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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)

**PROPOSED ISSUANCE OF
A SHARE CONVERTIBLE CORPORATE BONDS**

On 23 July 2021, the thirty-third meeting of the third session of the Board considered and approved, among others, the relevant resolutions on the A Share Convertible Corporate Bond Issuance Plan.

The Proposed Issuance of A Share Convertible Corporate Bonds is subject to the Shareholders' approvals at the EGM and the Class Meetings and the approvals from CSRC and other relevant authorities. Pursuant to Rule 19A.39A of the Listing Rules, a circular containing, among others, details of the Proposed Issuance of A Share Convertible Corporate Bonds will be despatched to the Shareholders in due course.

On 23 July 2021, the thirty-third meeting of the third session of the Board considered and approved, among others, the relevant resolutions on the A Share Convertible Corporate Bond Issuance Plan.

I. THE ISSUANCE SATISFIES THE CONDITIONS FOR PUBLIC ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS

Pursuant to the relevant requirements under the Company Law, the Securities Law, the Administrative Measures for the Issuance of Securities by Listed Companies (《上市公司證券發行管理辦法》) and other laws, regulations and normative documents, upon the Company's review on the qualifications and conditions for applying for the public issuance of A share convertible corporate bonds, the Company believes that it has satisfied all the regulations and requirements of the relevant laws, regulations and normative documents in relation to the public issuance of A share convertible corporate bonds by listed companies, that it is not a subject of bad faith and that it conforms to the conditions for public issuance of A share convertible corporate bonds.

II. OVERVIEW OF THE ISSUANCE

Details of the A Share Convertible Corporate Bond Issuance Plan are as follows:

1. Type of securities to be issued

The type of the securities to be issued is convertible corporate bonds which can be converted into A Shares of the Company. The A Share Convertible Corporate Bonds and the A Shares to be converted will be listed on the Shanghai Stock Exchange.

2. Size of issuance

The total amount of the A Share Convertible Corporate Bonds proposed to be issued will not exceed RMB2.39 billion (including RMB2.39 billion). The actual size of the issuance shall be determined by the Board within the above range, subject to the authorisation by the Shareholders at the general meetings and the Class Meetings.

3. Par value and issue price

The A Share Convertible Corporate Bonds will be issued at par with a nominal value of RMB100 each.

4. Term

The term of the A Share Convertible Corporate Bonds to be issued will be six years from the date of the issuance.

5. Coupon rate

The Board proposed to the Shareholders at the general meetings and the Class Meetings to authorise the Board to determine, before issuance, the method of determining the coupon rate of the A Share Convertible Corporate Bonds to be issued as well as the final interest rate for each interest accrual year upon negotiation with the sponsor (the lead underwriter) in accordance with national policies, market conditions and the actual conditions of the Company.

6. Method and timing of interest payment and repayment of the principal

The interest of the A Share Convertible Corporate Bonds to be issued will be paid annually. The principal of the unconverted A Share Convertible Corporate Bonds will be repaid and the interest for the final year will be paid upon maturity.

(1) *Calculation of Annual Interest*

Annual Interest means the interest accrued to a bond holder in each year on each anniversary of the date of issuance of the A Share Convertible Corporate Bonds which is calculated based on the aggregate nominal value of the A Share Convertible Corporate Bonds held by him/her.

The formula for calculating the Annual Interest is: $I = B \times i$

I: denotes the Annual Interest;

B: denotes the aggregate nominal value of the convertible bonds held by a convertible bond holder as at the record date for interest payment in an interest accrual year (“**that year**” or “**each year**”);

i: denotes the coupon rate of the convertible bonds of that year.

(2) *Method of interest payment*

- a. The interest of the A Share Convertible Corporate Bonds will be paid annually, accruing from the date of the issuance of the A Share Convertible Corporate Bonds.
- b. Interest payment date: The interest is payable annually on each anniversary of the date of the issuance of the A Share Convertible Corporate Bonds. Where such a date falls on a statutory holiday or rest day, the interest payment date shall be postponed to the next working day, with no additional interest accrued during the period of postponement. The period between any two consecutive interest payment dates will be an interest accrual year.
- c. Record date for interest payment: The record date for interest payment in each year will be the trading day immediately preceding the interest payment date. The Company will pay the interest accrued for that year within five trading days from the interest payment date. Where an A Share Convertible Corporate Bond holder converts his/her A Share Convertible Corporate Bonds into A Shares on or before the record date for interest payment in any interest accrual year, that A Share Convertible Corporate Bond holder shall not be entitled to any interest for that year and any subsequent interest accrual year.
- d. Tax payable on the interest income of an A Share Convertible Corporate Bond holder shall be borne by such holder him/herself.

7. Conversion period

The conversion period of the A Share Convertible Corporate Bonds shall commence on the first trading day immediately following the expiry of the six-month period after the date of issuance of the A Share Convertible Corporate Bonds, and end on the maturity date of the A Share Convertible Corporate Bonds.

8. Security

No security will be provided in relation to the issuance of the A Share Convertible Corporate Bonds.

9. Determination and adjustment of the conversion price

(1) *Basis for determining the initial conversion price*

The initial conversion price of the A Share Convertible Corporate Bonds shall not be lower than the higher of the average trading price of A Shares during the 20 trading days immediately preceding the date of publication of the Offering Document (in the event that during such 20 trading days, the share price has been adjusted due to ex-rights or ex-dividend, the average share price for the trading days before the adjustment shall be accordingly adjusted with reference to the adjusted share price following the ex-rights or ex-dividend) and the average trading price of A Shares on the trading day immediately preceding the date of publication of the Offering Document; and shall not be lower than the latest audited net asset value per Share and the par value per Share. The actual initial conversion price shall be determined, before issuance, by the Board upon negotiation with the sponsor (the lead underwriter) in accordance with the market conditions, subject to the authorisation by the Shareholders at the general meetings and the Class Meetings.

The average trading price of A Shares for the 20 trading days immediately preceding the date of publication of the Offering Document = the total trading amount of A Shares during such 20 trading days/the total trading volume of A Shares during such 20 trading days.

The average trading price of A Shares for the trading day immediately preceding the date of publication of the Offering Document = the total trading amount of A Shares on such a trading day/the total trading volume of A Shares on such a trading day.

(2) *Method of adjustment to the conversion price and the calculation formula*

The conversion price is subject to adjustments in certain events that lead to changes in the number of Shares of the Company subsequent to the issuance of the A Share Convertible Corporate Bonds, such as distribution of share dividends, capitalisation, issuance of new shares or rights issue and distribution of cash dividends (excluding any increase in the share capital as a result of conversion of the A Share Convertible Corporate Bonds). The Company will adjust the conversion price based on the following formula (rounded off to two decimal places):

Distribution of share dividends or capitalisation: $P1 = P0 / (1 + n)$;

Issuance of new shares or rights issue: $P1 = (P0 + A \times k) / (1 + k)$;

The above two events occurring concurrently: $P1 = (P0 + A \times k) / (1 + n + k)$;

Distribution of cash dividends: $P1 = P0 - D$;

The above three events occurring concurrently: $P1 = (P0 - D + A \times k) / (1 + n + k)$.

In the aforesaid formulae, "P0" denotes the conversion price before the adjustment; "n" denotes the rate of distribution of share dividends or capitalisation; "k" denotes the rate of issuance of new shares or rights issue; "A" denotes the price of issuance of new shares or rights issue; "D" denotes the cash dividend per share and "P1" denotes the adjusted conversion price.

Upon occurrence of any of the abovementioned changes in Shares and/or Shareholders' interests, the Company will adjust the conversion price in accordance with the above method, and an announcement in relation to resolutions of the Board will be made on the websites of Shanghai Stock Exchange and on the media designated by CSRC for information disclosure of listed companies. Such an announcement will indicate the date of the adjustment to the conversion price, method of the adjustment and suspension period of share conversion (if necessary). Meanwhile, the Company shall disclose such information to the Hong Kong market in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles (if necessary). If the conversion price adjustment date is on or after the date on which an A Share Convertible Corporate Bond holder applies for conversion of his/her A Share Convertible Corporate Bonds but before the registration date of the shares to be issued upon conversion, such conversion will be executed based on the adjusted conversion price.

In the event that the A Share Convertible Corporate Bond holders' interests or the interests derived from the share conversion are affected by the change in the Company's share class, quantity and/or Shareholders' interests due to any possible share repurchase, consolidation, division or any other circumstances, the Company will adjust the conversion price based on the actual situations and in accordance with the principles of fairness, justice and equality so as to fully protect the interests of the A Share Convertible Corporate Bond holders. The details of the adjustment to the conversion price and its implementation measures shall be determined in accordance with the relevant national laws and regulations and the relevant requirements of the securities regulatory authorities.

10. Terms of downward adjustment to conversion price

(1) Authorisation and magnitude of adjustment

If, during the term of the A Share Convertible Corporate Bonds, the closing prices of A Shares in at least 15 trading days out of any 30 consecutive trading days are lower than 85% (excluding 85%) of the prevailing conversion price, the Board may propose a downward adjustment to the conversion price to Shareholders at the general meetings and the Class Meetings for their consideration and approval.

The abovementioned proposal is subject to approvals of more than two-thirds of the voting rights of the Shareholders who attend the general meetings and the Class Meetings. Shareholders who hold the A Share Convertible Corporate Bonds should abstain from voting at the general meetings and the Class Meetings. The adjusted conversion price shall not be lower than the higher of the average trading price of A Shares during the 20 trading days immediately preceding the date of the aforementioned general meetings and the Class Meetings and the average trading price of A Shares on the trading day immediately preceding the date of such general meetings and the Class Meetings. At the same time, the adjusted conversion price shall not be lower than the latest audited net asset value per Share and the par value per Share.

In the event that an adjustment to the conversion price by the Company is made during the aforementioned 30 trading days, in respect of the trading days prior to the adjustment to the conversion price, the calculation shall be based on the unadjusted conversion price and the closing price of the A Shares on each such day, while in respect of the trading day on which adjustment to the conversion price is made and the trading days afterwards, the calculation shall be based on the adjusted conversion price and the closing price of the A Shares on each such day.

(2) *Procedures of adjustment*

In the event that the Company decides to adjust the conversion price downwards, the Company shall publish an announcement in connection therewith on the website of Shanghai Stock Exchange and media designated by the CSRC for information disclosure of listed companies. Such announcement shall disclose information including the magnitude of the adjustment and the suspension period of share conversion. Meanwhile, the Company shall disclose the information to the Hong Kong market in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles (if necessary). Application for conversion of the A Share Convertible Corporate Bonds at the adjusted conversion price shall be resumed upon the conversion price adjustment date.

If the conversion price adjustment date is on or after the date of the application for conversion but before the registration date of the shares to be issued upon conversion, such conversion will be executed based on the adjusted conversion price.

11. Method of determining the number of shares for conversion

Where an A Share Convertible Corporate Bond holder applies to convert his/her A Share Convertible Corporate Bonds into A Shares during the conversion period, the formula for calculating the number of A Shares to be issued upon conversion is as below:

$Q = V/P$, any fractional share shall be rounded down to the nearest integer.

V: denotes the aggregate nominal value of the A Share Convertible Corporate Bonds in respect of which the A Share Convertible Corporate Bond holder applies for conversion; P: denotes the valid conversion price on the date of application for conversion.

Within five trading days from the date of conversion by any A Share Convertible Corporate Bond holder, the Company shall pay the A Share Convertible Corporate Bond holder in cash an amount equal to the remaining balance of such A Share Convertible Corporate Bonds which is insufficient to be converted into one A Share and the interest accrued on such balance, in accordance with the relevant requirements of the Shanghai Stock Exchange and such other authorities.

12. Terms of redemption

(1) *Terms of redemption upon maturity*

Within five trading days upon maturity of the A Share Convertible Corporate Bonds, the Company will redeem the unconverted A Share Convertible Corporate Bonds by then, at a price determined by the Board upon negotiation with the sponsor (the lead underwriter) with reference to national policies, market conditions and the actual conditions of the Company upon the issuance, subject to the authorisation by the Shareholders at the general meetings and Class Meetings.

(2) *Terms of conditional redemption*

During the conversion period, in case of either one of the following two circumstances, the Company has the right to redeem all or part of the unconverted A Share Convertible Corporate Bonds based on the par value plus the accrued interest then:

- a. where the closing prices of A Shares for at least 15 trading days out of 30 consecutive trading days during the conversion period are no less than 130% (including 130%) of the prevailing conversion price;
- b. where the balance of the unconverted A Share Convertible Corporate Bonds under the issuance is lower than RMB30 million.

The formula for calculating the then accrued interest is: $IA = B \times i \times t / 365$

IA: denotes the accrued interest for the current period;

B: denotes the aggregate nominal value of the A Share Convertible Corporate Bonds to be deemed that are held by the A Share Convertible Corporate Bond Holders under the issuance;

i: denotes the coupon rate of the A Share Convertible Corporate Bonds for current year;

t: denotes the number of days on which interest is accrued, i.e. the actual number of calendar days from the last interest payment date up to the redemption date of that interest accrual year (including the last interest payment date and excluding the redemption date).

In the event that an adjustment to the conversion price is made during the aforesaid 30 trading days, the amount for trading days prior to the date of the adjustment shall be calculated based on the conversion price and the closing price of the A Shares before the adjustment, while the amount for trading days after the adjustment shall be calculated based on the conversion price and the closing price after the date of the adjustment.

13. Terms of sale back

(1) Terms of conditional sale back

During the last two interest accrual years for the A Share Convertible Corporate Bonds, if the closing prices of the A Shares of the Company on any 30 consecutive trading days are lower than 70% (excluding 70%) of the prevailing conversion price, the A Share Convertible Corporate Bond Holders are entitled to sell back all or part of the A Share Convertible Corporate Bonds they hold to the Company at par plus the then accrued interest.

In the event that an adjustment to the conversion price by the Company is made due to distribution of share dividends, conversion or increase of share capital, issuance of new shares (excluding any increase in the share capital as a result of conversion of the A Share Convertible Corporate Bonds) or rights issue, distribution of cash dividends during the aforementioned trading days, in respect of the trading days prior to the adjustment, the calculation shall be based on the unadjusted conversion price and the closing price of the A Shares on each such day, and in respect of the trading days after the adjustment, the calculation shall be based on the adjusted conversion price and the closing price of the A Shares on each such day. In the event that there is a downward adjustment to the conversion price, the aforesaid “30 consecutive trading days” shall be re-counted from the first trading day following the adjustment to the conversion price.

The A Share Convertible Corporate Bond Holders can exercise their sale back rights once every year when the sale back conditions are initially satisfied according to the abovementioned agreed terms in the last two interest accrual years within the term of the A Share Convertible Corporate Bonds. If the sale back conditions are initially satisfied, but the A Share Convertible Corporate Bond Holders do not apply for and exercise their sale back rights during the sale back declaration period then announced by the Company, they shall not exercise the sale back rights during such interest accrual year. The A Share Convertible Corporate Bond Holders are not allowed to exercise part of their sale back rights for multiple times.

(2) Additional terms of sale back

If the actual use of the proceeds raised from the A Share Convertible Corporate Bonds to be issued significantly differs from the undertakings of the use of proceeds set out by the Company in the Offering Document, and such change is considered by the CSRC as a deviation in the use of proceeds, the A Share Convertible Corporate Bond Holders shall be entitled to a one-off right to sell all or part of the A Share Convertible Corporate Bond they hold back to the Company at par plus then accrued interest. Upon the satisfaction of the additional condition of sale back, the A Share Convertible Corporate Bond Holders may sell their A Share Convertible Corporate Bond back to the Company during the additional sale back declaration period after it is announced by the Company. If the A Share Convertible Corporate Bond Holders do not exercise their sale back rights during such period, they shall not exercise such rights later.

14. Entitlement to dividend in the year of conversion

The new A Shares to be issued as a result of the conversion of the A Share Convertible Corporate Bonds shall rank pari passu with all the existing A Shares, and all ordinary A Shareholders (including those derived from the conversion of the A Share Convertible Corporate Bonds) whose names are recorded on the register of members of the Company on the record date for dividend distribution shall be entitled to receive the dividend of that period and enjoy equal rights and interests.

15. Method of the issuance and target subscribers

The specific method of the issuance of the A Share Convertible Corporate Bonds shall be determined by the Board upon negotiation with the sponsor (the lead underwriter), which is subject to authorisation by the Shareholders at the EGM and the Class Meetings. The target subscribers of the A Share Convertible Corporate Bonds are natural persons, legal persons, securities investment funds and other investors in compliance with legal requirements who have maintained securities accounts at the China Securities Depository and Clearing Corporation Limited Shanghai Branch (excluding those prohibited by the national laws and regulations).

16. Subscription arrangement for the existing A Shareholders

The existing A Shareholders are entitled to the pre-emptive rights to subscribe for the A Share Convertible Corporate Bonds. It will be proposed at the EGM and the Class Meetings to authorise the Board to determine, before issuance, the actual amount of the A Share Convertible Corporate Bonds which are subject to the abovementioned pre-emptive rights in accordance with the market conditions. Such determination shall be disclosed in the announcement regarding the issuance of A Share Convertible Corporate Bonds. Such pre-emptive rights shall be subject to the Company Law, the Listing Rules and any other applicable laws, regulations and rules of any government or regulatory authorities (including but not limited to relevant rules and requirements regarding connected transactions). The A Share Convertible Corporate Bonds which are not subject to the abovementioned pre-emptive rights and which are not subscribed for upon the exercise of the abovementioned pre-emptive rights will be either offered to institutional investors offline and issued by way of online fixed price offering through the trading system of the Shanghai Stock Exchange, with the remaining balance underwritten by the group of underwriters in case of undersubscription.

17. Bond holders and bond holders' meeting

During the duration of the A Share Convertible Corporate Bonds, decisions shall be made by means of resolutions of the bond holders' meeting upon the occurrence of any of the following events:

- (1) proposed changes to the important terms of the Offering Document:
 - a. changes to basic components of the bonds regarding repayment (including repaying parties, duration, coupon rate adjustment mechanism, etc.);
 - b. changes to credit enhancement or other debt service coverage and relevant implementation arrangements;
 - c. changes to the protection measures to bond investors and relevant implementation arrangements;
 - d. changes to the use of proceeds as stipulated in the Offering Document;
 - e. other changes to significant events closely related to repayment arrangement for principal and interest of bonds and the solvency.
- (2) proposed amendments to the rules of procedures for bond holders' meetings;
- (3) proposed dismissal or change of the bond trustee manager or change to key terms of the bond trustee management agreement (including but not limited to the scope of mandate for entrusted management matters, the risk prevention and solving mechanism for conflicts of interest, the liability for breach of contract closely related to the rights and interests of bond holders, and other stipulations);
- (4) any of the following events, where it is necessary to decide on or authorise to take corresponding measures (including but not limited to negotiating with the Company and other relevant parties, initiating or participating in arbitration or litigation proceedings, disposal of collaterals or other measures conducive to the protection of rights and interests of investors, etc.):
 - a. the Company has been or is expected to be unable to satisfy as scheduled the principal or interest of the Bonds;
 - b. the Company has been or is expected to be unable to satisfy as scheduled the interest-bearing liabilities other than the Bonds, and the outstanding amount exceeds RMB50 million and reaches 10% or more of the latest audited net asset value of the parent of the Company, which may lead to a default of the Bonds;

- c. the Company undertakes a capital reduction (except for capital reduction resulting from the share buy-backs under share incentive schemes and the repurchase and cancellation of part of the restricted shares), consolidation, subdivision, order to suspend its production or business, temporarily detained or revoked license, receivership, dissolution, application for bankruptcy, or bankruptcy proceedings according to law;
 - d. the issuer's solvency is in serious uncertainty due to failure of the Company's management in performing its duties normally;
 - e. the issuer's solvency is in serious uncertainty due to a transfer of assets at nil or obviously unreasonable consideration, waiver of debt, or provision of large-value guarantees to external parties by the Company, its controlling shareholder or de facto controller;
 - f. material adverse changes to credit enhancement providers, credit enhancement measures or other debt service coverage, if any; and
 - g. other events that may have a material adverse impact on the interests of bond holders.
- (5) a major debt restructuring plan proposed by the Company;
- (6) other circumstances that shall be resolved by the bond holders' meeting, as provided by the laws, administrative regulations, departmental rules, regulatory documents, or stipulated in the Offering Document of the A Share Convertible Corporate Bonds and the rules of procedures for bond holders' meetings.

The Company will stipulate the measures to protect the rights of bond holders, as well as the rights, procedures and effective conditions for the resolutions of the bond holders' meeting in the Offering Document.

18. Use of proceeds

The total amounts of proceeds from the public issuance of the A Share Convertible Corporate Bonds will not exceed RMB2.39 billion (RMB2.39 billion inclusive), which will be used for the following projects after deducting issuance expenses:

Unit: RMB'0,000

No.	Project name	Total amount of investment	Amount of proceeds proposed to be used
1	Dengfeng Project	39,920.00	15,000.00
2	Enshi Project	69,000.00	40,000.00
3	Shuozhou Project	66,015.15	44,000.00
4	Wuhan Phase II Project	69,985.00	48,000.00
5	Huludao Project	67,471.00	32,000.00
6	Replenishment of working capital and repayment of bank loans	60,000.00	60,000.00
Total		372,391.15	239,000.00

Prior to receipt of the proceeds from this issuance, the Company will first make investment with its self-raised funds, and depending on the progress of the proceeds funded projects, will replace such funds according to the relevant specified procedures after receipt of the proceeds.

If the actual amount of proceeds (after deducting the issuance expenses) is less than the amount of proceeds to be invested in the abovementioned projects, the Company will, within the scope of ultimately determined proceeds funded projects, adjust and ultimately decide the specific proceeds funded projects, priority, and specific amount of investment in each project according to the actual amount of proceeds and taking into account the Company's operation and the construction progress of the projects. The insufficient funds that cannot be covered by the proceeds will be raised by the Company itself.

19. Management of proceeds and deposit account

The Company has formulated a system for the management of the proceeds. The proceeds from the issuance of the A Share Convertible Corporate Bonds must be deposited in a specific account for proceeds as decided by the Board of the Company for centralized management. The Board shall determine specific matters relating to the opening of the account before the issuance.

20. Validity period of the plan for A Share Convertible Corporate Bonds

The A Share Convertible Corporate Bond Issuance Plan is valid for 12 months from the date of approving such issuance plan at the EGM and the Class Meetings of the Company.

The plan for the public issuance of the A Share Convertible Corporate Bonds shall be implemented subject to the approval of the CSRC, and ultimately subject to the plan approved by the CSRC.

21. Trustee manager

The Company appointed the lead underwriter for the public issuance of A Share Convertible Corporate Bonds as the trustee manager and entered into a trustee management agreement with the trustee manager for matters relating to the entrusted management.

III. AUTHORISATION TO BE GRANTED TO THE BOARD

Subject to approvals of the Shareholders at the EGM and the Class Meetings, the Board shall be authorised to make such decisions, enter into such documents, amend the Articles of Association, carry out such procedures and take any other such actions as are in its discretion necessary to effect and complete the public issuance of A Share Convertible Corporate Bonds.

IV. REASONS FOR AND BENEFITS OF THE ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS

The issuance of A Share Convertible Corporate Bonds can meet the Company's capital requirements for the construction of projects in progress and proposed projects, and expand the scale of its waste incineration power generation business; optimise the debt structure, reduce finance costs, and improve the gearing ratio and promote sustainability of the Company. As the price of the Company's A Shares is significantly higher than the price of its H Shares, the Company has chosen to refinance in the A share market to protect the interests of its shareholders. Compared with other financing instruments, the conversion price of A Share Convertible Corporate Bonds is higher than the reserve price for non-public issuance and rights issue. Therefore, so far as the Shareholders are concerned, the issuance of convertible bonds can help reduce the extent of equity dilution and the impact on earnings per share with the same scale of fund raising, thus maximizing the protection of the interests of original Shareholders. Convertible bonds are issued at a lower coupon rate compared with other varieties of bonds, with a coupon rate ranging from 0.2 to 2%. By replacing the Company's original debt with such convertible bonds, the interest payment pressure of the Company can be effectively reduced.

V. BASIS OF DETERMINATION OF COUPON RATE OF THE A SHARE CONVERTIBLE CORPORATE BONDS

In determining the coupon rate of the A Share Convertible Corporate Bonds, the Company and the underwriter will make reference to, among others, (i) the interest rates of the convertible bonds issued by other PRC issuers (the “**Market Comparables**”) with a size comparable to that of the Company around the time of determination of coupon rate; (ii) the then trading price of A Shares of the Company; (iii) the then condition and investment sentiment of the PRC bond market; and (iv) the credit rating of the Company and the A Share Convertible Corporate Bonds. The Company expects that the coupon rate of the A Share Convertible Corporate Bonds will not substantially deviate from that of the Market Comparables.

Taking into account that (i) the determination mechanism of the coupon rate is subject to the approval of the Shareholders at the EGM and the Class Meetings; (ii) the final coupon rate is subject to the approval of the CSRC; (iii) the Company and the underwriter will make reference to other factors as set out in the previous paragraph when determining the coupon rate; (iv) the final coupon rate is expected not to be deviated substantially from that of the market comparables; (v) the determination mechanism of the coupon rate is in compliance with the applicable laws and regulations in the PRC, the Board therefore considers that the proposed determination mechanism of the coupon rate of the A Share Convertible Corporate Bonds is fair and reasonable and in the interest of the Shareholders and the Company as a whole.

VI. IMPLICATIONS ON THE PROPOSED ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS UNDER THE PRC REGULATORY REQUIREMENTS

The A Share Convertible Corporate Bonds proposed to be issued by the Company may lead to the issuance of new A Shares upon the exercise of the conversion rights of the A Share Convertible Corporate Bonds, the actual number of which depends on a number of factors, including the conversion price of the A Share Convertible Corporate Bonds. The Board considers that the conversion of A Share Convertible Corporate Bonds into new A Shares will dilute the interests of the existing A Shareholders and H Shareholders in the Company’s share capital.

Pursuant to the Articles and the provisions of the relevant PRC laws and regulations, the Proposed Issuance of A Share Convertible Corporate Bonds shall be subject to, among others, the Shareholders’ approvals at the general meetings and the Class Meetings, and approvals from the relevant PRC regulatory authorities.

VII. EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

On 9 December 2020, the Company completed a non-public A share issuance of 232,240,000 A Shares in total. The net proceeds raised therefrom amounted to approximately RMB1.786 billion. As at 31 December 2020, approximately RMB1.725 billion of the proceeds was utilized by the Company to replace those funds for investment projects with the proceeds, to repay bank loans and to increase capital and provide borrowings to wholly-owned subsidiaries. The Company utilized the proceeds to repay a bank loan of RMB1 million in January 2021; the remaining approximately RMB60 million to finance the registered capital of wholly-owned subsidiaries in July 2021.

Save as disclosed above, the Company has not conducted any fund-raising activities involving the issuance of equity securities during the 12 months immediately before the date of this announcement.

VIII. IMPLICATIONS OF THE PROPOSED ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Based on the A Share Convertible Corporate Bond Issuance Plan, the initial conversion price of the A Share Convertible Corporate Bonds shall not be lower than the higher of the average trading price of A Shares during the 20 trading days immediately preceding the date of publication of the Offering Document (in the event that during such 20 trading days, the share price has been adjusted due to ex-rights or ex-dividend, the closing price for the trading days before the adjustment shall be accordingly adjusted with reference to the adjusted share price following the ex-rights or ex-dividend) and the average trading price of A Shares on the trading day immediately preceding the date of publication of the Offering Document; and shall not be lower than the latest audited net asset value per Share and the par value per Share. The actual initial conversion price shall be determined, before issuance, by the Board upon negotiation with the sponsor (the lead underwriter) in accordance with the market conditions, subject to the authorisation by the Shareholders at the general meetings and the Class Meetings.

For reference only and to illustrate the abovementioned pricing mechanism, assuming that, the Offering Document has been issued on the date of this announcement, the average trading price of A Shares during the 20 trading days immediately preceding the date of this announcement is RMB8.78 per Share and the average trading price of A Shares on the trading day immediately preceding the date of this announcement is RMB8.74 per Share, the latest audited net asset value per Share is RMB4.07, and the par value per Share is RMB1.00, the minimum initial conversion price on the date of this announcement will be RMB8.78 per Share, being the higher of the abovementioned average trading prices. For the avoidance of doubt, the actual initial conversion price shall be determined by the Board before the issuance of the A Share Convertible Corporate Bonds. Based on the minimum initial conversion price of RMB8.78 per Share and the maximum issuance size of the A Share Convertible Corporate Bonds to be issued (i.e. RMB2.39 billion), the maximum number of the A Shares to be converted is 272,179,276.

The shareholding structure of the Company as at the date of this announcement and after completion of the Proposed Issuance of A Share Convertible Corporate Bonds and conversion of all the A Share Convertible Corporate Bonds into A Shares (assuming that (i) the Company has issued the A Share Convertible Corporate Bonds at the maximum issuance amount of RMB2.39 billion; (ii) except BSAM, all the A Shareholders have subscribed in full for the respective maximum subscription amount of the A Share Convertible Corporate Bonds on pro-rata basis on their current shareholding; (iii) all the A Share Convertible Corporate Bonds are converted in full into A Shares at the minimum initial conversion price of RMB8.78 per Share; and (iv) the Company does not issue and allot any Shares before all the A Share Convertible Corporate Bonds are converted into A Shares) (the “**Calculation Assumptions**”) is as follows:

Name of Shareholders	Shares Class	As at the date of this announcement			After completion of the Proposed Issuance of A Share Convertible Corporate Bonds and conversion of all the A Share Convertible Corporate Bonds into A Shares under the Calculation Assumptions		
		Number of Shares	Approximate percentage of the issued A Shares	Approximate percentage of the issued Shares	Number of shares	Approximate percentage of the issued A Shares	Approximate percentage of the issued Shares
BSAM and its wholly-owned subsidiary ²	A Shares	594,085,618	60.06%	42.63%	594,085,618	47.10%	35.67%
	H Shares	24,859,792	–	1.78%	24,859,792	–	1.49%
Subtotal		618,945,410	–	44.42%	618,945,410	–	37.16%
Public A Shareholders	A Shares	394,994,590	39.94%	28.35%	667,173,866	52.90%	40.06%
Public H Shareholders	H Shares	379,500,000	–	27.23%	379,500,000	–	22.78%
Total		1,393,440,000	100%	100%	1,665,619,276	100%	100%

Notes:

1. Discrepancies between the column sum and the total sum are due to rounding of numbers.
2. BSAM holds 594,085,618 A Shares directly and 24,859,792 H Shares through its wholly-owned subsidiary. BSAM holds a total of 618,945,410 Shares, representing approximately 44.42% of the share capital of the Company, which is also the Controlling Shareholder of the Company.

The conversion price is subject to adjustments in certain events subsequent to the issuance of the A Share Convertible Corporate Bonds, such as distribution of share dividends, capitalisation, issuance of new shares or rights issue and distribution of cash dividends (excluding any increase in the share capital as a result of conversion of the A Share Convertible Corporate Bonds).

IX. THE PUBLIC ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS NOT LEADING TO CHANGES IN THE CONTROL OF THE COMPANY

As at the date of this announcement, BSAM, a Controlling Shareholder of the Company, directly and indirectly held 618,945,410 Shares in the Company, representing approximately 44.42% of the total share capital of the Company.

The total amount of A Share Convertible Corporate Bonds to be issued under the Proposed Issuance of A Share Convertible Corporate Bonds will not exceed RMB2.39 billion. If BSAM does not exercise the right of first refusal under the Proposed Issuance of A Share Convertible Corporate Bonds and does not subscribe for the A Share Convertible Corporate Bonds to be issued thereunder, BSAM will still remain the Controlling Shareholder of the Company after completion of the Proposed Issuance of A Share Convertible Corporate Bonds and conversion in full of all the A Share Convertible Corporate Bonds into A Shares at a minimum initial conversion price of RMB8.78 per Share.

Therefore, the Proposed Issuance of A Share Convertible Corporate Bonds will not lead to changes in the control of the Company, and will not lead to a distribution of its shareholding which cannot satisfy relevant listing conditions.

X. INFORMATION ON PARTIES TO THE TRANSACTION

The Company is a joint stock limited liability company incorporated in the PRC 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 the investment, construction, operation, maintenance and technical consulting in relation to waste-to-energy plants.

XI. IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 19A.38 of the Listing Rules, the Proposed Issuance of A Share Convertible Corporate Bonds is subject to the Shareholders' approvals at the EGM and the Class Meetings.

So far as is known to the Directors, none of the connected persons of the Company intends to subscribe for the A Share Convertible Corporate Bonds under the A Share Convertible Corporate Bond Issuance Plan. If the subscription by existing Shareholders involves connected transactions as defined under the Listing Rules, the Company shall comply with the requirements relating to connected transactions under Chapter 14A of the Listing Rules, including but not limited to the requirements of announcement, circular and independent shareholders' approval.

None of the Directors has or is deemed to have a material interest in the Proposed Issuance of A Share Convertible Corporate Bonds. Accordingly, none of the Directors is required to abstain from voting on the relevant resolutions at the relevant Board meetings.

The Board expects that the Company will continue to maintain sufficient public float to meet the applicable minimum requirement under the Listing Rules.

XII. EGM AND CLASS MEETINGS

EGM and Class Meetings will be convened by the Company to consider and, if thought fit, approve, among others, the resolutions on the Proposed Issuance of A Share Convertible Corporate Bonds.

A circular containing, among others, the details of the Proposed Issuance of A Share Convertible Corporate Bonds will be despatched to Shareholders in due course pursuant to Rule 19A.39A of the Listing Rules.

Investors should be aware that the Proposed Issuance of A Share Convertible Corporate Bonds is subject to: (i) approvals of Shareholders at the EGM and the Class Meetings; and (ii) approvals from CSRC and other relevant authorities. As the Proposed Issuance of A Share Convertible Corporate Bonds is still subject to the fulfilment of various conditions thereof, the Proposed Issuance of A Share Convertible Corporate Bonds may not proceed or may not become unconditional or may not become effective. Investors and potential investors in Shares of the Company should exercise caution and only rely on the information issued by the Company when dealing, or contemplate dealing, in the Shares.

DEFINITIONS

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

“Annual Interest”	the interest accrued to the A Share Convertible Corporate Bond Holders in each year on each anniversary of the date of issuance of the A Share Convertible Corporate Bonds, calculated based on the aggregate nominal value of the A Share Convertible Corporate Bonds
“Articles”	the articles of association of the Company, as amended from time to time
“A Share(s)”	the domestic share(s) in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed for trading on the Shanghai Stock Exchange
“A Share Convertible Corporate Bonds”	the convertible corporate bonds in the total amount of not more than RMB2.39 billion which are convertible into new A Shares and proposed to be issued by the Company within the PRC
“A Share Convertible Corporate Bond Holder(s)”	holder(s) of A Share Convertible Corporate Bonds proposed to be issued by the Company

“A Share Convertible Corporate Bond Issuance Plan”	the A Share Convertible Corporate Bond issuance plan of the Company to be considered and, if thought fit, approved at the EGM and the Class Meetings, details of which are set out in this announcement
“A Shareholder(s)”	holder(s) of A Share(s)
“Board”	the board of Directors
“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
“Class Meetings”	the class meeting for holders of A Shares and the class meeting for holders of H Shares of the Company to be convened to, amongst other things, approve the Proposed Issuance of A Share Convertible Corporate Bonds
“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 in the PRC on 23 April 2012, whose H Shares are listed on the Main Board of Hong Kong Stock Exchange (Stock Code: 1330) and A Shares are listed on the Shanghai Stock Exchange (Stock Code: 601330)
“Company Law”	the Company Law of the People's Republic of China (《中華人民共和國公司法》), as amended from time to time
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed thereto under the Listing Rules
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to, amongst other things, approve the Proposed Issuance of A Share Convertible Corporate Bonds
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	the overseas listed foreign shares in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Offering Document”	offering document of the Proposed Issuance of A Share Convertible Corporate Bonds by Dynagreen Environmental Protection Group Co., Ltd.* (綠色動力環保集團股份有限公司)
“PRC”	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 of the People’s Republic of China and Taiwan
“Proposed Issuance of A Share Convertible Corporate Bonds”	the issuance of A Share Convertible Corporate Bonds proposed by the Company according to the A Share Convertible Corporate Bond Issuance Plan
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Laws”	Securities Laws of the People's Republic of China, as amended from time to time
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

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

Shenzhen, the PRC
23 July 2021

As at the date of this announcement, the executive Directors of the Company are Mr. Qiao Dewei, Mr. Hu Shengyong and Ms. Zhong Xia; the non-executive Directors of the Company are Mr. Liu Shuguang, Mr. Cheng Suning and Mr. Zhang Zhenhai; and the independent non-executive Directors of the Company are Mr. Ou Yuezhou, Ms. Fu Jie and Mr. Xie Lanjun.

* For identification purposes only