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綠色動力
DYNAGREEN

綠色動力環保集團股份有限公司
Dynagreen Environmental Protection Group Co., Ltd.*
(a joint stock limited liability company incorporated in the People's Republic of China)
(Stock Code: 1330)

ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTION

SERVICE FRAMEWORK CONTRACT

On 11 August 2023, the Company and Shenzhen CDT entered into the Service Framework Contract, pursuant to which if Shenzhen CDT or its subsidiaries successfully win the Tender for the relevant publicity display design and construction service for the municipal waste-to-energy projects of the Group, Shenzhen CDT or its subsidiaries will provide the Project Services to the Group in accordance with the Service Framework Contract and the arrangements under the specific Project Service Contract.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Beijing CDT is a subsidiary of BSAM (a Controlling Shareholder) and Shenzhen CDT is a direct wholly-owned subsidiary of Beijing CDT. Therefore, Beijing CDT and Shenzhen CDT are connected persons of the Company and the transaction contemplated under the Service Framework Contract constituted a continuing connected transaction of the Company pursuant to the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) of the transaction contemplated under the Service Framework Contract is more than 0.1% but less than 5%, the Service Framework Contract and the transaction contemplated thereunder are subject to the annual review, reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

SERVICE FRAMEWORK CONTRACT

Date: 11 August 2023

Parties: (i) the Company; and
(ii) Shenzhen CDT

Term: From 11 August 2023 to 31 December 2024

Service contents: If Shenzhen CDT or its subsidiaries successfully win the Tender for the relevant publicity display design and construction service for the municipal waste-to-energy projects of the Group, Shenzhen CDT or its subsidiaries will provide the Project Services to the Group in accordance with the Service Framework Contract and the arrangements under the specific Project Service Contract further entered into between both parties according to the contents of the relevant letter of acceptance. The specific contents of the Project Services shall be subject to the specific Project Service Contract to be entered into after winning the Tender.

Pricing and payment terms for the Project Services: As the Project Service Contract is awarded through the Tender, the pricing and payment terms for the Project Services will be determined based on normal commercial terms through tender and bid procedures.

The basic procedures for the Tender are as follows:

- (1) Tender documents shall be prepared and issued by the tenderee in accordance with the provisions of the relevant laws and regulations;
- (2) the tenderee shall examine the qualifications of bidders;
- (3) the tenderee shall not open the bids until at least three applications have been received from the bidders;
- (4) the bidding documents shall be examined by the bid evaluation committee established by the Company in accordance with standards and methods as provided by the Tender documents. The bid evaluation committee shall submit a list of bid winning candidates to the tenderee;

- (5) the tenderee shall make the candidate ranking first as the bid winner. If the candidate ranking first as the bid winner renounces the project, or such a candidate fails to meet the conditions for winning the bid as a result of failing to perform the contract due to force majeure, or failing to pay a performance deposit as required by the Tender documents, or being found to have committed any illegal act that affects the bid winning result, the tenderee may appoint another candidate as the bid winner according to the sequence of candidates in the list of bid winning candidates provided by the bid evaluation committee, or the tenderee may launch a new Tender;
- (6) the tenderee shall enter into a written contract with the bid winner in accordance with relevant laws and regulations; and
- (7) the bid winner shall fulfill its obligations as provided in the contract and complete the bid winning project.

The project service charges and payment conditions for the Project Services provided by Shenzhen CDT to the Group shall be not less favourable than the pricing and payment terms offered by other independent third parties to the Group in similar transactions.

Historical amounts

The historical transaction amounts of the Project Services provided by Shenzhen CDT or its subsidiaries to the Group (inclusive of tax) are set out below:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
Project Services provided by Shenzhen CDT or its subsidiaries to the Group	<u>RMB2,011,800</u>	<u>RMB130,500</u>	<u>RMB7,112,000</u>

Annual caps

In accordance with the Service Framework Contract, the annual caps of the sum of relevant amounts for the Project Services to be provided by Shenzhen CDT or its subsidiaries to the Group in each of the years ending 31 December 2023 and 31 December 2024 will be as follows:

	Annual caps <i>(RMB'000)</i>
For the year ending 31 December 2023	18,000
For the year ending 31 December 2024	20,000

Note:

- (1) The above annual cap for the year ending 31 December 2023 refers to the cap of the transaction amount during the period from 11 August 2023 to 31 December 2023. The transaction amount of Project Services for the period from 1 January 2023 to 10 August 2023 amounted to RMB3,560,000.
- (2) The above annual caps are tax exclusive.

The above annual caps for the Service Framework Contract have been determined with reference to (i) the historical transaction amounts of the Project Services; (ii) the Group's publicity display and construction plan for this year and the next year; (iii) the Group's business development plan and other potential projects that the Group has identified in the market; and (iv) the professional competence of Shenzhen CDT. Among which, in terms of the annual cap for the year ending 31 December 2023, the Company takes into account the Project Services required for four projects for which tenders are expected to be commenced later this year.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SERVICE FRAMEWORK CONTRACT

The transaction contemplated under the Service Framework Contract helps to upgrade the relevant project image of the Group's municipal waste-to-energy business, showcases the Group's design concept and standard of project construction, and promotes sustainable development of the Group's waste-to-energy power generations business.

The Directors (including the independent non-executive Directors) are of the view that the Service Framework Contract was entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal or better commercial terms after arm's length negotiation; and (iii) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Board has approved the entering into of the Service Framework Contract and its annual caps, and save as disclosed below, none of the Directors has any material interest in the Service Framework Contract or the transaction contemplated thereunder.

Mr. Yue Peng, a non-executive Director of the Company, is an employee of BSAM or entities controlled by the BSAM group. Accordingly, Mr. Yue Peng had abstained from voting on the Board resolutions approving the Service Framework Contract and the transaction contemplated thereunder.

INFORMATION ON THE COMPANY AND THE PARTIES

The Company

The Company is incorporated in the PRC with limited liability and its issued H shares and A shares are listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange, respectively. The Company is mainly engaged in waste incineration power generation business, and the investment, construction, operation, maintenance and technical consulting in relation to waste-to-energy plants in the PRC treating municipal solid waste using waste incineration technology.

Shenzhen CDT

Shenzhen CDT is a direct wholly-owned subsidiary of Beijing CDT and principally engaged in digital image design, decoration design and engineering construction, etc., and is an indirect subsidiary of the Controlling Shareholder of the Company. The single largest shareholder of Beijing CDT is Beijing Bei'ao Group Co., Ltd* (北京北奧集團有限責任公司).

To the knowledge of Directors, as at the date of this announcement, Beijing Bei'ao Group Co., Ltd* (北京北奧集團有限責任公司), Beijing Chengtou Dadi Technology Co. Ltd* (北京城投大地科技有限公司), Shanghai Quanzhe Technology Development Center* (上海權喆科技發展中心) and Central Xinyu (Beijing) Engineering Technology Co., Ltd* (中環新宇(北京)工程技術有限公司) hold approximately 48.13%, 45.29%, 4.99% and 1.59% equity interests in Beijing CDT, respectively.

Beijing Bei'ao Group Co., Ltd* (北京北奧集團有限責任公司) is a wholly-owned subsidiary of the Controlling Shareholder of the Company, BSAM, which is in turn wholly owned by the Beijing Municipal Government.

Beijing Chengtou Dadi Technology Co. Ltd* (北京城投大地科技有限公司) is held as to approximately 94.44% by Wang Zhong (王忠) and approximately 5.56% by Guo Linfeng (郭林峰), who are third parties independent of the Company and connected person(s) of the Company.

Shanghai Quanzhe Technology Development Center* (上海權喆科技發展中心) is 100% held by Qiu Jilin (邱紀霖), who is a third party independent of the Company and connected person(s) of the Company.

Central Xinyu (Beijing) Engineering Technology Co., Ltd* (中環新宇(北京)工程技術有限公司) is held as to 90% by Xue Aizhen (薛愛珍) and 10% by Gao Xuesong (高學松), who are third parties independent of the Company and connected person(s) of the Company.

Internal Control Measures

To ensure that the terms of the transaction contemplated under the Service Framework Contract are not less favourable than those offered by independent third parties for the provision of similar services, the Company has adopted the following measures:

- (1) the Company will supervise the continuing connected transactions in accordance with the Company's internal procedures in respect of the continuing connected transactions. The relevant personnel of the Company's business department will conduct regular investigations to review and assess whether the transactions contemplated under the relevant continuing connected transactions are conducted in accordance with the terms of their respective agreements;
- (2) the external auditors of the Company will conduct an annual review of the pricing and annual caps of the continuing connected transactions;
- (3) the Company's audit committee will review the analysis report prepared by the Company's management based on the implementation of the continuing connected transactions of the Company and improvement measures at least twice a year; and
- (4) the independent non-executive Directors will review the implementation of the continuing connected transactions on an annual basis.

LISTING RULES IMPLICATIONS

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As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) of the transaction contemplated under the Service Framework Contract is more than 0.1% but less than 5%, the Service Framework Contract and the transaction contemplated thereunder are subject to the annual review, reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

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| “Beijing CDT” | Beijing Crystal Digital Technology Co., Ltd.* (北京水晶石數字科技股份有限公司), a company incorporated in the PRC with limited liability and a subsidiary of BSAM |
| “Board” | The board of directors of the Company |

“BSAM”	Beijing State-owned Assets Management Co., Ltd.* (北京市國有資產經營有限責任公司), a company established in the PRC with limited liability and is wholly owned by the Beijing Municipal Government, being a Controlling Shareholder of the Company
“Company”	Dynagreen Environmental Protection Group Co., Ltd.* (綠色動力環保集團股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC on 23 April 2012, which is listed on the Main Board of the Stock Exchange (Stock Code: 1330)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China which, for the purposes of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Project Service Contract”	the specific project service contract to be entered into between Shenzhen CDT or its subsidiaries and the Company or its subsidiaries as it won the Tender for the Project Services held by Company or its subsidiaries
“Project Services”	relevant publicity display design and construction project services provided for the municipal waste-to-energy projects of the Company or its subsidiaries
“RMB”	Renminbi, the lawful currency of the PRC
“Service Framework Contract”	the contract dated 11 August 2023 entered into between the Company and Shenzhen CDT in relation to the provision of the Project Services by Shenzhen CDT or its subsidiaries to the Group
“Shenzhen CDT”	Shenzhen Crystal Digital Technology Co., Ltd.* (深圳水晶石數字科技有限公司), a company incorporated in the PRC with limited liability and is a direct wholly-owned subsidiary of Beijing CDT

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto under the Listing Rules
“Tender”	the tender procedures for selecting contractors relating to the provision of the Project Services contemplated under the Service Framework Contract which are in compliance with the relevant PRC laws, rules and regulations from time to time
“%”	per cent

By order of the Board
Dynagreen Environmental Protection Group Co., Ltd.*
Qiao Dewei
Chairman

Shenzhen, the PRC
11 August 2023

As at the date of this announcement, the executive directors of the Company are Mr. Qiao Dewei, Ms. Zhong Xia and Mr. Hu Shengyong; the non-executive directors of the Company are Mr. Liu Shuguang, Mr. Yue Peng and Mr. Tong Xiangyu; and the independent non-executive directors of the Company are Ms. Fu Jie, Mr. Xie Lanjun and Mr. Zhou Beihai.

* For identification purposes only