

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

The Board is pleased to announce that on 21 September 2018, the Company and Haining Municipal Water Investment Group Co., Limited* (海寧市水務投資集團有限公司) entered into the Joint Venture Agreement, pursuant to which the Company and Haining Municipal Water Investment Group Co., Limited* jointly established a Project Company, which will invest, construct and operate the Expansion of Haining Waste-to-Energy Power Plant under the support of Haining Municipal Government. The registered capital of the Project Company is RMB390,000,000, which is contributed by the Company and Haining Municipal Water Investment Group Co., Limited* in the amounts of RMB234,000,000 and RMB156,000,000, respectively.

Pursuant to the Joint Venture Agreement :

- 1) The Company and Haining Municipal Water Investment Group Co., Limited* jointly funded the establishment of the Project Company in Haining City. The Company contributed 60% of the registered capital of the Project Company;
- 2) The Company agreed to guarantee the financing of the Project Company to the extent of its shareholding ratio (60%) in the Project Company. The total amount of the Guarantee and the Capital Contribution by the Company shall not exceed RMB780,000,000, calculated on the total investment amount (including Capital Contribution) of the Project Company of RMB1,300,000,000.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Haining Municipal Water Investment Group Co., Limited* and its ultimate beneficial owners are third parties independent of the Company and its Connected Persons.

As one or more of the relevant percentage ratios (as defined in the Rule 14.07 of the Listing Rules) in respect of the total amount that may be payable by the Company in connection with the Guarantee and the Company's Capital Contribution obligation is more than 5% but all relevant percentage ratios are less than 25%, these transactions constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, but are exempt from the Shareholders' approval requirements.

Reference is made to the announcements of the Company dated 31 July 2018 and 27 August 2018 in relation to the Framework Agreement on the Expansion of Haining Waste-to-Energy Power Plant* (《海寧市垃圾焚燒發電廠擴建項目投資合作框架協議》) entered into by the Company and Haining People's Government on 30 July 2018 and in relation to the Concession Agreement on the Haining Dynagreen Project (Expansion of Waste-to-Energy Power Plant)* (《海寧市綠能環保項目(垃圾焚燒發電廠擴建項目)特許經營協議》) entered into by Haining Dynagreen Haiyun Environmental Energy Co., Ltd.* (海寧綠動海雲環保能源有限公司), a subsidiary owned as to 60% in equity interest by the Company, Haining Dynagreen Renewable Energy Co., Ltd.* (海寧綠色動力再生能源有限公司), a wholly-owned subsidiary of the Company, and Haining Bureau of Law Enforcement* (海寧市綜合行政執法局), respectively.

On 21 September 2018, the Company and Haining Municipal Water Investment Group Co., Limited* entered into the Joint Venture Agreement, pursuant to which, the Company and Haining Municipal Water Investment Group Co., Limited* jointly established the Project Company, which will invest, construct and operate the Expansion of Haining Waste-to-Energy Power Plant under the support of Haining Municipal Government. The Company agreed to guarantee the financing of the Project Company to the extent of its shareholding ratio in the Project Company, provided that it shall be conducted in accordance with and subject to the following principal terms and conditions.

PRINCIPAL TERMS OF THE JOINT VENTURE AGREEMENT

Date: 21 September 2018

Parties: (1) The Company; and
(2) Haining Municipal Water Investment Group Co., Limited*.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Haining Municipal Water Investment Group Co., Limited* and its ultimate beneficial owners are third parties independent of the Company and its Connected Persons.

Establishment of the Project Company:	The Company and Haining Municipal Water Investment Group Co., Limited* jointly funded the establishment of the Project Company in Haining City, which will invest, construct and operate the Expansion of Haining Waste-to-Energy Power Plant under the support of Haining Municipal Government.
Registered capital of the Project Company:	The total registered capital is RMB390,000,000. The Company will make a capital contribution of RMB234,000,000, with a capital contribution ratio of 60%. Haining Municipal Water Investment Group Co., Limited* will make a capital contribution of RMB156,000,000, with a capital contribution ratio of 40%.
Time of Capital Contribution:	The Company and Haining Municipal Water Investment Group Co., Limited* shall pay 30% of their respective subscribed capital contributions to the basic account opened by the Project Company within 20 days after obtaining the industrial and commercial business license according to their respective capital contribution ratios in the registered capital of the Project Company, pay another 30% of their respective subscribed capital contributions to the basic account opened by the Project Company within 180 days, and fully pay the remaining capital within 360 days according to the progress of project.
Guarantee:	During the operation period of the Project Company, when the Project Company requires financing, the Company will provide guarantee of not more than RMB780,000,000 (calculated on 60% of the total investment amount (including the Capital Contribution) in the Project Company of RMB1,300,000,000) to the extent of its shareholding ratio (60%) in the Project Company. The total investment in the Project Company (including the amount of Capital Contribution) was agreed by the Company and Haining Municipal Water Investment Group Co., Limited* according to the relevant feasibility report. The Company will utilize its internal resources to fulfill its Capital Contribution obligation. If necessary, the Company will utilize its internal resources to fulfill its guarantee obligations.

- The Board of Project Company: The board of the Project Company consists of 5 directors. 3 directors shall be appointed by the Company and 2 directors shall be appointed by Haining Municipal Water Investment Group Co., Limited*. The board of the Project Company shall have a chairman appointed by the Company, and a deputy chairmen appointed by Haining Municipal Water Investment Group Co., Limited*. The directors and the chairman of the board of the Project Company shall serve for a term of three years, and shall be eligible for re-election as appointed by the appointing parties. The chairman shall also be the legal representative of the Project Company.
- The board of supervisors of Project Company: The Project Company shall establish a board of supervisors consisting of 3 supervisors, including one appointed by the Company, one appointed by Haining Municipal Water Investment Group Co., Limited* and one employee representative supervisor. The board of supervisors shall have a chairman nominated by Haining Municipal Water Investment Group Co., Limited*.
- The Management of Project Company: The Project Company shall have 5 senior executives including 1 general manager, 3 deputy general managers, and 1 chief financial officer. 3 senior executives shall be nominated by the Company and 2 senior executives shall be nominated by Haining Municipal Water Investment Group Co., Limited*. The general manager, deputy general manager of production, and deputy general manager of administrative and human resources shall be nominated by the Company, and the deputy general manager of supervision and the chief financial officer shall be nominated by Haining Municipal Water Investment Group Co., Limited*.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The entry of this agreement is a concrete measure to implement the Framework Agreement on the Expansion of Haining Waste-to-Energy Power Plant, which is conducive to the implementation of the Expansion of Haining Waste-to-Energy Power Plant.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Joint Venture Agreement (including the Capital Contribution and the Guarantee) are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms and in the best interest of the Company and its Shareholders as a whole.

INFORMATION ON THE COMPANY, HAINING MUNICIPAL WATER INVESTMENT GROUP CO., LIMITED* AND THE PROJECT COMPANY

INFORMATION ON 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.

INFORMATION ON HAINING MUNICIPAL WATER INVESTMENT GROUP CO., LIMITED

Haining Municipal Water Investment Group Co., Limited* is a company incorporated in the PRC with limited liability. Its principal business includes investment, development, construction, operation and management of water supply and drainage infrastructure, sewage treatment infrastructure and related water projects. It is the wholly-owned subsidiary of Haining City Assets Operation Company Limited* (海寧市資產經營公司).

INFORMATION ON THE PROJECT COMPANY

The Project Company is a company incorporated in the PRC with limited liability. The principal business of the Project Company includes the incineration of municipal solid waste and other acceptable wastes (including dried municipal sludge and general industrial solid wastes) to generate electricity; sale of self-produced electricity, steam and ash residue.

The Project Company was established on 24 August 2018. As the Project Company is newly established, there is currently no relevant financial data relating to the Project Company including net profit before and after tax, total assets and net assets.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the relevant percentage ratios (as defined in the Rule 14.07 of the Listing Rules) in respect of the total amount that may be payable by the Company in connection with the Guarantee and the Company's Capital Contribution obligation is more than 5% but all relevant percentage ratios are less than 25%, these transactions constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, but are exempt from the Shareholders' approval requirements.

DEFINITIONS

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

“Board”	the board of directors of the Company
“capital contribution”	a total of RMB390,000,000 contributed by the Company and Haining Municipal Water Investment Group Co., Limited* to the Project Company as its registered capital per their respective capital contribution ratios in accordance with the Joint Venture Agreement
“Company”	Dynagreen Environmental Protection Group Co., Ltd.*, a company 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
“Connected Person(s)”	has the meaning ascribed to it in the Listing Rules
“Project Company”	Haining Dynagreen Haiyun Environmental Protection Energy Co., Ltd.*, a company incorporated in the PRC with limited liability on 24 August 2018
“Directors”	the director(s) of the Company
“Guarantee”	the guarantee provided by the Company for the financing of the Project Company pursuant to the Joint Venture Agreement
“Joint Venture Agreement”	the Cooperation Agreement between Dynagreen Environmental Protection Group Co., Ltd.* (綠色動力環保集團股份有限公司) and Haining Municipal Water Investment Group Co., Limited* entered into by the Company and Haining Municipal Water Investment Group Co., Limited* on 21 September 2018
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes the Hong Kong Special Administrative Region, Taiwan and the Macau Special Administrative Region
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

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

Shenzhen, China

21 September 2018

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. Ou Yuezhou and Ms. Fu Jie.

* *For identification purposes only*