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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 ON REPLY TO THE NOTIFICATION LETTER
ON PREPARATIONS FOR ISSUANCE EXAMINATION COMMITTEE
MEETING FOR THE NON-PUBLIC ISSUANCE OF A SHARES**

Reference is made to the overseas regulatory announcement of Dynagreen Environmental Protection Group Co., Ltd.* (the “**Company**”) dated 17 September 2020 in connection with the reply to the Letter on Preparations for Issuance Examination Committee (“**IEC**”) Meeting for the non-public issuance of A shares of the Company (the “**Announcement**”). Unless otherwise requires, the capitalized terms used herein shall have the same meaning as those defined in the Announcement.

The Company has received the Letter on Preparations for IEC Meeting for the non-public issuance of A shares of the Company (the “**Notification Letter**”) issued by the China Securities Regulatory Commission, and replied to relevant issues on a case-by-case basis after a careful study and analysis on the same stated in the Notification Letter with intermediaries. Please refer to the Announcement for details. The reply mentioned that, according to the Administrative Measures on Additional Funds for Renewable Energy Tariffs (《可再生電價附加資金管理辦法》) (Caijian [2020] No. 5) issued by the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration on 20 January 2020, and having taken into account the difference in possibility of economic benefits flow into the Company between the existing projects and the new projects, the Company plans to implement accounting treatments for the following before the end of 2020 after fulfilling relevant decision-making procedures. For “existing projects” (i.e. grid-connected power generation projects completed before 20 January 2020), “recognition of state subsidy tariff income for renewable energy (“**state subsidy for renewable energy**”) after power generation is connected to the grid” still applies to them. For “new projects” (i.e. grid-connected power generation projects completed after 20 January 2020), it is intended “one-off recognition after being included in the state subsidy catalog for renewable energy” applies to recognize the state subsidy income for renewable energy. Relevant contents in the reply are extracted as below:

* For identification purposes only

“The Administrative Measures on Additional Funds for Renewable Energy Tariffs (《可再生電價附加資金管理辦法》) (Caijian [2020] No. 5) (the “Measures”)” issued by the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration on 20 January 2020 expressly stated that: “Article 4 Renewable energy power generation projects entitled to subsidy funds shall be determined according to the following methods: (1) For new renewable energy power generation projects that need to be subsidized after the issuance of the Measures (hereinafter “New Projects”), the Ministry of Finance shall determine the total amount of subsidy funds to support new renewable energy power generation projects for the current year reasonably based on the level of annual income increase in subsidy funds, technological progress, and industry development. The National Development and Reform Commission and the National Energy Administration shall determine newly installed capacity of various renewable energy power generation projects that require subsidies reasonably within the total amount of new subsidies annually determined by the Ministry of Finance in accordance with renewable energy development plans, technological progress, etc. (2) Existing renewable energy power generation projects that need to be subsidized before the issuance of the Measures (hereinafter “Existing Projects”) shall meet the requirements of the national energy authority before being included under annual construction scale management, to the extent the scale management is required, and shall be included in the list of subsidized projects after being reviewed by the power grid company according to the procedures.” The regulations have made a distinction between new and old projects, distinguishing the “Existing Projects” and “New Projects”.

On 3 April 2020, the National Development and Reform Commission issued the Notice on Orderly Promoting the Construction of New Waste Incineration Power Generation Projects (Draft for Comments) (《關於有序推進新增垃圾焚燒發電項目建設有關事項的通知 (徵求意見稿)》) to consult public opinions. The policy has not been promulgated officially yet.

Although the Company expects that both the Existing Projects and the New Projects can be included in the list of subsidies, the Company has less experience in forecasting the recovery timing and amount of the variable consideration of government subsidy income for the New Projects as compared with that of the Existing Projects, which is due to short period of implementation of the new policy and lack in official introduction or implementation of relevant supporting policies in entirety.

According to the Administrative Measures on Additional Funds for Renewable Energy Tariffs (《可再生電價附加資金管理辦法》) (Caijian [2020] No. 5) issued by the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration on 20 January 2020, and having taken into account the difference in possibility of economic benefits flow into the Company between the Existing Projects and the New Projects, the Company plans to implement accounting treatments for the following before the end of 2020 after fulfilling relevant decision-making procedures. For “Existing Projects” (i.e. grid-connected power generation projects completed before 20 January 2020), “recognition of state subsidy income for renewable energy after power generation is connected to the grid” still applies to them. For “New Projects” (i.e. grid-connected power generation projects completed after 20 January 2020), it is intended “one-off recognition after being included in the state subsidy catalog for renewable energy” applies to recognize the state subsidy income for renewable energy. The impact and risks of the above accounting treatments on Dynagreen will be disclosed in accordance with relevant rules.”

The Company will comply with the relevant disclosure requirements, if applicable, under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

Shenzhen, the PRC
17 September 2020

As at the date of this announcement, the non-executive Directors of the Company are Mr. Zhi Jun, Mr. Liu Shuguang, Mr. Cheng Suning and Mr. Cao Jinjun, the executive Directors of the Company are Mr. Qiao Dewei and Mr. Hu Shengyong and the independent non-executive Directors of the Company are Mr. Ou Yuezhou, Ms. Fu Jie and Mr. Xie Lanjun.