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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)

DISCLOSEABLE TRANSACTION

On 16 June 2016, the Company, Yichun City Management Bureau and Yichun Municipal Company entered into the PPP Project Agreement, pursuant to which, among other things, the parties agreed to implement the PPP Project and establish the Project Company, including the construction of the municipal solid waste-to-energy power generation PPP Project by the Company, Yichun City Management Bureau and Yichun Municipal Company, and the joint establishment of the Project Company by the Company and Yichun Municipal Company in the place where the project is constructed. The total investment amount of the PPP Project is approximately RMB700,000,000.

Although the total investment amount of the PPP Project (being phase I and phase II) is envisaged to be approximately RMB700,000,000, the PPP Project Agreement relates primarily to the arrangements for phase I of the PPP Project. As one or more applicable percentage ratios in respect of the amount invested or to be invested by the Company in phase I of the PPP Project are more than 5% but less than 25%, the transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements only but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules. When arrangements in relation to phase II of the PPP Project is determined, the Company will provide further update to the Shareholders and comply with the relevant requirements under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 16 June 2016, the Company, Yichun City Management Bureau and Yichun Municipal Company entered into the PPP Project Agreement, pursuant to which, among other things, the parties agreed to implement the PPP Project and establish the Project Company. A brief summary of the principal terms of the PPP Project Agreement is set out below.

PPP PROJECT AGREEMENT

(1) Signing Date

16 June 2016

(2) Parties

- (i) the Company;
- (ii) Yichun City Management Bureau; and
- (iii) Yichun Municipal Company

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Yichun City Management Bureau and its ultimate beneficial owner, Yichun Municipal Company and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

(3) PPP Project

As agreed in the PPP Project Agreement, the PPP Project is the construction of municipal solid waste-to-energy power generation project of Yichun City by the Company, Yichun City Management Bureau and Yichun Municipal Company. The PPP Project is located in Yichun Economic and Technological Development Zone. The construction land has a total area of 160 mu, of which phase I has a total area of 120 mu, and is acquired by the Project Company by way of transfer. An additional 40 mu located in the surrounding area is reserved as land for phase II expansion.

The PPP Project adopts waste treatment process for power generation with mechanical grate furnace incineration and has a total daily municipal solid waste treatment capacity of 1,500 tons. The treatment capacity for phase I is 1,000 tons of municipal solid waste per day. The concession term of the PPP Project is 30 years, and the construction period is 18 months from the date of project commencement.

As agreed in the PPP Project Agreement, Yichun City Management Bureau shall co-ordinate the resolution of matters with relevant local authorities and citizens for the PPP Project.

(4) Establishment of the Project Company

As agreed in the PPP Project Agreement, the Company and Yichun Municipal Company have jointly incorporated the Project Company in the place where the project is constructed. The Company and Yichun Municipal Company hold 90% and 10% of the shares of the Project Company, respectively. As agreed in the PPP Project Agreement, matters relating to the

incorporation of the Project Company have been coordinated by the Company, and all registration procedures for the Project Company have been completed within 30 working days from the date of signing the PPP Project Agreement.

The Project Company is responsible for the investment and financing, planning and design and construction of the PPP Project, and undertakes the operation, maintenance and management of the PPP Project in accordance with the concession agreement within the concession term. As agreed in the PPP Project Agreement, in relation to phase I of the PPP Project, the Project Company has a total registered capital of not less than RMB165,000,000 with an initial paid-in capital amounting to RMB30,000,000 (fully paid by the Company on 5 September 2016).

(5) Investment Amount

Total investment on the PPP Project is approximately RMB700,000,000, of which investment for phase I is approximately RMB500,000,000 (subject to the feasibility report as approved by administration authorities), including but not limited to below fees: fees for the feasibility report, establishment, assessment on environment impact, design and mechanical technology and service fees for the PPP Project, construction and installation fees, procurement fees for equipment and construction materials, management fees, land acquisition fees and all other fees related to the PPP Project. The said total investment amount is determined with reference to the investment amount of similar type of projects of the Company. The total investment amount will be satisfied by cash provided by the Company and Yichun Municipal Company, as well as the proceeds from financing obtained by the Project Company. The portion assumed by the Company will be satisfied by internal resources of the Company.

The Company and Yichun Municipal Company shall contribute the respective proportion of registered capital into the account of the Project Company based on the construction progress of the Project Company.

(6) Financing Guarantee of the Project Company

The Company agreed to provide guarantee for the financing of the Project Company in relation to phase I of the PPP Project. In the event the Project Company encounters any difficulty in obtaining financing, the Company shall first provide funds to the Project Company.

(7) Performance Guarantee of the Project Company

The performance guarantee of the Project Company is RMB20,000,000. As agreed in the PPP Project Agreement, the Company and Yichun Municipal Company has paid RMB18,000,000 and RMB2,000,000, respectively, to the account of Yichun City Management Bureau within ten working days from the signing of the PPP Project Agreement. As agreed in the PPP Project Agreement, 30% of the performance guarantee shall be returned upon the commencement of project construction, 40% of the performance guarantee shall be returned upon the completion of the main part of the project, and the remainder shall be returned upon the final completion, inspection and acceptance of the project.

(8) Concession Agreement

As agreed in the PPP Project Agreement, upon incorporation of the Project Company, Yichun City Management Bureau and the Project Company shall enter into the solid waste concession agreement with a concession term of 30 years. As of the date of this announcement, the parties have not entered into the concession agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PPP PROJECT AGREEMENT

The project is a concession project newly acquired by the Company in 2016, which is also its first project in Jiangxi Province, and will help the Company expand its market share, enhance its regional influence as well as increase its income and profit.

The terms of the PPP Project Agreement are determined by the parties based on arm's length negotiation. The Directors (including the independent non-executive Directors) are of the view that the terms of the PPP Project Agreement are normal commercial terms, fair and reasonable, and in line with the interests of the Group and Shareholders as a whole.

INFORMATION OF THE COMPANY, YICHUN CITY MANAGEMENT BUREAU, YICHUN MUNICIPAL COMPANY AND THE PROJECT COMPANY

Company

The Company is principally engaged in waste-to-energy business, and is engaged in the investment, construction, operation, maintenance and technical consulting of waste-to-energy plants treating municipal solid waste using waste incineration technology.

Yichun City Management Bureau

Yichun City Management Bureau of Jiangxi Province, the PRC is principally responsible for the management of the cityscape, environment and hygiene, municipal greening and municipal utilities of municipal areas in Yichun City.

Yichun Municipal Company

Yichun Municipal Company is principally engaged in the construction of municipal infrastructures.

Project Company

The Project Company is responsible for the investment and financing, planning and design and construction of this project, and undertakes the operation, maintenance and management of the waste-to-energy incineration project in accordance with the concession agreement within the concession term. The Project Company was incorporated on 19 August 2016, with total registered capital of RMB165,000,000 and paid-in capital of RMB36,416,500. As at 30 June 2017, the net asset of the Project Company amounted to RMB36,416,500. As of the date of this announcement, the Project Company has not commenced construction and operation.

LISTING RULES IMPLICATIONS

Although the total investment amount of the PPP Project (being phase I and phase II) is envisaged to be approximately RMB700,000,000, the PPP Project Agreement relates primarily to the arrangements for phase I of the PPP Project. As one or more applicable percentage ratios in respect of the amount invested or to be invested by the Company in phase I of the PPP Project are more than 5% but less than 25%, the transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements only but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules. When arrangements in relation to phase II of the PPP Project is determined, the Company will provide further update to the Shareholders and comply with the relevant requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“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 Stock Exchange (Stock Code: 1330)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PPP Project”	the Public-Private-Partnership (PPP) project of the municipal solid waste-to-energy power generation project of Yichun City to be constructed by the Company, Yichun City Management Bureau and Yichun Municipal Company
“PPP Project Agreement”	the project agreement entered into between the Company, Yichun City Management Bureau and Yichun Municipal Company on 16 June 2016 in relation to the PPP Project
“PRC”	the People's Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Project Company”	A project company for the PPP project named Yichun Dynagreen Renewable Energy Co., Ltd.* (宜春綠色動力再生能源有限公司), which is a limited liability company incorporated in the PRC by the Company and Yichun Municipal Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	registered holder(s) of the Share(s)
“Share(s)”	share(s) of nominal value of RMB1.00 each of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yichun City Management Bureau”	City Management Bureau of Yichun City, Jiangxi Province, the PRC (中國江西省宜春市城市管理局)
“Yichun Municipal Company”	Yichun Municipal Development Co., Ltd.* (宜春市市政發展有限公司)

By Order of the Board
Dynagreen Environmental Protection Group Co., Ltd.*
Zhi Jun
Chairman

Shenzhen, the PRC
17 October 2017

As at the date of this announcement, the non-executive directors of the Company are Mr. Zhi Jun, Mr. Guo Yitao, Mr. Liu Shuguang and Mr. Feng Changzheng, the executive directors of the Company are Mr. Qiao Dewei and Mr. Hu Shengyong and the independent non-executive directors of the Company are Ms. Chen Xin, Mr. Kwan Kai Cheong and Mr. Ou Yuezhou.

* For identification purposes only