subsidiaries at the time of conclusion of the finance leases under the Tiancheng Leasing Framework Agreement on terms no less favourable than those offered to the Company and its subsidiaries by independent third parties and at such rate as fixed by reference to the charge rates of other major financial institutions in the PRC for finance leases of assets of the same or similar type or the applicable rate (if any) published by the PBOC from time to time in relation to such services and as set forth in the relevant written agreements. The lease interest rate will be decided at the commencement of each finance lease executed pursuant to the Tiancheng Leasing Framework Agreement. In the event of a change in the PBOC RMB LPR during the term of relevant finance lease, the lease interest rate will be adjusted accordingly. The transaction amounts shall be paid at the end of each quarter or year or at such other intervals as agreed by the parties;

(iii) As to each financial leasing transaction, the Company and Tiancheng Leasing shall enter into separate financial lease(s) pursuant to the terms of the Tiancheng Leasing Framework Agreement so as to give effect to the same;

(iv) During the lease term, the title of the leased equipment shall remain vested in Tiancheng Leasing whilst the Company enjoys the usage right of such equipment. Upon the expiry of the lease term, subject to the Company's fulfilment of its obligations under the relevant finance lease(s) and at the Company's option, the title of such leased equipment will be transferred to the Company at a nominal consideration; and

(v) The lease term will be determined by, amongst others, the useful life of the relevant leased equipment, the financial needs of the Company and the funding availability of Tiancheng Leasing, which in general should not exceed the useful life of such leased equipment. The lease term of relevant financial lease(s) may exceed three years. In the event that the term of any relevant financial lease(s) ends on a date later than the expiry date of the Tiancheng Leasing Framework Agreement:

(a) If the Tiancheng Leasing Framework Agreement is not renewed up to the last day of the term of the relevant financial lease(s) (inclusive of that day) on terms that cover the relevant financial lease(s) and comply with the Listing Rules, the relevant financial lease(s) shall terminate on the same date as the expiry date of the Tiancheng Leasing Framework Agreement;

(b) If the Tiancheng Leasing Framework Agreement is renewed up to the last day of the term of the relevant financial lease(s) (inclusive of that day) or later, on terms that cover the relevant financial lease(s) and comply with the Listing Rules, the relevant financial lease(s) shall expire on the last day of their original term;

(c) If the Tiancheng Leasing Framework Agreement is renewed on terms that cover the relevant financial lease(s) and comply with the Listing Rules, but the expiry date (inclusive of that day) of the renewed Tiancheng Leasing Framework Agreement is earlier than the last day (inclusive of that day) of the term of the relevant financial lease(s), then the relevant financial lease(s) shall terminate on the same date as the expiry date of the renewed Tiancheng Leasing Framework Agreement, unless the renewed Tiancheng Leasing Framework Agreement is further renewed on its expiry date (inclusive of that day) up to the last day of the term of the relevant financial lease(s) (inclusive of that day) or a later day, in which case, the relevant financial lease(s) shall expire on the last day of their original term.

4. Reasons for and benefits of entering into the Tiancheng Leasing Framework Agreement

Launching routine connected transactions of finance lease will help the Company to broaden its financing channels, raise low-cost funds and control financing risks and financing costs, thus facilitating the business development and smooth operations of the Company. Under the current circumstances, finance leases, in particular Direct Lease(s), will help reduce the cash costs of purchasing necessary equipment for the Company and its subsidiaries, thereby increasing financial resources for other business development activities.

The processing time for approval of one-off connected transactions is relatively long and it is difficult to meet the needs of commencing direct lease business. After replacing the business tax with value-added tax, the financial leasing form of Tiancheng Leasing is changed from sale and leaseback to direct lease. The direct lease business will be launched at the time of procurement of new equipment for the main businesses, so payments should be made at a pace matching with the relevant provisions of the main business equipment procurement contracts, so that services will be more flexible and convenient. On the other hand, flexible and convenient services have relatively high requirements on business examination and approval effectiveness. Tiancheng Leasing is required to maintain a smooth channel for connected transactions with the Company, such that its launch of the relevant products could be tuned with the exact timing for financing as required by the Company and its subsidiaries.

Tiancheng Leasing relies on the strong industry background of Huaneng Group, and is a professional leasing company specialising in renewables and environmental protection. The terms offered to the Company and its subsidiaries by Tiancheng Leasing are offered on normal commercial terms and are not less favourable than those which the Company and its subsidiaries may obtain from independent third parties. As a member within Huaneng Group, Tiancheng Leasing can design a better financial leasing plan according to the requirements of the project units of the Company and adopt a more flexible repayment method, thus achieving a better match between rental payments and the operating cash flows of the project. In addition, the Company is a shareholder of Tiancheng Leasing, and the income generated by the sound operations of Tiancheng Leasing will bring relatively substantial dividends to the shareholders.

Entering into the Tiancheng Leasing Framework Agreement will help the Company to broaden its financing channels and raise relatively low-cost funds. It will facilitate the smooth development and operation of the Company's business.

5. Implication of IFRS 16 (Leases) on the finance leasing arrangement between the Company and Tiancheng Leasing

Pursuant to the IFRS 16 (Leases), the Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Accordingly, under IFRS 16 (Leases), the Company will recognise the underlying leased assets of relevant Direct Lease(s) representing its right to use the leased assets which the Company is reasonably certain to obtain ownership of the leased assets at the end of the leased term, subject to the specific lease terms and conditions to be set out in each of the lease agreement. In relation to the Sales and Leaseback, the relevant transactions will be accounted for as a finance leasing arrangement between the Company and Tiancheng Leasing.

For the year ended 31 December 2023, the maximum daily balances of the Lease Principal between the Company and its subsidiaries and Tiancheng Leasing was RMB3.127 billion (audited), of which RMB2.565 billion was attributable to Direct Leases and RMB0.562 billion to Sales and Leaseback, and the Lease Interest was RMB73 million (audited), of which RMB61 million was attributable to Direct Leases and RMB12 million to Sales and Leaseback. For the year ended 31 December 2024, the maximum daily balances of the Lease Principal between the Company and its subsidiaries and Tiancheng Leasing was RMB1.865 billion (audited), of which RMB1.565 billion was attributable to Direct Leases and RMB0.3 billion to Sales and Leaseback, and the Lease Interest was RMB25 million (audited), of which RMB23 million was attributable to Direct Leases and RMB2 million to Sales and Leaseback. For the period from 1 January 2025 to 30 September 2025, the maximum daily balances of the Lease Principal between the Company and its subsidiaries and Tiancheng Leasing was RMB1.74 billion (unaudited), of which RMB1.575 billion was attributable to Direct Leases and RMB0.165 billion to Sales and Leaseback, and the Lease Interest was RMB30 million (unaudited), of which RMB24 million was attributable to Direct Leases and RMB6 million to Sales and Leaseback.

Under the Tiancheng Leasing Framework Agreement, with respect to the transaction amount between the Company and its subsidiaries and Tiancheng Leasing for the period from 2026 to 2028, it is estimated that the Lease Principal (the maximum daily balances of the Lease Principal each year) will be RMB10 billion and the Lease Interest will be capped at RMB490 million. However, for purposes of the Hong Kong Listing Rules, the Direct Lease(s) involve(s) "acquisition" while the Sales and Leaseback constitute(s) "disposal". The Company therefore set (i) the transaction amount contemplated under the Direct Leases category of the Tiancheng Leasing Framework Agreement between the Company and its subsidiaries and Tiancheng Leasing for the period from 2026 to 2028 at RMB8 billion each year; and (ii) the transaction amount contemplated under the Sales and Leaseback category of the Tiancheng Leasing Framework Agreement between the Company and its subsidiaries and Tiancheng Leasing for the period from 2026 to 2028 at RMB2 billion each year.

Under the Tiancheng Leasing Framework Agreement, the assets leased by the Company and its subsidiaries primarily comprise equipment related to photovoltaic and wind power plants, including both distributed and centralized projects located across multiple provinces and regions. Based on the anticipated scale of future project construction and the incremental asset requirements, the maximum aggregate lease principal for the period from 2026 to 2028 is estimated to be RMB10 billion, which fully reflects the needs for future project construction and asset utilization. The corresponding annual interest cap is set at RMB490 million, which is estimated based on the relevant equipment costs, prevailing lease rates, and financing structure, and is consistent with historical lease rates and industry practice. Within this overall cap, the Company has allocated (i) RMB8 billion per year for direct leases and (ii) RMB2 billion per year for sale and leaseback transactions, reflecting historical proportions and expected project demand, thereby ensuring that the proposed caps are reasonable, practicable, and sufficient to support the asset usage and project construction needs of the power plants.

6. Implication under Hong Kong Listing Rules

As one or more of the applicable percentage ratios relating to the transaction scale of the Direct Lease(s) with Tiancheng Leasing contemplated under the Tiancheng Leasing Framework Agreement calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules exceed 5% but all of them are less than 25%, such transaction constitutes a discloseable transaction to the Company under Chapter 14 of the Hong Kong Listing Rules and also a continuing connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules, subject to the annual reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules and Independent Shareholders' approval under the Hong Kong Listing Rules.

As none of the applicable percentage ratios relating to the transaction scale of the Sales and Leaseback with Tiancheng Leasing contemplated under the Tiancheng Leasing Framework Agreement calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules exceed 5%, such transaction constitutes a notifiable transaction to the Company under Chapter 14 of the Hong Kong Listing Rules and also a continuing connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules, subject to the annual reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules but is exempt from the Independent Shareholders' approval under the Hong Kong Listing Rules.

IV. Fairness of the Continuing Connected Transactions and Their Impact on Independence of the Company

The Huaneng Group Framework Agreement and the Tiancheng Leasing Framework Agreement are signed on normal commercial terms which are fair and reasonable, with the prices/fees/interests agreed and confirmed by both parties by negotiating and concluding with arm's length terms, taking into account the then prevailing market price and conditions, and the terms of the Huaneng Group Framework Agreement and the transactions under such agreement offered to the Company and its subsidiaries by Huaneng Group and its subsidiaries and associates and Tiancheng Leasing are no less favourable than those available from independent third parties. The Company and its subsidiaries will sign necessary written agreements on specific transactions with Huaneng Group and its subsidiaries and associates and Tiancheng Leasing within the range set by the above-stated framework agreement according to actual conditions, and pay and/ or charge the relevant prices/fees/interests based on the agreed method set forth in the relevant agreements.

The Company will, through the Huaneng Group Framework Agreement, the Tiancheng Leasing Framework Agreement and a series of management arrangements in accordance with the regulatory requirements, maintain its independence in decision-making, the fairness of the prices of the transactions as well as the flexibility of the Company in connected transactions so as to alleviate the dependence on its controlling shareholder and other related parties. Such arrangements shall include, without limitation, the Company's right to make independent decisions as to the price and quantity of purchase and to access and obtain market information through various means so that the terms obtained by the Company from Huaneng Group and its subsidiaries and associates and Tiancheng Leasing will be no less favorable than those available from independent third parties.

Based on the above, the Company is of the opinion that the Huaneng Group Framework Agreement and the Tiancheng Leasing Framework Agreement and the connected transactions contemplated thereunder are in the interests of the Company and the shareholders as a whole. Meanwhile, the Company has a complete business system and the ability to operate independently facing the market, therefore the above-stated framework agreements and the connected transactions contemplated thereunder do not affect the independence of the Company.

V. Measures to Safeguard the Interest of the Independent Shareholders

Directors and senior management of the Company will monitor closely and review regularly each continuing connected transaction of the Company, and will adopt a series of risk management arrangements, and endeavour to maintain, in relation to each continuing connected transaction, the independence of the Company, the fairness of the price of the transaction, the fairness of the terms of the transaction, and the right of choice of the Company to conduct transactions with independent third parties other than Huaneng Group and its subsidiaries and associates. The relevant arrangements include:

(1) The Continuing Connected Transactions under the Huaneng Group Framework Agreement

- the continuing connected transactions contemplated under the Huaneng Group Framework Agreement are conducted on a non-exclusive basis;

- for transactions relating to the purchase of ancillary equipment and parts, the Company will proceed in accordance with the Company's procurement policy, which mainly stipulates that the Company will, from time to time, obtain quotations from large scale suppliers (excluding Huaneng Group and its subsidiaries and associates) and/or invite tenders from multiple suppliers and/or in certain circumstances make price enquiries. According to the Company's procurement policy, in addition to the offer of same or more favourable terms by the counterparty in a transaction, the Company will also consider other factors, including the corporate background of the counterparty, its reputation and reliability, its ability to conduct the transaction in accordance with the terms of the contract, and its understanding of the Company's needs, in order to maximise the Company's overall interest in the transaction and at the same time minimize the Company's time and costs of transaction;

- for transactions in relation to the purchase of fuel and coal transportation services,

  (i) the Company has established a dedicated mechanism for information exchange and weekly and monthly information analysis, which mainly consists of: (i) collection of price information, such as pithead prices, listed prices at major coal production localities, inland coal transaction price indices, port price indices, domestic futures indices, global coal prices, and price indices of imported coal; and in addition, information relating to the storage at harbours, the production, transportation and sale of coal, and price indices of freights is also collected as an aid in analysing the trend of the market price. The major information collection channels of the Company include: China Coal Market website 中國煤炭市場網(http://www.cctd.com. cn), China Coal Resources website 中國煤炭資源網(http:// www.sxcoal.com), Qinhuangdao Coal website 秦皇島煤炭網 (http://www.cqcoal.com) and Qinhuangdao Shipping website 秦皇島海運網(http://www.osc.org.cn), etc.; (ii) the Company has also established the Qinhuangdao distribution centre, which is charged with the monitoring of the daily, weekly and monthly prices of major ports and the downstream coal market, as well as related dynamics; and (iii) the Company's branch companies and power plants are charged with collecting information on the market and pithead prices of their own location. In terms of pricing, the Company will issue periodically the guidance procurement price of coal for coastal power plants (based on the market information collected and generally lower than the then prevailing market price), the Company shall invite at least three suppliers including Huaneng Group and its subsidiaries and associates to jointly

provide quotation on coal within the range of the procurement guidance price. The Company will independently choose and purchase from the best offer according to the market conditions relied upon in developing the Company's procurement strategies. The Company believes that such purchaser- oriented pricing process will lead to an open and transparent market mechanism for competition of coal based on market prices;

(ii) the "market conditions" relied upon in developing the Company's procurement strategies can principally be summarised in the following manner: (i) changes in the prices of coal; (ii) aspects on coal transportation, including status on ship transportation at port (e.g. in circumstances where the northern ports such as Qinhuangdao are stranded seriously, the Company will arrange certain coal to be imported), the status on railway transportation (e.g. overhaul of Datong Qinhuangdao railway), the status on road transportation (e.g. where the northern regions are affected by seasonal rain/snow); (iii) production condition (e.g. where major cooperation partners for coal supply or regional coal enterprises experience any safety incidents which may lead to a suspension in coal production or safety checks and hence the coal mine safety inspections may affect domestic coal production or supply of coal regionally, or where the import of coal from coal production areas like Indonesia, Australia, Colombia, South Africa, etc. are affected by incidents of natural disasters, storm, typhoon, etc.); (iv) status on level of inventory (including changes in the inventory at major ports and where power enterprises and coal companies run low in stock; and (v) status on changes in policy. The State has promulgated a number of environmental protection policies and coal industry policies which may have an impact on the volume of thermal coal consumption, the types and quality of coal required by power enterprises. The Company will timely follow and collect latest information on market condition to guide the formulation of the Company's procurement strategies;

- for transactions in relation to leasing of facilities (power transmission and transformation assets), the lease by the Company and its subsidiaries of such facilities from Huaneng Group and its subsidiaries and associates is negotiated at arm's length terms. The leasing fee payable is principally to offset the outlay of the supplier's costs, interest payment, operational expenses in maintenance, etc. For transactions in relation to the leasing of land and office spaces, the Company will have regard to the then prevailing market rent for similar types of properties in the nearby locations (which is publicly available information), and/or consult reputable local real estate agents for benchmarks of assessment. Such transactions will be reviewed by the Company's legal department in the legal aspects and approved by the contract management department;

- for transactions in relation to accepting the technical services, engineering contracting services and other services, the Company, at times when there are needs for purchasing transactions, will conduct such transactions according to the relevant procurement management rules with reference to the types of energy transactions, technical indicators and engineering related raw materials required for each of the contracts, and will from time to time obtain at least two quotations from suppliers of scale (excluding Huaneng Group and its subsidiaries and associates), and/or invite tenders from multiple suppliers and/ or in certain circumstances make price enquiries in conducting such procurements. According to the Company's procurement policy, in addition to the offer of same or more favourable terms by the counterparty in a transaction, the Company will also consider other factors, including the Company's specific requirements in a transaction, the comparable advantages of the technological expertise of counterparties and the ability of counterparties to perform the contract and to provide follow-up services consequential to completion of a transaction, in order to maximise the Company's interest. As regards the provision of operation/production and related port supportive services, the prices are basically market-driven according to the prevailing market conditions. Nonetheless, the Company will conduct enquiry process by making reference to at least three other contemporaneous transactions with independent third parties for similar services to determine if the prices and terms offered by Huaneng Group and its subsidiaries and associates are fair and reasonable and comparable to those offered by independent third parties;

- for transactions in relation to the provision of entrusted sale services to Huaneng Group and its subsidiaries and associates, and the acceptance of provision of entrusted sale services from Huaneng Group and its subsidiaries and associates, it is formulated in tandem with the State's electricity system reform policies, substituted power transactions rules, clean energy adoption measures, etc. The transaction cap for each of the above transactions is determined independently according to the operating conditions of the generation units, operating costs, market changes, etc. of the subsidiaries of the Company in areas where they operate. Through mutual negotiation or trading platforms, the Company will carry out purchase/sale of electricity transactions, substituted power generation transactions and the transaction services in the electricity market, so as to realise the maximum benefit for the Company;

- for transactions in relation to sale of products, in principle, the fuel company (which is 100% owned by the Company) will only sell coal to the Company's power plants. The Company will strictly control the conduct of coal sale transactions between the fuel company and related power plants. In circumstances where the power plants of related parties face a critical shortage of inventory, the Company will, on the condition that its own power plants maintain safe operations and sufficient stock levels, temporarily allocate and sell part of its coal to the related power plants. This arrangement is designed to optimize the overall efficiency of coal resource utilization within the Group, while responding to national energy security and emergency supply policies, thereby ensuring the stable operation of the power system. The Company determines the selling prices through the information channels used for fuel purchase and transportation transactions, with reference to prevailing market conditions and the fuel company's coal procurement costs, ensuring cost recovery while maintaining a modest profit, in a manner that balances the Company's interests and the principle of mutual benefit.

  This arrangement ensures that, while safeguarding the safe operation and sufficient inventory of the Company's own power plants, the Company can effectively support the operation of related power plants, achieve a reasonable allocation of resources, promote overall economic efficiency, and maintain the stability of its own operations；

- for the purchase of heat and related services and the sale of heat and related services, the transactions on sale and purchase of heat will be conducted in strict compliance with the management regulations of the Company and the internal control requirements, which include the establishment of dedicated management policies to define responsibilities and standards, close monitoring of the heat market information and changes in price policies, implementation of a management system for end-to-end transaction control and risk alert, hierarchical approval to strictly control heat market transactions, and enhanced oversight through internal audit and external verification, ensuring that heat purchase and sale transactions are compliant, transparent, and risks are controlled. Meanwhile, the Company will closely monitor the changes in demand and supply in the heat market, collect and analyse the latest market information, and guide the Company to make timely adjustments to volume and price according to the operating scale of the Company and actual situation, so as to maximize the interests of the Company;

- for the purchase of carbon emission reduction resources and related services and the sale of carbon emission reduction resources and related services, the transaction cap for each of the above transactions is determined independently according to the carbon allowance surplus and carbon allowance demand of the subsidiaries of the Company in areas where they operate, as well as the overall demand for carbon emission reduction resources in the national market. The prices will be determined according to the trend of daily publicly listed prices for carbon emission allowances published by the designated national carbon market trading venue, namely the Shanghai Environment and Energy Exchange, and the Company shall strictly follow the relevant requirements of the State's "dual carbon targets", and conduct the relevant business according to the rules of carbon trading, CCER trading, green certificate trading, etc., so as to realise the reduction of the Company's carbon quota compliance cost, increase the income of emission reduction resources, and realise the maximum benefit of the Company. Daily transaction volume and price data are publicly accessible on the official website of the Shanghai Environment and Energy Exchange (https://www.cneeex.com/zhhq/quotshown.html) and through its official WeChat account ("全国碳交易");

- for borrowing trust loans and accepting loans with Huaneng Group and its subsidiaries and associates will be considered in accordance with the Company's management regulations and internal control requirements, combined with the overall capital scale, actual business needs, changes in the capital market and funds available through financial institutions, so as to maximize the Company's interests;

- For the provision of factoring services by Huaneng Group and its subsidiaries and associates to the Company and its subsidiaries, subject to compliance with the relevant rules and regulations of relevant regulatory authorities and relevant requirements, the financing fee shall not be higher than that determined by an independent third-party factoring company for providing the same kind of services to the Company, and shall be determined on normal commercial terms;

- the contract management department will strictly review contracts, the contract enforcement department will timely monitor the amount of connected transactions, and the relevant functional departments will supervise the compliance monitoring in production and operation. In addition to the annual review of the performance of specific contracts by the independent non-executive Directors and the Company's auditors, the audit committee of the Company's Board will also monitor the working arrangements involved in the Company's continuing connected transactions, and review whether the Company's transactions are fair and conducted at reasonable transaction prices.

(2) The Continuing Connected Transactions under the Tiancheng Leasing Framework Agreement

- Each financial leasing transaction under the Tiancheng Leasing Framework Agreement is conducted on a non-exclusive basis.

- Before conducting any finance leasing transactions, the Company will obtain the terms and interest rate(s) relating to financial leasing transactions from major financial leasing companies (which are independent of the Company and its connected persons) within the PRC, and compare them with the LPR promulgated by the PBOC from time to time. This enables the Company to obtain the most favourable terms for financial leasing transactions, maximise the Company's overall interests in the transactions, and reduce the transaction costs and time.

- In respect of the financial lease(s) involving equipment newly acquired by Tiancheng Leasing, the transaction amount will be determined based on the total purchase cost of the relevant equipment as approved by the Company. The approval procedures usually include the Company obtaining quotations from more than one supplier which are independent of the Company and its connected persons, for providing similar equipment on comparable terms.

- The contract management department will strictly review contracts; the contract enforcement department will monitor the amount of connected transactions on a timely basis; and the relevant functional departments will supervise compliance monitoring during the performance of the financial leasing transactions. In addition to the annual review of the performance of agreements by the independent non-executive Directors and the Company's auditors, the independent non-executive Directors will also review and confirm whether the Company's financial leasing transactions with Tiancheng Leasing are fair, whether the amount and interest rate are reasonable, and whether they are in the interests of the Shareholders as a whole. The audit committee of the Company's Board will also monitor the working arrangements involved in the Company's continuing connected transactions, and review whether the transactions are fair and conducted at reasonable transaction prices.

VI. Board's Confirmation

The Board of the Company has considered and approved the Huaneng Group Framework Agreement, the Tiancheng Leasing Framework Agreement and the transactions and the estimated annual caps of the transactions under such agreements. Pursuant to the SSE Listing Rules and Rule 14A.68(8) of the Hong Kong Listing Rules, Mr. Wang Kui, Mr. Liu Ancang, Mr. Du Daming, Mr. Zhou Yi, Mr. Li Lailong, Mr. Li Jin, being the Directors of the Board being regarded as having a material interest in the Huaneng Group Framework Agreement, the Tiancheng Leasing Framework Agreement and the transactions under such agreements given their management positions in Huaneng Group or its associate, abstained from voting on the Board resolutions relating to the execution of such agreements. The resolution was voted by Directors who are not connected to the transactions.

The Board of the Company is of the view that the Huaneng Group Framework Agreement, the Tiancheng Leasing Framework Agreement and the transactions under such agreements were entered into: (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms (on arm's length basis or on terms no less favourable to the Company than terms available from independent third parties); and (iii) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

C. PROPOSED ELECTION OF DIRECTORS

The Company's shareholders reviewed and approved the resolution to amend the articles of association (the "**Articles of Association**") on 23 September 2025, resolving to increase the number of directors from the current 15 to 18. Given that the current Board membership is below 18, and after considering the recommendations of the nomination committee (the "**Nomination Committee**"), the Board proposes the election of Ms. Kou Yaozhou ("**Ms. Kou**") as a non-executive Director and Mr. Zhang Xianchong ("**Mr. Zhang**") as an independent non-executive Director of the the eleventh session of the Board of the Company. The proposals will be submitted as ordinary resolutions at the EGM to be held on 23 December 2025. The terms of office of Ms. Kou and Mr. Zhang will commence upon the passing of the relevant resolutions at the EGM and will continue until the expiry of the term of the eleventh session of the Board. Ms. Kou and Mr. Zhang will be eligible for re-election upon the expiry of their term.

When selecting director candidates, the Nomination Committee applied the Company's Board Diversity Policy and conducted a comprehensive assessment of the candidates' qualifications, professional background, industry experience, perspectives, skill sets, and cultural background, to ensure the Board possesses diverse viewpoints and can effectively perform its duties.

The Nomination Committee considers that both Ms. Kou and Mr. Zhang meet the director qualification requirements under applicable laws, regulations, and the Company's Articles of Association, and that the nomination and recommendation process complies with the Company's corporate governance framework and relevant regulations. The Nomination Committee further considers that Ms. Kou brings extensive experience in financial management and corporate governance, offering deep financial and legal insights to enhance the Board's decision-making quality and governance level, as well as diversity (particularly gender diversity). Mr. Zhang has extensive experience in the energy sector and possesses strong expertise in corporate governance, strategic planning, and technology development, bringing valuable industry insight and innovative thinking to the Board, further enhancing the diversity, particularly in industry experience and leadership perspectives. The Nomination Committee believes the appointment of both candidates will provide beneficial complementarity to the Board and enrich its knowledge base and perspectives.

In addition, pursuant to Rule 3.13 of the Hong Kong Listing Rules, the Nomination Committee has conducted a thorough evaluation of Mr. Zhang's independence and believes that he is not influenced by any factors and is capable of exercising his duties as a director independently. The Nomination Committee has also confirmed that Mr. Zhang has no relationships with the directors, senior management, major shareholders, or controlling shareholders of the Company or its subsidiaries, thus meeting the independence requirements for an independent non-executive director. After considering the views of the Nomination Committee and reviewing Mr. Zhang's biography and evaluating his independence in accordance with Rule 3.13 of the Hong Kong Listing Rules, the Board is satisfied with Mr. Zhang's independence and confirms him as a candidate for the position of independent non-executive Director.

1. Details of the Proposed Election of a Non-executive Director

Pursuant to Rule 13.51(2) of the Hong Kong Listing Rules, the biographical details of Ms. Kou Yaozhou are as follows:

Ms. Kou Yaozhou, aged 55, is currently the Chief Financial Expert of Dalian State-owned Capital Management and Operation Co., Ltd. She previously served as Chief Accountant of Dalian Equipment Investment Group Co., Ltd., General Legal Counsel and Assistant to the General Manager of Dalian State-owned Capital Management and Operation Co., Ltd., and Vice Chairman of the eleventh session of the supervisory committee of the Company. Ms. Kou holds a bachelor's degree in Economics with a major in Taxation from Dongbei University of Finance and Economics, and is a Senior Accountant.

Other than as disclosed above, Ms. Kou has no relationship with the Company's ultimate controlling shareholder or any shareholder holding 5% or more of the Company's shares. As of the date of this announcement, she has not been subject to any penalties or disciplinary actions by the China Securities Regulatory Commission or any other relevant authorities, nor by any securities exchange.

Ms. Kou will not receive any remuneration for her appointment as a non-executive Director of the Company. Save as disclosed above, as of the date of this announcement, Ms. Kou: (i) has no relationship with any Director, senior management, substantial shareholder, or controlling shareholder of the Company; (ii) has not held any directorship in any listed public company in Hong Kong or overseas in the past three years, nor any other major appointments or professional qualifications; (iii) does not hold any other position with the Company or any of its subsidiaries; and (iv) does not have any interests in the Company's shares or associated shares as defined under Part XV of the Securities and Futures Ordinance.

In addition, there are no other matters relating to the proposed appointment of Ms. Kou as a non-executive Director of the Company that need to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules, nor are there any other matters that need to be brought to the attention of shareholders.

2. Details of the Proposed Election of an Independent Non-executive Director

Pursuant to Rule 13.51(2) of the Hong Kong Listing Rules, the biographical details of Mr. Zhang are as follows:

Mr. Zhang Xianchong, aged 66, has previously served as Party Secretary and General Manager of China Electric Power Technology and Equipment Co., Ltd., Party Secretary and Deputy General Manager of Sichuan Electric Power Company, General Manager and Deputy Party Secretary of Jilin Electric Power Co., Ltd., Director of Northeast China Grid Company Limited, Deputy Chief Engineer of State Grid Corporation of China, Deputy Party Secretary of China Energy Construction Group Co., Ltd. and Director, Deputy General Manager, and Deputy Party Secretary of China Energy Engineering Corporation Limited (Listed on the Shanghai Stock Exchange, stock code: 601868; and listed on the Main Board of the Hong Kong Stock Exchange, stock code: 03996). He was a representative of the 9th Party Congress of Sichuan Province and a deputy to the 11th National People's Congress. Mr. Zhang holds a Master's degree in Engineering from Wuhan University of Hydraulic and Electric Engineering and is a Professor-level Senior Engineer.

Other than as disclosed above, Mr. Zhang has no relationship with the Company's ultimate controlling shareholder or any shareholder holding 5% or more of the Company's shares. As of the date of this announcement, he has not been subject to any penalties or disciplinary actions by the China Securities Regulatory Commission or any other relevant authorities, nor by any securities exchange.

If elected as an independent non-executive Director at the EGM, the Company will enter into a service contract with him. His remuneration, if appointed, will be determined in accordance with the Company's remuneration policy, and he will be entitled to a fixed annual director fee of RMB300,000 (inclusive of tax) for serving as an independent non-executive Director. Save as disclosed above, as of the date of this announcement, Mr. Zhang: (i) has no relationship with any Director, senior management, substantial shareholder, or controlling shareholder of the Company; (ii) has not held any directorship in any listed public company in Hong Kong or overseas in the past three years, nor any other major appointments or professional qualifications; (iii) does not hold any other position with the Company or any of its subsidiaries; and (iv) does not have any interests in the Company's shares or associated shares as defined under Part XV of the Securities and Futures Ordinance.

Furthermore, there are no other matters relating to the proposed appointment of Mr. Zhang as an independent non-executive Director that need to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules, nor are there any other matters that need to be brought to the attention of shareholders.

Mr. Zhang has confirmed that: (i) he meets the independence criteria set out in Rules 3.13(1) to 3.13(8) of the Hong Kong Listing Rules; (ii) he has not had any past or present financial or other interests in the business of the Company or its subsidiaries, nor any relationship with any core connected person of the Company (as defined under the Hong Kong Listing Rules); and (iii) there are no other factors that may affect his independence at the time of nomination.

D. THE EGM

The Company will convene the EGM on 23 December 2025 to seek approval from Shareholders on resolutions as set out in the Notice of EGM.

The resolutions set out in the Notice of EGM are not inter-conditional upon each other. All resolutions proposed at the EGM will be passed by way of ordinary resolutions and voting will be taken by way of poll in accordance with the requirements of the Hong Kong Listing Rules. Huaneng Group and its associates (holding an aggregate of 7,257,376,866 ordinary shares in the Company, representing approximately 46.23% of the total issued shares of the Company as at the Latest Practicable Date) will abstain from voting on the resolutions regarding (i) the continuing connected transactions (including the relevant proposed respective caps) for 2026 contemplated under the Huaneng Group Framework Agreement (being resolution no. 2 of the Notice of EGM); and (ii) the discloseable and continuing connected transactions contemplated under the Tiancheng Leasing Framework Agreement (being the resolution no. 3 of the Notice of EGM) at the EGM. Save as disclosed, no Shareholders are required to abstain from voting in connection with the other matters to be resolved at the EGM.

Notice of the EGM, is set out on pages II-1 to II-4 of the circular. Whether or not you intend to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. The form of proxy should be completed and returned to the H Shares Registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish. If you attend and vote at the EGM in person, the authority of your proxy will be deemed to have been revoked.

E. RECOMMENDATIONS

Your attention is also drawn to the letter from the Independent Board Committee to the Independent Shareholders of the Company, which is set out on pages 51 to 52 of this circular, and which contains their recommendations in respect of the transactions relating to the purchase of fuel and transportation services and accepting the technical services, engineering contracting services and other services (including the respective caps) contemplated under the Huaneng Group Framework Agreement and the transactions contemplated under the Tiancheng Leasing Framework Agreement.

The letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the transactions relating to the purchase of fuel and transportation services and accepting the technical services, engineering contracting services and other services (including the respective caps) contemplated under the Huaneng Group Framework Agreement, and the transactions contemplated under the Tiancheng Leasing Framework Agreement and whether such transactions are in the interests of the Company and Shareholders as a whole is set out on pages 51 to 52 of this circular.

The Independent Board Committee, having taken into account the advice of Gram Capital, considers that the transactions relating to the purchase of fuel and transportation services and accepting the technical services, engineering contracting services and other services (including the respective caps) contemplated under the Huaneng Group Framework Agreement and the transactions contemplated under the Tiancheng Leasing Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned and that such transactions are in the interests of the Company and Shareholders as a whole. Accordingly, it recommends that the Independent Shareholders vote in favour of the resolutions regarding the continuing connected transactions (including the relevant caps) for 2026 contemplated under the Huaneng Group Framework Agreement and the discloseable and continuing connected transactions contemplated under the Tiancheng Leasing Framework Agreement at the EGM.

The Directors consider that all resolutions set out in the Notice of EGM are in the interests of the Company and Shareholders as a whole, including the resolutions pertaining to the proposed election of Directors. Accordingly, the Directors recommend that the Shareholders vote in favour of all resolutions to be proposed at the EGM as set out in the Notice of the EGM.

F. OTHER INFORMATION

Your attention is drawn to the other information set out in the appendices to this circular.

Yours faithfully By order of the Board
Huaneng Power International,Inc.
Huang Chaoquan
Company Secretary

華能國際電力股份有限公司
HUANENG POWER INTERNATIONAL, INC.

(a Sino-foreign joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 902)

Registered Address:
Huaneng Headquarters
Startup Zone
Xiong'an New Area
Hebei Province 071000
The People's Republic of China

28 November 2025

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS UNDER THE HUANENG GROUP FRAMEWORK AGREEMENT; AND DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS UNDER THE TIANCHENG LEASING FRAMEWORK AGREEMENT

We, the Independent Board Committee of Huaneng Power International, Inc. (the "**Company**"), are advising the Independent Shareholders in connection with (i) the transactions relating to the purchase of fuel and transportation services and accepting the technical services, engineering contracting services and other services (including the respective proposed caps) contemplated under the Huaneng Group Framework Agreement and (ii) the discloseable and continuing connected transactions contemplated under the Tiancheng Leasing Framework Agreement, details of which are set out in the letter from the Board contained in the circular ("**Circular**") of the Company to the Shareholders dated 28 November 2025, of which this letter forms a part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Under the Hong Kong Listing Rules, (i) the transactions relating to the purchase of fuel and transportation services and accepting the technical services, engineering contracting services and other services (including the respective proposed caps) contemplated under the Huaneng Group Framework Agreement constitute continuing connected transactions to the Company; and (ii) the transactions contemplated under the Tiancheng Leasing Framework Agreement constitute discloseable and continuing connected transactions of the Company. Accordingly, the conduct of the transactions relating to the purchase of fuel and transportation services and accepting the technical services, engineering contracting services and other services (including the respective proposed caps) contemplated under the Huaneng Group Framework Agreement and the transactions contemplated under the Tiancheng Leasing Framework Agreement will require the approval of the Independent Shareholders at the EGM.

We wish to draw your attention to the letter of advice from Gram Capital set out on pages 53 to 73 of the Circular. We have discussed the letter and the opinion contained therein with Gram Capital.

Having considered, inter alia, the factors and reasons considered by, and the opinion of, Gram Capital, as stated in its aforementioned letter, we consider (i) the transactions relating to the purchase of fuel and transportation services and accepting the technical services, engineering contracting services and other services (including the respective proposed caps) contemplated under the Huaneng Group Framework Agreement; and (ii) the transactions contemplated under the Tiancheng Leasing Framework Agreement are:

(1) in the ordinary and usual course of business of the Company;

(2) on normal commercial terms (on arm's length basis or on terms no less favourable than those offered to the Company by independent third parties); and

(3) on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend that the Independent Shareholders vote in favour of the relevant ordinary resolutions regarding the continuing connected transactions (including the relevant proposed respective caps) for 2026 contemplated under the Huaneng Group Framework Agreement (being resolution no. 2 of the Notice of EGM) and the discloseable and continuing connected transactions contemplated under the Tiancheng Leasing Framework Agreement (being resolution no. 3 of the Notice of EGM) to be proposed at the EGM to be held on 23 December 2025.

Yours faithfully,
Xia Qing, He Qiang, Zhang Liying, Zhang Shouwen, Dang Ying
Independent Non-Executive Directors

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in this circular.

Gram Capital Limited
嘉林資本有限公司

Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

28 November 2025

To: The independent board committee and the independent shareholders of Huaneng Power International, Inc.

Dear Sirs/Madam,

(I) CONTINUING CONNECTED TRANSACTIONS; AND (II) DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the transactions regarding the purchase of fuel and transportation services contemplated under the Huaneng Group Framework Agreement (including the annual cap) (the "**Purchase of Fuel and Transportation Transactions**"); (ii) the transactions regarding accepting the technical services, engineering contracting services and other services contemplated under the Huaneng Group Framework Agreement (including the annual cap) (the "**Purchase of Technical and Engineering Contracting Transactions**", together with the Purchase of Fuel and Transportation Transactions, the "**Purchase Transactions**"); and (iii) transactions contemplated under the Tiancheng Leasing Framework Agreement (the "**Finance Lease Transactions**", together with the Purchase Transactions, the "**Transactions**"), details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 28 November 2025 issued by the Company (together with its subsidiaries, the "**Group**") to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Purchase Transactions

On 28 October 2025, the Company entered into the Huaneng Group Framework Agreement with Huaneng Group, its ultimate controlling shareholder, for a term commencing on 1 January 2026 and expiring on 31 December 2026. Pursuant to the Huaneng Group Framework Agreement, the Company and its subsidiaries will, among other things, (i) purchase fuel and transportation services from Huaneng Group and its subsidiaries and associates; and (ii) accept technical services, engineering contracting services and other services from Huaneng Group and its subsidiaries and associates.

With reference to the Board Letter, the Purchase Transactions constitute continuing connected transactions of the Company and are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Finance Lease Transactions

On 28 October 2025, the Company entered into the Tiancheng Leasing Framework Agreement with Tiancheng Leasing for the purpose of governing the conduct of continuing connected transactions between the Company and Tiancheng Leasing. Tiancheng Leasing Framework Agreement shall be effective from 1 January 2026 to 31 December 2028. Pursuant to the Tiancheng Leasing Framework Agreement, Tiancheng Leasing mainly provides financial leasing services to the Company and its subsidiaries.

With reference to the Board Letter, the Finance Lease Transactions constitute discloseable and continuing connected transactions of the Company and are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Hong Kong Listing Rules.

The Independent Board Committee comprising Mr. Xia Qing, Mr. He Qiang, Ms. Zhang Liying, Mr. Zhang Shouwen and Ms. Dang Ying (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are fair and reasonable and on normal commercial terms; (ii) whether the Transactions are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Transactions at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser to (A) the Company's independent board committee and independent shareholders in respect of (a) discloseable and continuing connected transactions; and (b) continuing connected transactions (details of which were set out in the Company's circular dated 22 November 2024); and (B) the Company pursuant to Rule 14A.52 of the Hong Kong Listing Rules in respect of continuing connected transactions (details of which were set out in the Company's announcement dated 18 July 2024). Furthermore, Gram Capital is engaged as the independent financial adviser to the Company pursuant to, if any, Rule 14A.52 of the Hong Kong Listing Rules in respect of the Company's publicly offered infrastructure REIT (details of which were set out in the Company's announcement dated 28 May 2025). Save for the aforesaid engagements, there was no other service provided by Gram Capital to the Company during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid engagements, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

Having considered the above, in particular (i) none of the circumstances as set out under the Rule 13.84 of the Hong Kong Listing Rules existed as at the Latest Practicable Date; and (ii) each of the aforesaid past/existing engagements was/is only independent financial adviser engagement and will not affect our independence to act as the Independent Financial Advisers, we are of the view that we are independent to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transactions. We consider that we have taken sufficient and necessary steps (such as obtaining the Huaneng Group Framework Agreement and the Tiancheng Leasing Framework Agreement, reviewing

terms of the Purchase of Fuel and Transportation Transactions, the Purchase of Technical and Engineering Contracting Transactions and the Finance Lease Transactions; and analyses on the Company's estimated figures in relation to the Transactions) on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Hong Kong Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiry, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters omitted which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Huaneng Group, Tiancheng Leasing, or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

Business overview of the Group

With reference to the Board Letter, the Company and its subsidiaries mainly develop, construct, operate and manage power plants in China nationwide. It is one of the largest listed power producers in China, with a controlled generation capacity of 154,820MW as at 30 September 2025.

A. THE PURCHASE TRANSACTIONS

Information on Huaneng Group

With reference to the Board Letter, Huaneng Group is principally engaged in the operation and management of enterprise investments; development, investment, construction, operation and management of power plants; organising the generation and sale of power (and heat); and the development, investment, construction, production and sale of products in relation to energy, transportation, new energy and environmental protection industries.

A1. THE PURCHASE OF FUEL AND TRANSPORTATION TRANSACTIONS

Reasons for and benefits of the Purchase of Fuel and Transportation Transactions

With reference to the Board Letter, the Company's main fuel for power generation is coal. The competitive advantage of Huaneng Group and its subsidiaries and associates in the supply of fuel and transportation services is that they can offer more favourable prices for bulk purchase of fuel and transportation services. Upon our further enquiry, the Directors advised us that Huaneng Group has been providing fuel and transportation services to the Group for over a decade. Taking into consideration the ability of Huaneng Group and its subsidiaries and associates to offer more favourable prices for purchases of fuel and transportation services, and owing to their close relationships with the Company and its subsidiaries, Huaneng Group and its subsidiaries and associates are able to provide the Group with fuel and transportation services in a timely and reliable manner, thereby minimising the management and operational costs of the Company and its subsidiaries.

Fuel cost represents the Group's major component of operating expenses for power generation and coal is the major component of the Group's fuel cost. According to the Company's interim report for the six months ended 30 June 2025 ("**1H2025**") (the "**2025 Interim Report**") and annual report for the year ended 31 December 2024 ("**FY2024**") (the "**2024 Annual Report**"), the Group's fuel cost amounted to approximately RMB58.3 billion for 1H2025 and approximately RMB142.1 billion for FY2024, accounting for approximately 63% and 65% of the total operating expenses of the Group for 1H2025 and FY2024 respectively. Thus, it is important for the Group to ensure stable coal supply and control fuel cost and quality at a reasonable level.

As also confirmed by the Directors, as the Purchase of Fuel and Transportation Transactions are entered into in the ordinary and usual course of business of the Group and on a frequent basis, it would be costly and impracticable to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders, as required by the Hong Kong Listing Rules, if necessary. Accordingly, the Directors are of the view that the Purchase of Fuel and Transportation Transactions will be beneficial to the Company and the Shareholders as a whole.

Having considered the reasons and benefits of the Purchase of Fuel and Transportation Transactions as mentioned above, we are of the view that the Purchase of Fuel and Transportation Transactions are conducted in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

Principal terms of the Purchase of Fuel and Transportation Transactions

Set out below are the principal terms of the Purchase of Fuel and Transportation Transactions, details of which are set out under the section headed "(2) Purchase of fuel and transportation services" of the Board Letter.

Date of agreement

28 October 2025

Term

From 1 January 2026 to 31 December 2026

Subject matter and pricing policy

Pursuant to the Huaneng Group Framework Agreement, the Company and its subsidiaries will purchase fuel and coal transportation services from Huaneng Group and its subsidiaries and associates at prices and charges calculated by reference to RMB/ton and the actual weight of carriage, with arm's length terms taking into account the then market conditions, and in any event the terms of the purchases of fuel and the transportation services shall be no less favourable than those offered by independent third parties to the Company and its subsidiaries for the same or similar type of fuel supply or transportation services.

With reference to the Board Letter, Directors and senior management of the Company will monitor closely and review regularly each continuing connected transaction of the Company, and will adopt a series of risk management arrangements, and endeavour to maintain, in relation to each continuing connected transaction, the independence of the Company; the fairness of the price of the transaction; the fairness of the terms of the transaction; and the right of choice of the Company to conduct transactions with independent third parties other than Huaneng Group and its subsidiaries and associates. Details of the internal control measures are set out under the section headed "V. Measures to Safeguard the Interest of the Independent Shareholders" of the Board Letter. Having considered that (i) the Company has established a dedicated mechanism for information exchange and weekly and monthly information analysis; and (ii) the Company shall invite at least three suppliers including Huaneng Group and its subsidiaries and associates to jointly provide quotation on coal within the range of the procurement guidance price (which was issued by the

Company weekly and based on the market information collected and generally lower than the then prevailing market price), we are of the view that the effective implementation of the internal control procedures can help to ensure fair pricing of the Purchase of Fuel and Transportation Transactions.

For our due diligence purpose, we obtained one individual price confirmation letter for the Purchase of Fuel and Transportation Transactions for each of the first to third quarter of 2025 on a random selection basis. Given that the sampled individual price confirmation letters (i) were selected on a random selection basis; and (ii) covered each of the first three quarters of 2025, we consider that the sampled individual price confirmation letters are fair and representative. We noted that the coal prices as shown in the individual price confirmation letters were not higher than the then latest coal prices index (CCTD).

Having considered our findings on individual price confirmation letters and relevant information, we are of the view that the internal control procedure is in place.

Proposed annual caps

Set out below are (i) historical amount of the Purchase of Fuel and Transportation Transactions for the nine months ended 30 September 2025 with existing annual cap for the year ending 31 December 2025; and (ii) the proposed annual cap for the year ending 31 December 2026 (the "**Purchase of Fuel and Transportation Cap**"):

	For the year ending 31 December 2025 ("FY2025")
	RMB' billion
Existing annual cap	75.0
Historical amount	33.154 *(Note)*

	For the year ending 31 December 2026 ("FY2026")
	RMB' billion
Purchase of Fuel and Transportation Cap	73.4

Note: the figure was for the nine months ended 30 September 2025.

Detailed bases for the determination of Purchase of Fuel and Transportation Cap were set out under the section headed "(2) Purchase of fuel and transportation services" of the Board Letter. The Purchase of Fuel and Transportation Cap for FY2026 is close to the existing annual cap for FY2025.

We noted that the historical amount for the nine months ended 30 September 2025 was substantially lower than the existing annual cap for FY2025. The substantial difference between the estimated transaction amount and the actual transaction amount was mainly due to decrease in average standard coal procurement price, the decrease in electricity output, etc..

Upon our request, we obtained the calculation for the Purchase of Fuel and Transportation Cap. The total estimated demand of Purchase of Fuel and Transportation Transactions for FY2026 was approximately the same as the Purchase of Fuel and Transportation Cap.

Pursuant to the calculation, (i) the total estimated demand of coal; and (ii) the total estimated demand of fuel transportation services for FY2026 accounted for approximately 98% and approximately 2% to the total estimated demand of Purchase of Fuel and Transportation Transactions for FY2026 respectively.

To assess the fairness and reasonableness of the estimated demand of coal for FY2026, we performed the following analyses:

Upon our request, the Directors advised us (i) the estimated coal price of raw coal; and (ii) the estimated quantity of raw coal to be purchased by the Group from Huaneng Group and its subsidiaries and associates for FY2026.

Coal price

As advised by the Directors, the estimated average raw coal price of the Group for FY2026 was made reference with, among other things, the recent average actual raw coal price of the Group. Upon our request, the Directors advised us the average raw coal price of the Group for 1H2025. We noted that the estimated average raw coal price for FY2026 was close to (with difference of less than 5%) the average raw coal price of the Group for 1H2025.

We searched on Wind Financial Terminal and noted that the CCTD Qinhuangdao Thermal Coal Spot Price (Q4,500K) (Q5,000K) (Q5,500K) was stable for the period from 1 January 2025 to 30 October 2025 ranging from RMB472/ton to RMB586/ton, RMB537/ton to RMB679/ton and RMB618/ton to RMB774/ton respectively, commencing at RMB572/ton, RMB671/ton and RMB769 ton on 3 January 2025 and ending at RMB583/ton, RMB670/ton and RMB761/ton on 24 October 2025.

Given that (i) the estimated average raw coal price for FY2026 was close to the average raw coal price of the Group for 1H2025; and (ii) the CCTD Qinghuangdao Thermal Coal Spot Price (Q4500K) (Q5000K) (Q5500K) was stable for the period from 1 January 2025 to 30 October 2025, we consider the average estimated raw coal price of the Group for FY2026 to be reasonable.

Coal quantity

To assess the fairness and reasonableness of the estimated quantity of raw coal to be purchased by the Group from Huaneng Group and its subsidiaries and associates for FY2026, we cross-checked the aforesaid estimated quantity by way of calculating the quantity of raw coal to be purchased (i.e. the implied quantity of coal to be purchased) based on the historical raw coal purchased quantity as provided by the Company.

We calculated the average quantity of coal purchased by the Group from Huaneng Group and its subsidiaries and associates for 2021 to 2024. Based on the aforesaid figures, the estimated quantity of coal purchased by the Group from Huaneng Group and its subsidiaries and associates for 2026 was approximate the same as the average quantity of coal purchased by the Group from Huaneng Group and its subsidiaries and associates for 2021 to 2024.

Furthermore, based on the quantity of coal purchased by the Group from Huaneng Group and its subsidiaries and associates for 1H2025, for the six months ended 30 June 2024 and for the year ended 31 December 2024, the estimated quantity of coal purchased by the Group from Huaneng Group and its subsidiaries and associates for 2026 was not deviated from the implied quantity for 2025.

Based on the above, we are of the view that the estimated quantity of raw coal to be purchased by the Group from Huaneng Group and its subsidiaries and associates for FY2026 is reasonable.

Having considered that (i) the average estimated raw coal price for FY2026 is reasonable; (ii) the estimated quantity of raw coal to be purchased by the Group from Huaneng Group and its subsidiaries and associates for FY2026 is justifiable; and (iii) the total estimated demand of coal accounted for approximately 98% to the total estimated demand of Purchase of Fuel and Transportation Transactions for FY2026, we are of the view that the total estimated demand of coal and fuel transportation services for FY2026 is justifiable. Accordingly, we are of the view that the Purchase of Fuel and Transportation Cap for FY2026 is fair and reasonable.

Shareholders should note that as the Purchase of Fuel and Transportation Cap is relating to future events and was estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2026, and they do not represent forecasts of cost to be incurred from the Purchase of Fuel and Transportation Transactions. Consequently, we express no opinion as to how closely the actual amount to be incurred from the Purchase of Fuel and Transportation Transactions will correspond with the Purchase of Fuel and Transportation Cap.

In light of the above, we consider that the terms of the Purchase of Fuel and Transportation Transactions (including the Purchase of Fuel and Transportation Cap) are on normal commercial terms and are fair and reasonable.

A2. THE PURCHASE OF TECHNICAL AND ENGINEERING CONTRACTING TRANSACTIONS

Reasons for and benefits of the Purchase of Technical and Engineering Contracting Transactions

With reference to the Board Letter, the competitive advantage of Huaneng Group and its subsidiaries and associates in terms of providing technical services, engineering contracting services and other services is that they can offer more favourable prices to the Company and its subsidiaries and have a close relationship with the Company and its subsidiaries, while they are able to provide the Company and its subsidiaries with the technical services, engineering contracting services and other services in a timely and reliable manner, thereby minimizing the management and operational costs of the Company and its subsidiaries. In addition, some of the subsidiaries and associates of Huaneng Group focus on researching information technology and national new energy power generation technology, as well as equipment of thermal energy in power plants, therefore they can provide reliable and efficient services of information technology and project contracting, and can also provide advanced and comprehensive power station-specific technical services and project contracting services, which can lower the operational costs of the Company and its subsidiaries.

As also confirmed by the Directors, as the Purchase of Technical and Engineering Contracting Transactions are entered into in the ordinary and usual course of business of the Group and on a frequent basis, it would be costly and impracticable to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders, as required by the Hong Kong Listing Rules, if necessary. Accordingly, the Directors are of the view that the Purchase of Technical and Engineering Contracting Transactions will be beneficial to the Company and the Shareholders as a whole.

Having considered the reasons and benefits of the Purchase of Technical and Engineering Contracting Transactions as mentioned above, we are of the view that the Purchase of Technical and Engineering Contracting Transactions are conducted in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

Principal terms of the Purchase of Technical and Engineering Contracting Transactions

Set out below are the principal terms of the Purchase of Technical and Engineering Contracting Transactions, details of which are set out under the section headed "(4) Accepting the technical services, engineering contracting services and other services" of the Board Letter.

Date of agreement

28 October 2025

Term

From 1 January 2026 to 31 December 2026

Subject matter

Accepting the technical services, engineering contracting services and other services between the Company and its subsidiaries and Huaneng Group and its subsidiaries and associates mainly includes the provision of fuel management service relevant to power plants, maintenance services for power plants' monitoring systems, real-time consolidation of project data, trial run of generating units, contracting of construction works in progress, supervision of manufacture of facilities and insurance services by Huaneng Group and its subsidiaries and associates to the Company and its subsidiaries.

Pricing policy

Pursuant to the Huaneng Group Framework Agreement and with reference to the Board Letter, the terms and the prices of transactions with respect to accepting technical services, engineering contracting services and other services by the Company and its subsidiaries from Huaneng Group and its subsidiaries and associates are negotiated at arm's length terms, taking into account the types of energy transactions, technical indicators and engineering related raw materials required for each of the contracts according to the Company's procurement rules. In any event at the terms and prices no less favourable than those offered to the Company and its subsidiaries by independent third parties for the same or similar types of technical services, engineering contracting services and other services. In addition, the payment of consideration will be settled in cash in arrears, or in accordance with the payment terms agreed by the relevant parties in the contracts to be entered into pursuant to the framework agreement.

With reference to the Board Letter, Directors and senior management of the Company will monitor closely and review regularly each continuing connected transaction of the Company, and will adopt a series of internal control measures, and endeavour to maintain, in relation to each continuing connected transaction, the independence of the Company; the fairness of the price of the transaction; the fairness of the terms of the transaction; and the right of choice of the Company to conduct transactions with independent third parties other than Huaneng Group and its subsidiaries and associates. Details of the internal control measures are set out under the section headed "V. Measures to Safeguard the Interest of the Independent Shareholders" of the Board Letter. Having considered that (i) there will be quotation procedures and/or invite tender; and (ii) comprehensive consideration will be made by the Company in addition to the offer of same or more favourable terms by the counterparty in a transaction, we are of the view that the effective implementation of the internal control procedures can help to ensure fair pricing of the Purchase of Technical and Engineering Contracting Transactions.

For our due diligence purpose, we random selected one individual project, the services of which were provided by connected persons pursuant to the Purchase of Technical and Engineering Contracting Transactions, for each of the first to third quarter of 2025. Given that the sampled individual projects (i) were selected on a random selection basis; and (ii) covered each of the first three quarters of 2025, we consider that the sampled projects are fair and representative. Upon our further request, we obtained notices of bidding results in respect of services providers for the aforesaid three projects. According to notices of bidding results, the prices of technical services, engineering contracting services and other services fees offered to the Group by Huaneng Group and its subsidiaries and associates were lower than those offered by independent third parties.

Having considered our findings on selected contracts and relevant information, we are of the view that the internal control procedure is in place.

Proposed annual caps

Set out below are (i) historical amount of the Purchase of Technical and Engineering Contracting Transactions for the nine months ended 30 September 2025 with existing annual cap for FY2025; and (ii) the proposed annual cap for FY2026 (the "**Purchase of Technical and Engineering Contracting Cap**"):

	For the year ending 31 December 2025
	RMB' billion
Existing annual cap	5.5
Historical amount	1.293 *(Note)*

	For the year ending 31 December 2026 *RMB' billion*
The Purchase of Technical and Engineering Contracting Cap	5.5

Note: the figure was for the nine months ended 30 September 2025.

Detailed bases for the determination of proposed annual cap were set out under the section headed "(4) Accepting the technical services, engineering contracting services and other services" of the Board Letter.

We noted that the historical amount for the nine months ended 30 September 2025 was substantially lower than the existing annual cap for FY2,025. The aforesaid lower-than-expected historical amount of the Purchase of Technical and Engineering Contracting Transactions in 2025 was due to external factors such as the introduction of new national policies, including the deepening of market-oriented reform of on-grid electricity prices for new energy, and the resulting changes in market competition landscape. As a result, certain technical service and engineering contracting projects originally estimated for 2025 experienced changes in suppliers or delays in project schedules. Meanwhile, with the continuous advancement of new energy generation technologies in China, the market prices of new energy materials have also shown significant fluctuations. Since 2024, the slight decline in photovoltaic module prices has further affected the actual transaction amounts of the relevant technical service and engineering contracting projects.

Due to the above situation, the Purchase of Technical and Engineering Contracting Cap for FY2026 was the same as the Purchase of Technical and Engineering Contracting Cap for FY2025.

To assess the fairness and reasonableness of the Purchase of Technical and Engineering Contracting Cap, we performed the following analyses:

- According to the Company's annual reports for each of the five years ended 31 December 2024, the average planned capital expenditure was approximately RMB58.4 billion from year 2021 to 2025. We discussed with the Directors and understood that on the assumption that the planned capital expenditure for FY2026 being at a similar level to the average planned capital expenditure for technology renovation for the above five years, the Purchase of Technical and Engineering Contracting Cap (i.e. RMB5.5 billion) was less than the average level (i.e. RMB58.4 billion), indicating that the Purchase of Technical and Engineering Contracting Cap for FY2026 was not overestimated and the possible demand of technical services, engineering contracting services and other services from Huaneng Group and its subsidiaries and associates and independent third party suppliers.

- We noted that the estimated amount for FY2026 represented a compound annual growth rate of approximately 23% as compared to that for FY2022.

The Group recorded an annual growth rate of approximately 24% in actual capital expenditure from FY2022 to FY2024, which was close to the implied compound annual growth rate of approximately 23% as mentioned above.

Based on the above factors and having considered that (i) the Purchase of Technical and Engineering Contracting Cap for FY2026 was the same as that for FY2025; and (ii) it is reasonable for the Directors to determine the Purchase of Technical and Engineering Contract Cap assuming that relevant technical services and engineering contracting projects will be handled by Huaneng Group and its subsidiaries and associates in 2026 and will not be postponed for the sake of prudence, we are of the view that the Purchase of Technical and Engineering Contracting Cap for FY2026 is fair and reasonable.

Shareholders should note that as the Purchase of Technical and Engineering Contracting Cap is relating to future events and was estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2026, and they do not represent forecasts of cost to be incurred from the Purchase of Technical and Engineering Contracting Transactions. Consequently, we express no opinion as to how closely the actual amount to be incurred from the Purchase of Technical and Engineering Contracting Transactions will correspond with the Purchase of Technical and Engineering Contracting Cap.

In light of the above, we consider that the terms of the Purchase of Technical and Engineering Contracting Transactions (including the Purchase of Technical and Engineering Contracting Cap) are on normal commercial terms and are fair and reasonable.

B. FINANCE LEASE TRANSACTIONS

Information on Tiancheng Leasing

With reference to the Board Letter, Tiancheng Leasing is a company incorporated in the PRC, of which the principal business is finance lease. Currently, Tiancheng Leasing has six shareholders. Apart from the 20% equity interest which is held by the Company, the remaining 80% equity interests of Tiancheng Leasing is held by the five controlling subsidiaries of Huaneng Group.

Reasons for and benefits of the Finance Lease Transactions

Certain reasons for and benefits of the Finance Lease Transactions are set out in the section headed "4. Reasons for and benefits of entering into the Tiancheng Leasing Framework Agreement" of the Board Letter.

With reference to the Tiancheng Leasing Framework Agreement and the Board Letter, the amount of the lease rent will be determined by reference to the total purchase price of the relevant equipment and the interest agreed by the parties. The interest rate shall be determined with reference to the LPR published from time to time by the PBOC, taking into account prevailing market conditions and fairly negotiated between the parties, and shall not be less favourable than the terms offered to the Company by domestic independent third parties for similar services. Handling fee (if any) may be charged by Tiancheng Leasing from the Company and its subsidiaries at the time of conclusion of the finance leases under the Tiancheng Leasing Framework Agreement on terms no less favourable than those offered to the Company and its subsidiaries by independent third parties and at such rate as fixed by reference to the charge rates of other major financial institutions in the PRC for finance leases of assets of the same or similar type or the applicable rate (if any) published by the PBOC from time to time in relation to such services and as set forth in the relevant written agreements.

Having considered the reasons and benefits of the Finance Lease Transactions as mentioned above, in particular, the pricing policy of the Tiancheng Leasing Framework Agreement, we are of the view that the Finance Lease Transactions are conducted in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

Principal terms of the Finance Lease Transactions

Set out below are the principal terms of the Finance Lease Transactions, details of which are set out under the section headed "III. DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS UNDER THE TIANCHENG LEASING FRAMEWORK AGREEMENT" of the Board Letter.

Date of agreement

28 October 2025

Term

From 1 January 2026 to 31 December 2028

Subject matter

Under the Tiancheng Leasing Framework Agreement, Tiancheng Leasing mainly provides financial leasing services to the Company and its subsidiaries. The finance lease services provided by Tiancheng Leasing include the direct lease (the "**Direct Lease(s)**") and sale-and-leaseback (the "**Sales and Leaseback Lease(s)**"). Details of the Direct Lease and Sales and Leaseback Lease are set out under the section headed "Direct Lease(s) and Sales and Leaseback" of the Board Letter.

Pricing policy

With reference to the Board Letter, the amount of the lease rent will be determined by reference to the total purchase price of the relevant equipment and the interest agreed by the parties. The interest rate shall be determined with reference to the LPR published from time to time by the PBOC, taking into account prevailing market conditions and fairly negotiated between the parties, and shall not be less favourable than the terms offered to the Company by domestic independent third parties for similar services. Handling fee (if any) may be charged by Tiancheng Leasing from the Company and its subsidiaries at the time of conclusion of the finance leases under the Tiancheng Leasing Framework Agreement on terms no less favourable than those offered to the Company and its subsidiaries by independent third parties and at such rate as fixed by reference to the charge rates of other major financial institutions in the PRC for finance leases of assets of the same or similar type or the applicable rate (if any) published by the PBOC from time to time in relation to such services and as set forth in the relevant written agreements. The lease interest rate will be decided at the commencement of each finance lease executed pursuant to the Tiancheng Leasing Framework Agreement. In the event of a change in the PBOC RMB LPR during the term of relevant finance lease, the lease interest rate will be adjusted accordingly. The transaction amounts shall be paid at the end of each quarter or year or at such other intervals as agreed by the parties.

With reference to the Board Letter, Directors and senior management of the Company will monitor closely and review regularly each continuing connected transaction of the Company, and will adopt a series of internal control measures, and endeavour to maintain, in relation to each continuing connected transaction, the independence of the Company; the fairness of the price of the transaction; the fairness of the terms of the transaction; and the right of choice of the Company to conduct transactions with independent third parties other than Huaneng Group and its subsidiaries and associates (including Tiancheng Leasing). Details of the internal control measures are set out under the section headed "V. Measures to Safeguard the Interest of the Independent Shareholders" of the Board Letter. Having considered that there will be quotation collection procedures and contract review procedures before considering conducting finance leasing transactions the Company, we are of the view that the effective implementation of the internal control measures can help to ensure fair pricing of the Finance Lease Transactions.

Upon our request, we obtained the three individual contracts in respect of direct lease and three individual contracts in respect of sale-and-leaseback lease for the same projects entered into between the Group and Tiancheng Leasing for 2023 to 2025 on a random selection basis, together with quotations from two independent third parties. Given that the sampled individual contracts (i) were selected on a random selection basis; and (ii) covered each of 2023 to 2025, we consider that the sampled contracts are fair and representative. According to the aforesaid documents, the cost of finance lease offered by Tiancheng Leasing were lower than those offered by independent third parties.

Having considered our findings, we consider that the internal control procedure is in place.

Duration of the finance lease

With reference to the Board Letter, the lease term will be determined by, amongst others, the useful life of the relevant leased equipment, the financial needs of the Company and the funding availability of Tiancheng Leasing, which in general should not exceed the useful life of such leased equipment. As advised by the Directors, the lease term of relevant financial lease(s) may exceed three years.

In assessing the reasons for the duration of the relevant finance lease being longer than three years, we have considered the following factors:

(i) by entering into the finance lease(s) with a longer duration, the payment obligation of the costs of the equipment of the Group is allowed to be spread over a longer period, which would reduce the stress to the planning of working capital by the relevant members of the Group; and

(ii) the lease period of each finance lease service shall be determined with reference to, among other things, the useful life of the relevant leasing equipment, which, as confirmed by the Directors, is ranged from 5 to 30 years, subject to the type of equipment and its utilisation rate.

In considering whether it is normal business practice for agreements of similar nature with the Finance Lease Transactions to have a term of such duration, we identified transactions entered into by companies listed on the Hong Kong Stock Exchange involving finance lease with duration of more than three years.

Taking into account of the above, we confirm that the duration of the Finance Lease Transactions which may be longer than three years is required and it is normal business practice for the Finance Lease Transactions to be of such duration.

Proposed annual caps

Set out below are (i) historical amounts of the Finance Lease Transactions for the two years ended 31 December 2024 and the nine months ended 30 September 2025 with existing annual caps; and (ii) the proposed annual caps for the three years ending 31 December 2028:

	For the year ended 31 December 2023 *RMB'million*	**For the year ended 31 December 2024** *RMB'million*	**For the year ending 31 December 2025** *RMB'million*
Lease principal (maximum daily amounts)	3,127	1,865	1,740 *(Note)*
– *Direct Lease*	2,565	1,565	1,575 *(Note)*
– *Sales and Leaseback*	562	300	165 *(Note)*
Existing annual caps	10,000	10,000	10,000
Total utilisation rate (%)	31.3	18.7	17.4 *(Note)*
Total lease interests	73	25	30 *(Note)*
– *Direct Lease*	61	23	24 *(Note)*
– *Sales and Leaseback*	12	2	6 *(Note)*
Annual cap for Lease Interest	490	490	490
Total utilisation rate (%)	14.9	5.1	6.1 *(Note)*

Note: the figure was for the nine months ended 30 September 2025.

The proposed annual caps of the Finance Lease Transactions are set out as follows:

	For the year ending 31 December 2026 *RMB'million*	**For the year ending 31 December 2027** *RMB'million*	**For the year ending 31 December 2028** *RMB'million*
Lease principal	10,000	10,000	10,000
Lease interest	490	490	490

We noted that the proposed annual caps for the three years ending 31 December 2025 were determined with reference to the factors set out under the section headed "III. DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS UNDER THE TIANCHENG LEASING FRAMEWORK AGREEMENT" of the Board Letter.

Upon our request, the Directors advised us that the lease principal amounts were determined based on the potential clean energy power projects which may involve the finance lease arrangement with Tiancheng Leasing (the "**Potential Projects**").

Based on our discussion with the Company, we were further advised following information of the Potential Projects, including their respective installed capacity, type of clean energy projects, locations and the anticipated per installed capacity finance lease amount.

In addition, we also obtained signed lease contracts entered between the Group and Tiancheng Leasing in 2025. Based on the signed contracts, the anticipated finance lease amount per installed capacity for FY2026 was approximate the same as the implied per installed capacity finance lease amount (calculated by the contract values/installed capacity of the projects). Accordingly, we are of the view that anticipated finance lease amount per installed capacity is fair and reasonable.

We further reviewed the Company's previous annual report and noted the followings:

Installed controllable power generation capacity	**As at 31 December 2024**	**As at 31 December 2023**	**As at 31 December 2022**	**As at 31 December 2021**	**As at 31 December 2020**
Wind power *(MW)*	18,109	15,511	13,628	10,535	8,135
– Increased volume (MW)	2,598	1,883	3,093	2,400	2,232
Solar power *(MW)*	19,836	13,100	6,276	3,311	2,512
– Increased volume (MW)	6,736	6,824	2,965	799	1,131

Given that the installed capacity of the Potential Projects (around 2,500 MW in aggregate) was less than the historical annual increase amount of the installed controllable power generation capacity of wind power and solar power, indicating that the estimated installed capacity of the Potential Projects in aggregate was not overestimated, we consider that the installed capacity of the Potential Projects is fair and reasonable.

By multiplying the installed capacity of the Potential Projects and the anticipated finance lease amount per installed capacity, the implied finance lease amounts would be approximately RMB10.0 billion. Given that the Maximum lease principal of RMB10.0 billion approximate the same as the implied finance lease amounts, we are of the view that we are of the view that the maximum lease principal for the three years ending 31 December 2028, which are the same, are fair and reasonable.

In respect of the proposed annual caps of lease interests for the three years ending 31 December 2028, we noted that the implied average interest rate is 4.9% per annum.

We further noted that from January 2023 to October 2025, the PRC's LPR experienced a sustained and broad-based downward trend across both tenors, marking a comprehensive monetary easing cycle. The 1-year LPR and the 5-year LPR, which began in January 2023 at 3.65% and 4.30% respectively, were each reduced multiple times through a series of cuts. In October 2025, the 1-year LPR had settled at a historic low of 3.00%, while the 5-year LPR had decreased to 3.50%.

According to the 2025 Interim Report, the Group's the annual interest rate for long-term loans was 0.75% to 9.04% for the six months ended 30 June 2025, the mid-point of which was 4.895%. Furthermore, we also noted from the Company's annual reports for the two years ended 31 December 2024 and the 2025 Interim Report that as at 31 December 2023, 31 December 2024 and 30 June 2025, loans from Tiancheng Leasing ranged from 2.50% to 4.65%.

Although the LPRs moved in a downward trend, having considered (i) unpredictable movement of LPR for the three years ending 31 December 2028 and the possibility of the increase in LPR in the future; and (ii) the Group's annual interest rate for long-term loans and the historical interest rate of loans from Tiancheng Leasing as mentioned above, we are of the view that the implied average interest rate of 4.9% per annum for the three years ending 31 December 2028, which remains the same as that for the existing leasing arrangement with Tiancheng Leasing and is an upper limit of the possible interest expenses for the term of the Tiancheng Leasing Framework Agreement, is reasonable. Accordingly, we consider the proposed annual caps for lease interest for the three years ending 31 December 2028 to be fair and reasonable.

Shareholders should note that as the proposed annual caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2028, and they do not represent forecasts of finance lease amount/financing cost to be incurred from the Finance Lease Transactions. Consequently, we express no opinion as to how closely the actual finance lease amount/financing cost to be incurred from the Finance Lease Transactions will correspond with the proposed annual caps.

In light of the above, we consider that the terms of the Finance Lease Transactions (including the proposed annual caps) are on normal commercial terms and are fair and reasonable.

C. HONG KONG LISTING RULES IMPLICATION ON TRANSACTIONS

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Hong Kong Listing Rules pursuant to which (i) the values of the Transactions must be restricted by the proposed annual cap for the period concerned under the Huaneng Group Framework Agreement/Tiancheng Leasing Framework Agreement; (ii) the Transactions must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the Transactions must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Hong Kong Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transactions (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the annual cap.

In the event that the transaction amounts / maximum amounts of the Transactions are anticipated to exceed the proposed annual caps, or that there is any proposed material amendment to the terms of the Transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Hong Kong Listing Rules governing continuing connected transactions.

With the stipulation of the above requirements for continuing connected transactions pursuant to the Hong Kong Listing Rules, we are of the view that there are adequate measures in place to monitor the Transactions and hence the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATIONS

Having taken into account that above factors and reasons, we are of the opinion that (i) the terms of the Transactions are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 30 years of experience in investment banking industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTEREST

(a) Directors of the Company

As at the Latest Practicable Date, none of the Directors, chief executive of the Company has interests or short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" to be notified to the Company and the Hong Kong Stock Exchange.

(b) Substantial Shareholders

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Board, no persons (not being a Director, chief executive of the Company) had an interest or short position in the shares or underlying shares and debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or,

who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meeting of any other member of the Company:

Name of shareholder	Class of shares	Number of shares held (share)	Identity	Approximate percentage of shareholding in the Company's total issued share capital	Approximate percentage of shareholding in the Company's total issued Domestic Shares	Approximate percentage of shareholding in the Company's total issued H shares
Huaneng International Power Development Corporation *(Note 2)*	Domestic shares	5,066,662,118(L)	Beneficial owner	32.28%(L)	46.07%(L)	–
China Huaneng Group Co., Ltd. *(Note 3)*	Domestic shares	1,555,124,549(L)	Beneficial owner	9.91%(L)	14.14%(L)	–
China Huaneng Group Co., Ltd. *(Note 4)*	H Shares	603,596,000(L)	Beneficial owner	3.85%(L)	–	12.84%(L)
Shanghai Wisdomshire Asset Management Co., Ltd.	H Shares	520,101,000(L)	Investment manager	3.31%(L)	–	11.07%(L)
Pacific Asset Management Co., Ltd.	H Shares	283,313,241(L)	Investment manager	1.80%(L)	–	6.03%(L)
BlackRock, Inc. *(Note 5)*	H Shares	254,065,595(L) 13,448,000(S)	Controlled corporation interests	1.62%(L) 0.09%(S)	– –	5.41(L) 0.29(S)

Notes:

(1) The letter "L" denotes a long position, the letter "S" denotes a short position.

(2) As at the Latest Practicable Date, China Huaneng Group Co., Ltd. held 75% direct interests and 25% indirect interests in Huaneng International Power Development Corporation.

(3) Besides of the 1,555,124,549 Domestic Shares, China Huaneng Group Co., Ltd. holds 31,994,199 shares of Domestic Shares in the Company through its concert party, Tianjin Huaren Investment Management Co., Ltd. - Huaneng Structural Adjustment Fund No. 1.

(4) China Huaneng Group Co., Ltd. holds 472,000,000 H Shares through its wholly-owned subsidiary, China Hua Neng Group Hong Kong Limited, and holds 131,596,000 H Shares through its indirect wholly-owned subsidiary, China Huaneng Group Treasury Management (Hong Kong) Limited.

(5) BlackRock, Inc. holds 13,448,000 short positions in the Company through its indirect wholly-owned subsidiary BlackRock Holdco 2, Inc., and holds a total of 254,065,595 long positions in the Company through certain holding companies that it directly or indirectly controls.

Save as disclosed above, the Company is not aware of any other person (other than the Directors and senior executives of the Company) having any interests or short positions in the shares and underlying shares of the Company as at the Latest Practicable Date as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Board, no Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Directors

(i) Mr. Wang Kui is an assistant to the president of Huaneng Group;

(ii) Mr. Du Daming is deputy chief economist of Huaneng Group;

(iii) Mr. Zhou Yi is the general legal counsel, chief compliance officer and chief of Corporate Law Department of Huaneng Group; and

(iv) Mr. Li Lailong is the chief of the Strategic Department Strategic Innovation Department (戰新部) of Huaneng Group.

3. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or business position of the Company and its subsidiaries since 31 December 2024, being the date to which the latest published audited accounts of the Company and its subsidiaries were made up to.

4. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the Company and its subsidiaries was engaged in any material litigation or arbitration and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company and its subsidiaries.

5. EXPERT'S QUALIFICATION AND CONSENTS

The following expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, reports or statements and references to its name and logo in the form and context in which they are included:

Name	Qualification
Gram Capital Limited	a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity as defined under the SFO

As at the Latest Practicable Date, Gram Capital has given its consent and has not withdrawn its consent to the publication of this circular, including the inclusion of its letter and references to its name in the form and context in which it appears.

To the best knowledge, information and belief of the Directors, as at the Latest Practicable Date, the above-mentioned expert was not beneficially interested in the share capital of the Company and its subsidiaries nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Company and its subsidiaries.

As at the Latest Practicable Date, each of the above mentioned experts did not have any direct or indirect interest in any assets which had since 31 December 2024 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to the Company and its subsidiaries, or were proposed to be acquired or disposed of by or leased to the Company and its subsidiaries.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or its subsidiaries which does not expire or is not terminable by the Company or its subsidiaries within one year without payment of compensation, other than statutory compensation.

7. INTERESTS OF DIRECTORS IN THE ASSETS OR CONTRACTS OF THE COMPANY AND ITS SUBSIDIARIES

As at the Latest Practicable Date, none of the Directors of the Company had any interest in any assets which had since 31 December 2024 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to the Company and its subsidiaries, or were proposed to be acquired or disposed of by or leased to the Company and its subsidiaries.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Company.

8. INTERESTS OF DIRECTORS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates has interests in the businesses, other than being a Director, which compete or are likely to compete, either directly or indirectly, with the businesses of the Company (required to be disclosed under Rule 8.10 of the Hong Kong Listing Rules should they be controlling shareholders).

9. MISCELLANEOUS

(a) Mr. Huang Chaoquan is the Company Secretary and Board Secretary of the Company.

(b) The legal address of the Company is Huaneng Headquarters, Startup Zone, Xiong'an New Area, Hebei Province, PRC. The H Share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) In the case of any discrepancy, the English text of this circular and form of proxy shall prevail over the Chinese text.

10. DOCUMENTS ON DISPLAY

A copy of the following documents are published on the Hong Kong Stock Exchange's website (http://www.hkexnews.hk) and the Company's own website (http://www.hpi.com.cn) for a period of 14 days from the date of this circular:

(a) Huaneng Group Framework Agreement; and

(b) Tiancheng Leasing Framework Agreement.

華能國際電力股份有限公司
HUANENG POWER INTERNATIONAL, INC.

(a Sino-foreign joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 902)

NOTICE OF 2025 SECOND EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2025 second extraordinary general meeting (the "**Extraordinary General Meeting**" or "**General Meeting**") of Huaneng Power International, Inc. (the "**Company**") will be held at 9:00 a.m. on 23 December 2025 at Conference Room A102, the headquarters of the Company, Huaneng Building, 6 Fuxingmennei Street, Xicheng District, Beijing, the PRC for the purposes of considering and approving the following resolutions. Unless otherwise defined, capitalised terms used in this notice shall have the same meaning as those defined in the circular of the Company dated 28 November 2025.

ORDINARY RESOLUTIONS

1. To consider and approve the Proposal on re-appointment of the accounting firms of the Company for 2026 *(Note 1)*;

2. To consider and approve the proposal regarding the continuing connected transactions for 2026 between the Company and Huaneng Group *(Note 2)*;

3. To consider and approve the proposal regarding the continuing connected transactions between the Company and Tiancheng Leasing for 2026 to 2028 *(Note 3)*;

4. To consider and approve the proposal for the election of Ms. Kou Yaozhou as a non-independent Director of the Company *(Note 4)*;

5. To consider and approve the proposal for the election of Mr. Zhang Xianchong as an independent Director of the Company *(Note 4)*.

By Order of the Board
Huaneng Power International, Inc.
Huang Chaoquan
Company Secretary

As at the date of this notice, the directors of the Company are:

Wang Kui *(Executive Director)*
Liu Ancang *(Executive Director)*
Du Daming *(Non-executive Director)*
Zhou Yi *(Non-executive Director)*
Li Lailong *(Non-executive Director)*
Li Jin *(Non-executive Director)*
Cao Xin *(Non-executive Director)*
Gao Guoqin *(Non-executive Director)*
Ding Xuchun *(Non-executive Director)*
Wang Jianfeng *(Non-executive Director)*

Xia Qing *(Independent Non-executive Director)*
He Qiang *(Independent Non-executive Director)*
Zhang Liying *(Independent Non-executive Director)*
Zhang Shouwen *(Independent Non-executive Director)*
Dang Ying *(Independent Non-executive Director)*

Beijing, the PRC
28 November 2025

Notes:

1. The Company proposes to reappoint BDO Limited and BDO China Shu Lun Pan Certified Public Accountants LLP as the international auditor and the PRC auditor of the Company for the year 2026, respectively, The audit fee for 2026 is RMB18.09 million, which includes RMB3 million for the internal control audit, and is subject to adjustment based on the actual scope of the audit.

2. For further details regarding the Huaneng Group Framework Agreement entered into between the Company and Huaneng Group and the transactions contemplated thereunder (including the respective annual caps thereof), please refer to the section headed II. Continuing Connected Transactions Under the Huaneng Group Framework Agreement set out in the Company's circular dated 28 November 2025.

3. For further details regarding the Tiancheng Leasing Framework Agreement entered into between the Company and Tiancheng Leasing and the transactions contemplated thereunder, please refer to the section headed III. Discloseable and Continuing Connected Transactions Under the Tiancheng Leasing Framework Agreement set out in the Company's circular dated 28 November 2025.

4. For the avoidance of doubt, "non-independent Director" as referred to in Resolution No. 4 shall be construed as "non-executive Director", and "independent Director" as referred to in Resolution No. 5 shall be construed as "independent non-executive Director". For further details regarding the proposed election of Ms. Kou Yaozhou as a non-executive Director of the Company and Mr. Zhang Xianchong as an independent non-executive Director, please refer to the section headed C. PROPOSED ELECTION OF DIRECTORS set out in the Company's circular dated 28 November 2025.

5. Proxy

(1) A member eligible to attend and vote at the Extraordinary General Meeting is entitled to appoint, in written form, one or more proxies to attend and vote on his behalf. A proxy needs not be a shareholder.

(2) A proxy should be appointed by a written instrument signed by the appointor or its attorney duly authorised in writing. If the form of proxy is signed by the attorney of the appointor, the power of attorney authorising that attorney to sign or other authorisation document(s) shall be notarised.

(3) To be valid, the power of attorney or other authorisation document(s) which have been notarised together with the completed form of proxy must be delivered, in the case of holders of Domestic Shares, to the Company and, in the case of holders of H Shares, to Computershare Hong Kong Investor Services Limited, not less than 24 hours before the time designated for holding the Extraordinary General Meeting.

(4) If more than one proxy is appointed by one shareholder, such proxies shall only exercise the right to vote by poll.

(5) The resolutions set out in this notice will be voted by poll.

6. Registration procedures for attending the Extraordinary General Meeting

(1) A shareholder or his proxy shall produce proof of identity when attending the meeting. If a shareholder is a legal person, its legal representative or other persons authorised by the board of directors or other governing body of such shareholder may attend the Extraordinary General Meeting by producing a copy of the resolution of the board of directors or other governing body of such shareholder appointing such person(s) to attend the meeting.

(2) Shareholders may send the above-mentioned documents to the Company in person, by post or by fax.

7. Registration Matters for H Shareholders

In order to determine the shareholders of H shares who will be entitled to attend the Extraordinary General Meeting, the Company will suspend registration of transfer of H shares from 18 December 2025 to 23 December 2025 (both days inclusive).

In order to qualify to attend and vote at the Extraordinary General Meeting, non-registered share holders of H shares of the Company whose transfer documents have not been registered must deposit the transfer documents accompanied by relevant share certificates to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 17 December 2025. Shareholders of H shares whose names are recorded in the register of members of the Company on 18 December 2025 are entitled to attend the Extraordinary General Meeting.

8. Other Businesses

(1) Shareholders and their proxies who attend the meeting shall bear their own accommodation and travelling expenses.

(2) The address of the Share Registrar for H Shares of the Company, Computershare Hong Kong Investor Services Limited, is set out as follows:

Shops 1712–1716, 17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

(3) Correspondence address of the Company:

Capital Market Department of Huaneng Power International, Inc.
Huaneng Building,
6 Fuxingmennei Street,
Xicheng District, Beijing 100031,
The People's Republic of China

(4) Contact: Liu Tianyu/Hu Boxuan
Telephone No: (+86)10-6322 6595/(+86)10-6322 6557
Email address: liutianyu@hpi.com.cn/huboxuan@hpi.com.cn

(5) Time and dates in this notice are Hong Kong time and dates.

9. Special Notice

All shareholders attending the Extraordinary General Meeting are required to produce their identity and shareholder account cards. Proxies appointed by an individual shareholder is also required to produce the proxy forms and their identity cards for registration purpose. A copy of power of attorney is also required in case of proxy appointed by a corporate shareholder. Shareholders who cannot register physically due to their location may do so by mail or fax. Registration is not a prerequisite for a shareholder to attend the Extraordinary General Meeting in accordance with the law.