

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Dynagreen Environmental Protection Group Co., Ltd.*, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was affected for transmission to the purchaser or the transferee.

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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)

**(1) PROPOSED ADOPTION OF THE RESTRICTED
SHARE INCENTIVE SCHEME**
**(2) PROPOSED ADOPTION OF THE ADMINISTRATIVE MEASURES
FOR THE RESTRICTED SHARE INCENTIVE SCHEME**
**(3) PROPOSED ADOPTION OF THE APPRAISAL MANAGEMENT
MEASURES FOR IMPLEMENTATION OF THE RESTRICTED
SHARE INCENTIVE SCHEME**
**(4) PROPOSED AUTHORIZATION TO THE BOARD TO HANDLE
THE RELEVANT MATTERS RELATED TO THE RESTRICTED
SHARE INCENTIVE SCHEME**
**(5) PROPOSED PROVISION OF GUARANTEE TO A SUBSIDIARY
AND**
NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING OF 2025

A letter from the Board is set out on pages 4 to 51 of this circular.

The Company will convene the EGM at 10:00 a.m. on Wednesday, 19 November 2025 at the 2nd Floor, Jiuzhou Electronic Building, No. 7 Keji South 12th Street, Nanshan District, Shenzhen, the PRC. The notice is set out in this circular.

If you intend to attend the above meeting, please complete and return the enclosed reply slip in accordance with the instructions printed thereon as soon as possible and in any event on or before Sunday, 9 November 2025.

Shareholders who intend to appoint a proxy to attend the above meeting shall complete and return the proxy form for use at the above meeting in accordance with the instructions printed thereon. The proxy form must be signed by you or your attorney duly authorised in writing or, in case of a legal person, must either be executed under its seal or under the hand of its director or other attorney duly authorised to sign the same. If the proxy form is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign, or other document of authorisation, must be notorially certified.

Whether or not you are able to attend the above meeting in person, please complete and return the enclosed proxy form in accordance with the instructions as soon as possible and in any event not less than 24 hours before the time appointed for the EGM or the adjourned meeting (as the case may be) to Tricor Investor Services Limited (address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong) (for H Shareholders). Completion and delivery of the proxy form shall not preclude you from attending and voting in person at the EGM and/or any adjournment thereof, and in such event, the proxy shall be deemed to be revoked.

In the case of joint holders of shares of the Company, only the holder whose name stands first in the register of members of the Company shall alone be entitled to vote at the EGM, either in person or by proxy in respect of such shares.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings.

“A Share(s)”	ordinary shares of the Company with nominal value of RMB1.00 each and listed on the Shanghai Stock Exchange and traded in RMB
“Administrative Measures”	the Administrative Measures for the Equity Incentives of Listed Companies (《上市公司股權激勵管理辦法》)
“Articles of Association”	the Articles of Association of the Company (as amended from time to time)
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Beijing SASAC”	Beijing Municipal People’s Government State-owned Assets Supervision and Administration Commission
“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 controlling Shareholder
“Company” or “listed 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, the H shares of which are listed on the Main Board of Hong Kong Stock Exchange (Stock Code: 1330) and the A shares of which 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》)
“CSRC”	China Securities and Regulatory Commission
“Director(s)”	the director(s) of the Company
“Extraordinary General Meeting” or “EGM”	the third extraordinary general meeting of the Company for the year 2025 to be convened and held on Wednesday, 19 November 2025

DEFINITIONS

“Grant Date”	the date on which the Company grants the Restricted Shares to the incentive participants, which must be a trading day
“Grant Plan”	the grant plan for the Restricted Share Incentive Scheme
“Grant Price”	the price per share at the time of granting of Restricted Shares to the incentive participants by the Company
“Group”, “us” or “we”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested ordinary share(s) of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of H Share(s)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	30 October 2025, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information for inclusion in this circular
“PBOC”	People’s Bank of China
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board of the Company
“Restricted Share(s)”	a certain number of A Shares of the Company granted to the incentive participants according to the conditions and price stipulated in the Restricted Share Incentive Scheme, which are subject to a lock-up period and can only be unlocked when the unlocking conditions as stipulated in the Restricted Share Incentive Scheme are satisfied
“Restricted Share Incentive Scheme”	the restricted A Share incentive scheme of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the People’s Republic of China (《中華人民共和國證券法》)
“Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including both A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“%”	per cent



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)

Executive Directors:

Mr. CHENG Suning (*Chairman*)

Mr. HU Shengyong

Non-executive Directors:

Mr. ZHAO Zhixiong

Mr. HU Tianhe

Mr. YAN Chunxu

Mr. HU Yong

Independent non-executive Directors:

Ms. OUYANG Jiejiao

Mr. ZHENG Zhiming

Mr. ZHOU Beihai

31 October 2025

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED ADOPTION OF THE RESTRICTED
SHARE INCENTIVE SCHEME**
- (2) PROPOSED ADOPTION OF THE ADMINISTRATIVE MEASURES
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- NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING OF 2025**

* For identification purposes only

LETTER FROM THE BOARD

I. INTRODUCTION

Reference is made to the announcement of the Company dated 20 December 2024 and 28 October 2025, in relation to the proposed adoption of the Restricted Share Incentive Scheme and updates on the Restricted Share Incentive Scheme.

The purpose of this circular is to provide you with the notice of the EGM, and all the information which is necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM.

II. PROPOSED ADOPTION OF THE RESTRICTED SHARE INCENTIVE SCHEME

The principal terms of the Restricted Share Incentive Scheme are summarized as follows. For the full text, please refer to Appendix I to this circular.

I. Purpose of the Restricted Share Incentive Scheme

In order to further establish and improve the long-term incentive mechanism of the Company, attract and retain talented individuals, fully mobilize the enthusiasm of the Directors, senior management, and core managerial, technical and business personnel of the Company, and effectively bind the interests of the Shareholders, the Company and individuals of core teams together, making all parties attend to the long-term development of the Company, on the premise of fully protecting the interests of the Shareholders and on the principle of income equivalent to contribution, the Restricted Share Incentive Scheme is formulated in accordance with the Company Law, the Securities Law, the Administrative Measures, the Trial Measures for the Implementation of Equity Incentives by State-controlled Listed Companies (Domestic) (Guo Zi Fa Fen Pei [2006] No. 175) (《國有控股上市公司(境內)實施股權激勵試行辦法》(國資發分配[2006]175號)), the Notice on Issues concerning Regulating the Implementation of the Equity Incentive System by State-controlled Listed Companies (Guo Zi Fa Fen Pei [2008] No. 171) (《關於規範國有控股上市公司實施股權激勵制度有關問題的通知》(國資發分配[2008]171號)), the Notice on Issuing the Guiding Opinions on Regulating the Implementation of Equity and Dividend Incentives by Municipal Enterprises (Jing Guo Zi Fa [2021] No. 20) (《關於印發〈關於市管企業規範實施股權和分紅激勵工作的指導意見〉的通知》(京國資發[2021]20號)), the Guidelines on the Implementation of Equity Incentives by Listed Companies Controlled by Central Enterprises (Guo Zi Kao Fen [2020] No. 178) (《中央企業控股上市公司實施股權激勵工作指引》(國資考分[2020]178號)) and other relevant laws, regulations and normative documents as well as the Articles of Association.

Except for the Restricted Share Incentive Scheme proposed to be implemented, the Company has no other share incentive scheme.

II. Incentive Participants

(I) *Basis for Determining Incentive Participants*

1. *Legal basis for determining incentive participants*

The incentive participants under the Restricted Share Incentive Scheme have been determined in accordance with the Administrative Measures, the Trial Measures for the Implementation of Equity Incentives by State-controlled Listed Companies (Domestic) (Guo Zi Fa Fen Pei [2006] No. 175) (《國有控股上市公司(境內)實施股權激勵試行辦法》(國資發分配[2006]175號)), the Notice on Issues concerning Regulating the Implementation of the Equity Incentive System by State-controlled Listed Companies (Guo Zi Fa Fen Pei [2008] No. 171) (《關於規範國有控股上市公司實施股權激勵制度有關問題的通知》(國資發分配[2008]171號)), the Notice on Issuing the Guiding Opinions on Regulating the Implementation of Equity and Dividend Incentives by Municipal Enterprises (Jing Guo Zi Fa [2021] No. 20) (《關於印發〈關於市管企業規範實施股權和分紅激勵工作的指導意見〉的通知》(京國資發[2021]20號)), the Guidelines on the Implementation of Equity Incentives by Listed Companies Controlled by Central Enterprises (Guo Zi Kao Fen [2020] No. 178) (《中央企業控股上市公司實施股權激勵工作指引》(國資考分[2020]178號)) and other relevant laws, regulations, normative documents as well as the relevant provisions of the Articles of Association, taking into account the actual circumstances of the Company.

2. *Position basis for determining incentive participants*

The incentive participants under the Restricted Share Incentive Scheme shall be the directors, senior management, and core managerial, technical and business personnel of the Company (including its branches and controlled subsidiaries, the same below), excluding external directors (including independent directors).

The core managerial, technical and business personnel include (1) the mid-level management at the Group level; and (2) the heads of the departments and engineers at the Group level and the mid-level management of the project companies of the Group who have met certain length of service and assessment criteria, which fall into the scope of incentive participants as prescribed in article 8 of the Administrative Measures and article 14 of the Guidelines on the Implementation of Equity Incentives by Listed Companies Controlled by Central Enterprises (Guo Zi Kao Fen [2020] No. 178) (《中央企業控股上市公司實施股權激勵工作指引》(國資考分[2020]178號)).

LETTER FROM THE BOARD

(II) Scope of incentive participants

The total number of incentive participants under the first grant pursuant to the Restricted Share Incentive Scheme shall be 195, accounting for 5.82% of the total number of employees of the Company, specifically including:

1. Directors and senior management of the Company;
2. mid-level management of the Group;
3. core technical and business personnel of the Group.

The incentive participants involved in the Restricted Share Incentive Scheme exclude external Directors (including independent Directors), as well as the Shareholders individually or in aggregate holding 5% or more of the Shares of the Company or the de facto controller and their spouses, parents or children.

If the incentive participants are Directors, general managers, chief executives of the Company, or any of their respective associates, such grant under the Restricted Share Incentive Scheme must be approved by the independent non-executive Directors of the Company and comply with the relevant requirements of the Hong Kong Listing Rules.

The Directors and senior management among the incentive participants must be elected by the general meeting or appointed by the Board of the Company. All incentive participants must establish labor relationship with the Company or its branches and controlled subsidiaries during the validity period of the Restricted Share Incentive Scheme.

III. Source of Shares under the Restricted Share Incentive Scheme

The source of underlying Shares under the Restricted Share Incentive Scheme shall be ordinary A Shares of the Company to be issued by the Company to the incentive participants.

IV. Number of the Restricted Shares to be Granted

The number of the Restricted Shares to be granted under the Scheme shall be 40,350,000 Shares, representing approximately 2.90% of the Company's total share capital of approximately 1,393,450,000 Shares as at the date of announcement of the draft scheme, of which 38,250,000 Shares will be granted under the first grant, representing 2.74% of the Company's total share capital of 1,393,450,000 Shares as at the date of announcement of the draft scheme; and 2,100,000 Shares will be reserved, representing 0.15% of the Company's total share capital of 1,393,450,000 Shares as at the date of announcement of the draft scheme and 5.20% of the total equity under this grant.

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V. Allocation of the Restricted Shares Granted to the Incentive Participants

The allocation of the Restricted Shares granted under the Restricted Share Incentive Scheme among the incentive participants is set out in the table below:

No.	Name	Position	Number of the Restricted Shares (0'000 shares)	Percentage to the total number of Restricted Shares to be granted	Percentage to the total share capital of the Company
1	Hu Shengyong	Executive Director	80	1.9827%	0.0574%
2	Xi Qiang	Deputy General Manager	80	1.9827%	0.0574%
3	Hao Jingli	Deputy General Manager	80	1.9827%	0.0574%
4	Zhang Yong	Deputy General Manager	80	1.9827%	0.0574%
5	Huang Jianzhong	Deputy General Manager	80	1.9827%	0.0574%
6	Zhu Shuguang	Deputy General Manager and Secretary to the Board	80	1.9827%	0.0574%
7	Zhang Wei	Chief engineer	80	1.9827%	0.0574%
8	Yi Zhiyong	Chief Financial Officer	80	1.9827%	0.0574%
9	Liu Lin	Assistant to general manager	80	1.9827%	0.0574%
10	Pi Siwei	General counsel	80	1.9827%	0.0574%
Core managerial, technical and business personnel (185 people)			3,025	74.9690%	2.1709%
Total under the first grant (195 people)			3,825	94.79%	2.74%
Reserved			210	5.20%	0.15%
Total			4,035	100%	2.90%

- Notes:
1. None of the incentive participants under the Restricted Share Incentive Scheme has participated in two or more equity incentive schemes of the listed company.
 2. None of the incentive participants is a substantial shareholder holding more than 5% of the equity interest in the Company or the de facto controller and their spouses, parents and children.
 3. The number of A Shares granted to any of the above incentive participants through all valid equity incentive schemes does not exceed 1% of total share capital (excluding the treasury shares, if any) of the Company. The total number of underlying A Shares in relation to all incentive schemes of the Company in force shall not exceed 10% of total share capital (excluding the treasury shares, if any) of the Company at the time of submission of the equity incentive scheme to the general meeting.
 4. Any discrepancies between the last digits of the total number and those of the sum of individual items in the above table are due to rounding.

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The above grantees are determined with reference to several assessment conditions which include the importance of the position, individual performance and the length of service with the Group and are in line with the scope of incentive participants as prescribed in the Administrative Measures and the Document No. 178. The above grantees play an important role in the management, operation and production of the Group and their motivation and stability are highly correlated with the Group's performance.

VI. Schedule of the Restricted Share Incentive Scheme

(I) Validity Period of the Restricted Share Incentive Scheme

The validity period of the Restricted Share Incentive Scheme shall commence from the date on which the Restricted Share Incentive Scheme is approved by the general meeting of the Company and end on the date on which all the Restricted Shares granted to the incentive participants are unlocked or repurchased and cancelled, which shall not exceed 72 months.

(II) Grant Date of the Restricted Share Incentive Scheme

The Grant Date shall be determined by the Board of the Company after the Restricted Share Incentive Scheme has been reviewed and passed by BSAM, reviewed and approved by Beijing SASAC and considered and approved at the general meeting of the Company, and must be a trading day. The Company shall grant the Restricted Shares and complete the announcement and registration procedures within 60 days from the date on which the Restricted Share Incentive Scheme is considered and approved at the general meeting of the Company, failing which the implementation of the Restricted Share Incentive Scheme will be terminated and the Restricted Shares which have not been granted will lapse. The Grant Date of the reserved Restricted Shares shall be separately determined by the Board of the Company within 12 months from the date on which the Restricted Share Incentive Scheme is considered and approved at the general meeting. The reserved entitlements shall lapse if the incentive participants are not determined after 12 months. Such Restricted Shares lapsed in accordance with the terms of the Restricted Share Incentive Scheme will not be regarded as utilised for the purpose of calculating the mandate limit under the Restricted Share Incentive Scheme.

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The grant of Restricted Shares by the Company shall not be carried out in the following periods:

- (i) within 60 days prior to the announcement of annual reports or annual results and within 30 days prior to the announcement of interim reports, quarterly reports or results of the Company; in the event that the date of announcement of annual reports, interim reports and quarterly reports has been postponed for special reasons, the period from 60 days or 30 days prior to the original date of announcement to the date of announcement;
- (ii) within 10 days prior to the announcement of the performance forecast or the announcement of the preliminary performance results of the Company;
- (iii) the period commencing from the date of occurrence of any significant event which may have significant effect on the trading prices of the Company's Shares and their derivatives or the date on which relevant decision-making procedures start and ending on the date of disclosure in accordance with laws;
- (iv) other periods as stipulated by the CSRC and the stock exchange(s) where the Shares are listed. The above-mentioned period during which the Company is not allowed to grant the Restricted Shares shall not be included in the 60-day period.

In case of shareholding reduction by the Company's Directors and senior management who are the incentive participants within six months before the grant of Restricted Shares, the grant of Restricted Shares shall be postponed for six months from the date of the last shareholding reduction in accordance with the short-swing trading provisions under the Securities Law.

(III) Lock-up Period and Unlocking Arrangement of the Restricted Share Incentive Scheme

The lock-up period of the Restricted Shares granted under the Restricted Share Incentive Scheme shall be 24 months, 36 months and 48 months respectively from the date of registration of the equity under the grant. The Restricted Shares granted to the incentive participants under the Restricted Share Incentive Scheme shall not be transferred, used for guarantee or repayment of debts during the lock-up period.

Upon expiry of lock-up period, the Company shall proceed with the unlocking for the incentive participants who satisfy the unlocking conditions, and the Restricted Shares held by the incentive participants who do not satisfy the unlocking conditions shall be repurchased and cancelled by the Company.

LETTER FROM THE BOARD

The unlocking periods and unlocking schedule for each period for the Restricted Shares granted under the Restricted Share Incentive Scheme are set out in the table below (including the reserved portion):

Unlocking arrangement	Unlocking schedule	Unlocking proportion
First unlocking period of the first grant and the reserved grant	Commencing from the first trading day after expiry of the 24-month period from the date of completion of registration of the Restricted Shares and ending on the last trading day of the 36-month period from the date of completion of registration of the Restricted Shares.	33%
Second unlocking period of the first grant and the reserved grant	Commencing from the first trading day after expiry of the 36-month period from the date of completion of registration of the Restricted Shares and ending on the last trading day of the 48-month period from the date of completion of registration of the Restricted Shares.	33%
Third unlocking period of the first grant and the reserved grant	Commencing from the first trading day after expiry of the 48-month period from the date of completion of registration of the Restricted Shares and ending on the last trading day of the 60-month period from the date of completion of registration of the Restricted	34%

For Restricted Shares which have not been applied for unlocking or which cannot be applied for unlocking due to failure to meet the unlocking conditions during the aforesaid agreed periods, the Company will repurchase and cancel the corresponding Restricted Shares not yet unlocked from relevant incentive participants in accordance with the principles of the Restricted Share Incentive Scheme.

The Shares obtained by the incentive participants by way of grant of the Restricted Shares arising from capitalization issue, bonus issue and share subdivision shall also be subject to lock-up restriction, and shall not be sold in the secondary market or otherwise transferred. The unlocking periods of such Shares shall be the same as those of the Restricted Shares. Where the Company repurchases the Restricted Shares not yet unlocked, such Shares shall be repurchased altogether.

LETTER FROM THE BOARD

(IV) Lock-Up Provisions under the Restricted Share Incentive Scheme

The lock-up provisions under the Restricted Share Incentive Scheme shall be implemented in accordance with the Company Law, the Securities Law, other relevant laws, regulations and regulatory documents as well as the requirements of the Articles of Association. Such provisions include but are not limited to:

- (i) if an incentive participant is a Director or a member of senior management of the Company, the number of Shares that may be transferred each year during his/her term of office shall not exceed 25% of the total number of Shares of the Company held by him/her.
- (ii) if an incentive participant, who is a Director or a member of senior management of the Company, disposes any Shares of the Company within six months after the acquisition, or re-purchases within six months after disposition, all gains arising therefrom shall belong to the Company and be recovered by the Board of the Company.
- (iii) if, during the validity period of the Restricted Share Incentive Scheme, there is any change to the requirements regarding the transfer of Shares by a Director and a member of senior management of the Company under the Company Law, the Securities Law, other relevant laws, regulations and regulatory documents and the Articles of Association, an incentive participant shall comply with the relevant amended regulations upon transfer of his/her Shares held by him/her.
- (iv) if an incentive participant is a Director or a member of senior management of the Company, no less than 20% of the granted Shares shall be locked up until he/she passes the appraisal at the expiration of his/her term of office. In the event that the audit of economic liability reveals false business performance of the incentive participant, resulting in the loss of state-owned assets, dereliction of duty in operation and management, or the existence of major violations of discipline, the rights and interests exercised by the relevant responsible person during his/her term of office shall be returned, and the equity incentive income obtained therefrom shall be handed over to the Company.

VII. Grant Price and Basis of Determination of the Grant Price of Restricted Shares

(I) Initial Grant Price of the Restricted Shares

The initial Grant Price of the Restricted Shares shall be RMB3.25 per Share, which means that upon fulfilment of the grant conditions, each incentive participant is entitled to purchase the restricted A Shares of the Company issued to the incentive participant by the Company at the price of RMB3.25 per Share.

(II) Basis of Determination of the Initial Grant Price of the Restricted Shares

The pricing benchmark date of the initial Grant Price of the Restricted Shares is the date of announcement of the draft Restricted Share Incentive Scheme. The Grant Price shall not be less than the nominal value of the Shares and shall not be less than the higher of the following prices:

1. 50% of the average trading price (total trading amount on the preceding trading day/total trading volume on the preceding trading day) of the Shares of the Company on the trading day preceding the date of the announcement of the draft Restricted Share Incentive Scheme;
2. One of the following prices:
 - (1) 50% of average trading price (total trading amount for the last 20 trading days/total trading volume for the last 20 trading days) of the underlying Shares of the Company for the 20 trading days preceding the date of the announcement of the draft Restricted Share Incentive Scheme;
 - (2) 50% of average trading price (total trading amount for the last 60 trading days/total trading volume for the last 60 trading days) of the underlying Shares of the Company for the 60 trading days preceding the date of the announcement of the draft Restricted Share Incentive Scheme;
 - (3) 50% of average trading price (total trading amount for the last 120 trading days/total trading volume for the last 120 trading days) of the underlying Shares of the Company for the 120 trading days preceding the date of the announcement of the draft Restricted Share Incentive Scheme;

LETTER FROM THE BOARD

3. If the fair market price is less than the net asset value per Share, the Grant Price shall not be less than 60% of the fair market price.

(III) Basis of Determination of the Reserved Grant Price of the Restricted Shares under the Incentive Scheme

Prior to each grant of the reserved Restricted Shares, a Board meeting shall be convened to consider and approve the relevant resolution. The reserved Grant Price shall be determined according to principle of fair market price, and shall not be less than the nominal value of the Shares and shall not be less than the higher of the following prices:

1. 50% of the average trading price of the Shares of the Company on the trading day preceding the date of the announcement of the Board resolution on the grant of reserved Restricted Shares;
2. One of the following prices:
 - (1) 50% of the average trading price of the Company's underlying Shares for the 20 trading days preceding the date of the announcement of the Board resolution on the grant of reserved Restricted Shares (total trading amount for the last 20 trading days/total trading volume for the last 20 trading days);
 - (2) 50% of the average trading price of the Company's underlying Shares for the 60 trading days preceding the date of the announcement of the Board resolution on the grant of reserved Restricted Shares (total trading amount for the last 60 trading days/total trading volume for the last 60 trading days);
 - (3) 50% of the average trading price of the Company's underlying Shares for the 120 trading days preceding the date of the announcement of the Board resolution on the grant of reserved Restricted Shares (total trading amount for the last 120 trading days/total trading volume for the last 120 trading days);
3. If the fair market price is less than the net asset value per share, the Grant Price shall not be less than 60% of the fair market price.

LETTER FROM THE BOARD

VIII. Conditions of Grant and Unlocking of Restricted Shares

(I) *Conditions of Grant of Restricted Shares*

The Company shall grant the Restricted Shares to the incentive participants upon satisfaction of all of the following conditions of grant, and no Restricted Shares shall be granted to the incentive participants if any of the following conditions of grant has not been satisfied.

1. There is no occurrence of any of the following events on the part of the Company:
 - (1) failure to engage an accounting firm to conduct an audit in accordance with the prescribed procedures and requirements;
 - (2) the state-owned assets supervision and administration authority or the audit department has raised significant objections to the listed company's results or annual financial reports;
 - (3) any significant non-compliance with regulations and penalties imposed by the securities regulatory authorities and other relevant authorities;
 - (4) the financial report or the internal control evaluation for the latest accounting year has been issued with an adverse opinion or an audit report with a disclaimer of opinion by the certified public accountants;
 - (5) any failure to distribute profits in accordance with the laws and regulations, the Articles of Association and public commitments within the last 36 months after listing;
 - (6) where the laws and regulations prohibit the implementation of equity incentives;
 - (7) other circumstances as determined by the CSRC.

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2. There is no occurrence of any of the following events on the part of the incentive participants:
 - (1) the results of economic responsibility audit, etc. indicate that there is failure in performing duties effectively or serious dereliction of duty or malpractice;
 - (2) violation of the relevant national laws and regulations and the Articles of Association;
 - (3) the incentive participant has committed any illegal and disciplinary acts during his/her service such as accepting and soliciting bribes, committing corruption and theft, disclosing the listed company's commercial and technical secrets, implementing connected transactions that damage the interests and reputation of the listed company and have significant adverse impact on the image of the listed company, and punishment has been imposed;
 - (4) failure to perform or improperly perform his/her duties, resulting in a material loss of assets and other serious adverse consequences to the listed company;
 - (5) being determined by stock exchange(s) to be an unsuitable person within the last 12 months;
 - (6) being determined as an unsuitable person by the CSRC and its dispatched agents within the last 12 months;
 - (7) having been imposed administrative punishment or being prohibited from market entry by the CSRC and its dispatched agents within the last 12 months due to material breach of laws and regulations;
 - (8) being prohibited from acting as a Director or a member of senior management of the Company as stipulated in the Company Law;
 - (9) being prohibited from participating in the equity incentives of the listed company under the laws and regulations;
 - (10) other circumstances as determined by the CSRC.

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(II) Unlocking Conditions for Restricted Shares

Within the unlocking period, the Restricted Shares granted to an incentive participant may be unlocked only when all of the following conditions are satisfied:

1. There is no occurrence of any of the following events on the part of the Company:
 - (1) failure to engage an accounting firm to conduct an audit in accordance with the prescribed procedures and requirements;
 - (2) the state-owned assets supervision and administration authority or the audit department has raised significant objections to the listed company's results or annual financial reports;
 - (3) any significant non-compliance with regulations and penalties imposed by the securities regulatory authorities and other relevant authorities;
 - (4) the financial report or the internal control evaluation for the latest accounting year has been issued with an adverse opinion or an audit report with a disclaimer of opinion by the certified public accountants;
 - (5) any failure to distribute profits in accordance with the laws and regulations, the Articles of Association and public commitments within the last 36 months after listing;
 - (6) where the laws and regulations prohibit the implementation of equity incentives;
 - (7) other circumstances as determined by the CSRC.
2. There is no occurrence of any of the following events on the part of the incentive participants:
 - (1) the results of economic responsibility audit, etc. indicate that there is failure in performing duties effectively or serious dereliction of duty or malpractice;

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- (2) violation of the relevant national laws and regulations and the Articles of Association;
- (3) the incentive participant has committed any illegal and disciplinary acts during his/her service such as accepting and soliciting bribes, committing corruption and theft, disclosing the listed company's commercial and technical secrets, implementing connected transactions that damage the interests and reputation of the listed company and have significant adverse impact on the image of the listed company, and punishment has been imposed;
- (4) failure to perform or improperly perform his/her duties, resulting in a material loss of assets and other serious adverse consequences to the listed company;
- (5) being determined by stock exchange(s) to be an unsuitable person within the last 12 months;
- (6) being determined as an unsuitable person by the CSRC and its dispatched agents within the last 12 months;
- (7) having been imposed administrative punishment or being prohibited from market entry by the CSRC and its dispatched agents within the last 12 months due to material breach of laws and regulations;
- (8) being prohibited from acting as a Director or a member of senior management of the Company as stipulated in the Company Law;
- (9) being prohibited from participating in the equity incentives of the listed company under the laws and regulations;
- (10) other circumstances as determined by the CSRC.

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In case of occurrence of any of the circumstances as stipulated in article 1 above to the Company, the Restricted Share Incentive Scheme shall be terminated immediately, and all Restricted Shares that have been granted to the incentive participants under the Restricted Share Incentive Scheme but have not been unlocked shall be repurchased and cancelled by the Company at the Grant Price; In case of occurrence of any of the circumstances as stipulated in article 2 above to an incentive participant, the Restricted Shares that have been granted to the incentive participant under the Restricted Share Incentive Scheme but have not been unlocked shall be repurchased and cancelled by the Company at the lower of the Grant Price and the stock market price at the time of repurchase (the market price is the closing price of the Shares of the Company on the trading day immediately prior to the day on which the Board considers such repurchase, the same below). In case any incentive participant has any of the circumstances as stipulated in (1) to (4) in article 2 above, the incentive participant shall return the income generated by its equity incentive.

3. Performance appraisal requirements at company level

The appraisal year for unlocking of the Restricted Share Incentive Scheme covers three accounting years from 2026 to 2028, and an appraisal will be carried out every accounting year.

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- (1) The performance appraisal for unlocking of the Restricted Shares granted under the Restricted Share Incentive Scheme is shown in the following table:

Unlocking period	Performance appraisal trigger value	Performance appraisal target value
The first unlocking period under the first grant and reserved grant	<ol style="list-style-type: none"> Based on the net profit in 2023, the growth rate of net profit in 2026 shall not be less than 80% of the target value, i.e. not less than 12%, and the net profit shall not be less than RMB692 million; The return on equity in 2026 shall not be less than 80% of the target value; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises; Net cash flows from operating activities in 2026 shall not be less than 80% of the target value; The steam supply volume in 2026 shall not be less than 80% of the target value; In 2026, the number of digital and intelligent technology application projects will increase by one. 	<ol style="list-style-type: none"> Based on the net profit in 2023, the growth rate of net profit in 2026 shall not be less than 15%, i.e. the net profit shall not be less than RMB711 million; The return on equity in 2026 shall not be less than 8.2%; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises; Net cash flows from operating activities in 2026 shall not be less than RMB1,144 million; The steam supply volume in 2026 shall not be less than 492,900 tons; In 2026, the number of digital and intelligent technology application projects will increase by one.

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Unlocking period	Performance appraisal trigger value	Performance appraisal target value
The second unlocking period under the first grant and reserved grant	<ol style="list-style-type: none"> 1. Based on the net profit in 2023, the growth rate of net profit in 2027 shall not be less than 80% of the target value, i.e. not less than 16%, and the net profit shall not be less than RMB717 million; 2. The return on equity in 2027 shall not be less than 80% of the target value; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises; 3. Net cash flows from operating activities in 2027 shall not be less than 80% of the target value; 4. The steam supply volume in 2027 shall not be less than 80% of the target value; 5. In 2027, the number of digital and intelligent technology application projects will increase by two. 	<ol style="list-style-type: none"> 1. Based on the net profit in 2023, the growth rate of net profit in 2027 shall not be less than 20%, i.e. the net profit shall not be less than RMB742 million; 2. The return on equity in 2027 shall not be less than 8.2%; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises; 3. Net cash flows from operating activities in 2027 shall not be less than RMB1,193 million; 4. The steam supply volume in 2027 shall not be less than 514,300 tons; 5. In 2027, the number of digital and intelligent technology application projects will increase by two.

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Unlocking period	Performance appraisal trigger value	Performance appraisal target value
The third unlocking period under the first grant and reserved grant	<ol style="list-style-type: none"> 1. Based on the net profit in 2023, the growth rate of net profit in 2028 shall not be less than 80% of the target value, i.e. not less than 20%, and the net profit shall not be less than RMB742 million; 2. The return on equity in 2028 shall not be less than 80% of the target value; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises; 3. Net cash flows from operating activities in 2028 shall not be less than 80% of the target value; 4. The steam supply volume in 2028 shall not be less than 80% of the target value; 5. In 2028, the number of digital and intelligent technology application projects will increase by two. 	<ol style="list-style-type: none"> 1. Based on the net profit in 2023, the growth rate of net profit in 2028 shall not be less than 25%, i.e. the net profit shall not be less than RMB773 million; 2. The return on equity in 2028 shall not be less than 8.2%; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises; 3. Net cash flows from operating activities in 2028 shall not be less than RMB1,242 million; 4. The steam supply volume in 2028 shall not be less than 535,800 tons; 5. In 2028, the number of digital and intelligent technology application projects will increase by two.

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Among them:

- (1) Net profit refers to the net profit excluding extraordinary gain and loss attributable to the shareholders of the listed company, and return on equity refers to the return on net assets excluding extraordinary gain and loss attributable to the shareholders of the listed company, the same below;
- (2) Growth rate of net profit = (net profit excluding extraordinary gain and loss attributable to the shareholders of the listed company in the current year/net profit excluding extraordinary gain and loss attributable to the shareholders of the listed company in 2023-1) * 100%, the same below;
- (3) Return on equity (ROE) = net profit excluding extraordinary gain and loss attributable to the shareholders of the listed company in the current year / [(net assets attributable to the shareholders of the listed company at the beginning of the period + net assets attributable to the shareholders of the listed company at the end of the period) / 2] × 100%, the same below;
- (4) Net cash flows from operating activities are based on the data of “net cash flows from operating activities” in the annual consolidated cash flows statement of the Company;
- (5) Digital and intelligent technology application projects refer to the intelligent management of the waste incineration system using information technology, digitalization and artificial intelligence technology. By conducting big data analysis, machine deep learning and artificial intelligence management on the whole process of waste incineration, including waste storage fermentation, waste incineration and flue gas treatment, the goals of improving power generation efficiency and labor efficiency and reducing the consumption of environmental consumables and auxiliary fuels are achieved. The completion of the application project will be marked by passing the third-party appraisal.

During the validity period of the equity incentive scheme, in case of additional issuance, allotment of Shares and convertible debentures into Shares and other matters (excluding the implementation of profit distribution of the Company) that would result in a change in the net assets of the Company, the change in net assets and the corresponding amount of income arising therefrom (if the corresponding amount of income cannot be accurately calculated, it can be calculated by multiplying the actual financing amount after deducting the financing cost by the interest rate of the national debts of the same term) shall be excluded when conducting an appraisal. During the validity period of the equity incentive scheme, if the Company adjusts its accounting policies, the pre-adjustment caliber will be used during the appraisal.

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The incentive costs incurred from this equity incentive will be charged to the administrative expenses of the Company. The performance appraisal results at company level and their corresponding unlocking ratios at company level in the current period are shown in the following table:

Performance appraisal results at company level	Unlocking ratios at company level in the current period
Meeting performance appraisal target value	100%
Meeting performance appraisal trigger value, but not meeting performance appraisal target value	80%
Not meeting performance appraisal trigger value	0%

If one or more of the above five performance indicators of the Company in the appraisal year fail to meet the performance appraisal trigger value, it shall be deemed that the Company does not meet the performance appraisal trigger value in the current period, and the unlocking ratios at company level in the current period shall be 0%; if only some of the above five performance indicators of the Company in the appraisal year meet the performance appraisal target value, and one or more of the indicators fail to meet the performance appraisal target value, but all meet the performance appraisal trigger value, it shall be deemed that the Company does not meet the performance appraisal target value in the current period, and the unlocking ratios at company level in the current period shall be 80%; if all of the above five performance indicators of the Company in the appraisal year meet the performance appraisal target value, the unlocking ratios at company level in the current period shall be 100%.

Restricted Shares that fail to meet the unlocking conditions in the current period shall be repurchased and cancelled by the Company in accordance with the Incentive Scheme at the lower of the Grant Price and the stock market price at the time of repurchase.

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(2) Selection of benchmarked enterprises

In CITIC Securities' industry classification standard "CS Environment and Public Utilities", a total of thirty listed companies with similar business structures and comparability were selected as benchmarked enterprises.

Stock Code	Stock Abbreviation	Stock Code	Stock Abbreviation
300140.SZ	CECEP Environment	601200.SH	Shanghai Environment
601033.SH	Grandtop Yongxing Group	002034.SZ	Wangneng
301175.SZ	China Sciences Environmental	000035.SZ	China Tianying
301109.SZ	Junxin	300867.SZ	Shengyuan Environmental
000685.SZ	ZPUG	600388.SH	LK
000967.SZ	Infore Environment	600526.SH	Feida Enviro
002479.SZ	ZFET Co., Ltd.	301305.SZ	Leoking Environmental
002573.SZ	SPC	000544.SZ	Zhongyuan En-prot
002616.SZ	Chant Group	601368.SH	Greencity Water
300664.SZ	PYHB	603588.SH	BGE
300692.SZ	ZHHB	603686.SH	FULONGMA
301500.SZ	Feinan Resources	603759.SH	HAITIAN CO., LTD.
600796.SH	QJBIOCH	603797.SH	Liantai Environmental Protection (LTEP)
301127.SZ	Tianyuan Environmental Protection	603817.SH	Haixia Environmental Protection
603126.SH	Sinoma-EC/SEC	688101.SH	Suntar

If there are significant changes in the principal business or extreme values with significant deviation in the benchmarked enterprises' samples during the annual appraisal, the Board of the Company may make appropriate adjustments to the benchmarked samples in the year end appraisal after reporting to and agreeing with the competent authorities.

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4. Performance appraisal requirements at individual level

The appraisal year for unlocking of the Restricted Share Incentive Scheme covers three accounting years from 2026 to 2028, and the appraisal of Incentive Participants at individual level shall be organized and implemented in accordance with the Company's current relevant provisions on remuneration and appraisal, based on the appraisal standards for the positions of the Incentive Participants. The Company will conduct appraisal at individual level each fiscal year in accordance with the Appraisal Management Measures for Implementation of the Restricted Share Incentive Scheme and the internal performance assessment mechanism of the Company.

The unlocking ratios of incentive participants at individual level is determined based on the results of individual performance appraisal. The classification of grades and their corresponding unlocking ratios at individual level are shown in the following table:

Grade	Competent and above	Basic competent	Incompetent
Unlocking ratios	100%	50%	0%

The actual unlocking amounts held by the individuals in the current year = the unlocking ratios at company level in the current year × the unlocking ratios at individual level in the current year × the planned individual unlocking ratios in the current year.

If the unlocking conditions in the current period are not satisfied due to the failure to pass the performance appraisal at company level or individual level, no corresponding Restricted Shares shall be deferred to the next period and be unlocked, and will be repurchased and cancelled by the Company in accordance with the Restricted Share Incentive Scheme at the lower of the Grant Price and the stock market price at the time of repurchase.

(III) Scientificity and Reasonableness of the Appraisal Indicators

The appraisal indicators for the Restricted Share Incentive Scheme of the Company are categorised into two levels, i.e. performance appraisal at company level and performance appraisal at individual level.

The Company selected growth rate of net profit, return on equity (ROE), net cash flows from operating activities, steam supply volume and the number of digital and intelligent technology application projects as performance appraisal indicators at company level. These indicators can objectively reflect the Company's growth ability, profitability, income quality and technological innovation level, and are the core indicators reflecting the

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operating benefits and operating efficiency of the enterprise. The Company has set the aforesaid performance appraisal targets for the Restricted Share Incentive Scheme after making reasonable forecasts and taking into account the incentive effect of the Restricted Share Incentive Scheme.

In addition to the performance appraisal at company level, the Company has also set up a strict performance appraisal system for individuals, which can make a relatively accurate and comprehensive evaluation of the work performance of the incentive participants. The Company will determine whether the incentive participants meet the unlocked conditions based on the performance appraisal results of the incentive participants in the previous year.

In summary, the appraisal system of the Restricted Share Incentive Scheme of the Company is comprehensive, integrated and operational, the appraisal indicators are set with scientificity and reasonableness, and at the same time they have a binding effect on the incentive participants, and can achieve the appraisal purpose of the Restricted Share Incentive Scheme.

IX. Adjustment Methods and Procedures for the Restricted Share Incentive Scheme

(I) Adjustment Method for the Number of Restricted Shares

During the period from the date of announcement of the Restricted Share Incentive Scheme until the Shares held by the incentive participants are released from lock-up, the number of Restricted Shares shall be adjusted accordingly in the event of any conversion of capital reserve into share capital, bonus issue, shares sub-division, rights issue or share consolidation of the Company, etc. The adjustment methods are as follows:

1. *Conversion of capital reserve into share capital, bonus issue, share sub-division*

$$Q = Q_0 \times (1+n)$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; n represents the per share ratio of the conversion of capital reserve into share capital, bonus issue and share sub-division (i.e. the increase in the number of Shares per Share upon conversion of capital reserve into share capital, bonus issue or share sub-division); Q represents the number of the Restricted Shares after the adjustment.

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2. *Rights issue*

$$Q = Q_0 \times P_1 \times (1+n) \div (P_1 + P_2 \times n)$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; P_1 represents the closing price on the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e. the ratio of the number of Shares to be issued under the rights issue to the total share capital of the Company prior to the rights issue); Q represents the number of Restricted Shares after the adjustment.

3. *Share consolidation*

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; n represents the ratio of share consolidation (i.e. 1 Share of the Company shall be consolidated into n Share); Q represents the number of the Restricted Shares after the adjustment.

4. *Additional issue and dividend distribution*

Under the circumstance of additional issue of new Shares and distribution of dividends of the Company, no adjustment will be made on the number of the Restricted Shares.

(II) *Adjustment Methods for Grant Price of Restricted Shares*

During the period from the date of announcement of the Restricted Share Incentive Scheme to the completion of the registration of the grant of the Shares held by the incentive participants, the Grant Price of the Restricted Shares shall be adjusted accordingly in the event of any conversion of capital reserve into share capital, bonus issue, shares sub-division, rights issue, share consolidation or dividend distribution of the Company, etc. The adjustment methods are as follows:

1. *Conversion of capital reserve into share capital, bonus issue, share sub-division*

$$P = P_0 \div (1+n)$$

Where: P_0 represents the Grant Price before the adjustment; n represents the per Share ratio of the conversion of capital reserve into share capital, bonus issue and share sub-division; P represents the Grant Price after the adjustment.

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2. *Rights issue*

$$P = P_0 \times (P_1 + P_2 \times n) \div [P_1 \times (1 + n)]$$

Where: P_0 represents the Grant Price before the adjustment; P_1 represents the closing price on the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e. the ratio of the number of Shares to be issued under the rights issue to the total share capital of the Company prior to the rights issue); P represents the Grant Price after the adjustment.

3. *Share consolidation*

$$P = P_0 \div n$$

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of share consolidation; P represents the Grant Price after the adjustment.

4. *Dividend distribution*

$$P = P_0 - V$$

Where: P_0 represents the Grant Price before the adjustment; V represents the dividend per Share; P represents the Grant Price after the adjustment. P shall be greater than RMB1 after the adjustment of dividend distribution.

5. *Additional issue*

Under the circumstance of additional issue of new Shares of the Company, no adjustment will be made on the Grant Price of the Restricted Shares.

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(III) Procedures for the Adjustment of the Restricted Share Incentive Scheme

The Board of the Company shall consider and approve the resolutions in relation to adjustment to the number and Grant Price of the Restricted Shares when the foregoing circumstances occur. The Company shall engage a legal adviser to provide professional advice to the Board of the Company as to whether the above-mentioned adjustment is in compliance with the Administrative Measures, the Articles of Association and the Restricted Share Incentive Scheme.

(IV) Any adjustment to the number or price of the equity interests due to circumstances other than the aforementioned shall be submitted by the listed company to the general meeting for consideration and approval.

X. Accounting Treatment of the Restricted Shares

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payments, at each balance sheet date within the lock-up period, the Company shall revise the number of the Restricted Shares which are expected to be unlocked according to the change in the latest available number of persons eligible to unlock the Restricted Shares, completion of the performance targets and other subsequent information, and include the services acquired during the current period in relevant costs or expenses and capital reserve at the fair value of the Restricted Shares on the Grant Date.

(I) Methods of Accounting Treatment

1. Grant Date

The share capital and capital reserve shall be recognized according to the issuance of Restricted Shares directly by the Company to the incentive participants.

2. Each balance sheet date during the lock-up period

According to the accounting standards, the services provided by employees shall be included in costs and expenses and the owners' equity or liability shall be simultaneously recognised on each balance sheet date during the lock-up period.

3. Unlocking date

On the unlocking date, the Shares can be unlocked if conditions of unlocking are satisfied; if Restricted Shares are not unlocked and thus become invalid or lapsed, they shall be dealt with according to accounting standards and relevant requirements.

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(II) Fair Value of the Restricted Shares and the Determination Method

In accordance with the requirements of the Accounting Standards for Business Enterprises No.11 – Share-based Payments, the closing price of A Shares at the Grant Date shall be taken by the Company as the fair value of the Restricted Shares, the difference between the closing price of A Shares at the Grant Date and the Grant Price shall be taken as the share-based payment expenses per Restricted Share, and the share-based payment expenses under the Restricted Share Incentive Scheme shall be determined eventually.

(III) The Expected Impact of Implementation of the Restricted Shares on the Operating Performance in Each Period

The incentive costs incurred from the Restricted Share Incentive Scheme shall be charged to the recurring gain or loss. The Company used the closing price on one trading day prior to the date of announcement as the fair value of the Restricted Shares under the first grant for the purpose of a preliminary calculation (with a formal calculation to be performed at the time of grant). At the date of calculation, the share-based payment cost per Restricted Share = the closing price of the Company's A Shares on that day – the Grant Price, which is RMB3.20. The Company will officially determine the fair value of the Restricted Shares on the Grant Date and recognize the share-based payment expenses under the Restricted Share Incentive Scheme eventually. Such expenses will be recognized by installment based on the unlocking proportions during the implementation of the Restricted Share Incentive Scheme. Assuming the date of the first grant of Restricted Shares will be at the end of December 2025, according to the preliminary calculation, the impact of the Restricted Shares under the first grant in the Restricted Share Incentive Scheme on the accounting costs incurred in each period are as follows:

Number of Restricted Shares under the first grant	Total cost	2025	2026	2027	2028	2029
(0'000)	(RMB0'000)	(RMB0'000)	(RMB0'000)	(RMB0'000)	(RMB0'000)	(RMB0'000)
3,825	12,240.00	–	4,406.40	4,406.40	2,386.80	1,040.40

Notes: 1. The above result does not represent the final accounting cost. The accounting cost is related not only to the Grant Date, Grant Price and number of the Restricted Shares granted, but also to the number of equity interests that actually become valid and invalid. The final result of the above impact on the operating results of the Company is subject to the annual audit report issued by the accounting firm.

2. The above estimated portion does not include the reserved portion, and additional share-based payment expenses will be incurred upon the grant of the reserved portion.

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According to the preliminary evaluation of the Company based on the information available, without considering the stimulus effects of the Restricted Share Incentive Scheme on the operation performance of the Company, the amortization of the costs of Restricted Shares shall have certain, though not substantial, impact on the net profit of each year during the validity period. Taking into consideration the positive impact of the Restricted Share Incentive Scheme on the development of the Company, such as motivating the management team, increasing the operating efficiency and reducing the costs of agents, the benefits generated from the improvement in the Company's operation performance due to the Restricted Share Incentive Scheme shall far exceed the increase of costs incurred as a result thereof.

(IV) Accounting Treatment for the Termination of the Restricted Share Incentive Scheme

Upon the termination of the Restricted Share Incentive Scheme, pursuant to the requirements of the Accounting Standards for Business Enterprises, the Restricted Shares which have been granted but are still locked up (except for those cancelled due to failure to satisfy the performance conditions), shall be subject to the following accounting treatment:

1. The cancellation or settlement shall be treated as accelerated exercisable rights and the amount which should have been recognized during the remaining vesting period shall be recognized immediately.
2. All payments made to the employee on the cancellation or settlement shall be treated as the repurchase of equity interests. Should the amount paid for the repurchase exceeds the fair value of the equity instrument on the repurchase day, such excess shall be recognised as the expense of the current period.

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XI. PROCEDURES OF IMPLEMENTATION OF THE RESTRICTED SHARE INCENTIVE SCHEME

(I) *Effective Procedures of the Restricted Share Incentive Scheme*

1. The Remuneration and Appraisal Committee under the Board is responsible for preparing the draft Restricted Share Incentive Scheme and submitting it to the Board for consideration and approval.
2. The Board of the Company shall resolve on the Restricted Share Incentive Scheme in accordance with the laws. When the Board considers the Restricted Share Incentive Scheme, the Directors who are the incentive participants or Directors who are related thereto shall abstain from voting.
3. The Remuneration and Appraisal Committee under the Board shall express their opinions on whether the Restricted Share Incentive Scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the Shareholders as a whole.
4. The law firm engaged by the Company shall issue legal opinions on the Restricted Share Incentive Scheme. The independent financial adviser shall issue professional opinions.
5. Before convening the general meeting of the Company, the Company shall publish the names and positions of the incentive participants internally through the Company's website or other channels for a period of not less than 10 days. The Remuneration and Appraisal Committee under the Board shall review the list of the incentive participants and fully consider the opinions gathered from the public announcement. The Company shall disclose an explanation issued by the Remuneration and Appraisal Committee under the Board regarding its review of the list of incentive participants and the relevant disclosure 5 days prior to the consideration of the Share Incentive Scheme at the general meeting.
6. The Company shall conduct a self-inspection on the trading of the Company's Shares by persons who were privy to inside information during the six months prior to the announcement of the draft Restricted Share Incentive Scheme to state whether there is any insider trading.
7. The Restricted Share Incentive Scheme has been reviewed and approved by Beijing SASAC.

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8. A notice is given by the Company to convene a general meeting.
9. The Restricted Share Incentive Scheme shall be voted by ballot at the general meeting of the Company, and shall be approved by more than 2/3 of the votes held by the Shareholders present at the meeting. Save as Directors, senior management of the Company and Shareholders who are holding individually or in aggregate more than 5% of the shares of the listed company, the votes of other Shareholders should be counted separately and disclosed.
10. The Board of the Company shall be responsible for the grant, unlocking and repurchase of the Restricted Shares in accordance with resolution of the general meeting. The Remuneration and Appraisal Committee under the Board of the Company shall check the list of the incentive participants as at the Grant Date of the Restricted Shares and express opinions.

(II) Procedures for Granting the Restricted Shares

1. The general meeting shall consider and approve the Incentive Scheme.
2. Within 60 days after the Restricted Share Incentive Scheme is considered and approved at the general meeting of the Company and the satisfaction of the conditions of the grant, the Company shall convene a Board meeting to consider whether the incentive participants under the Restricted Share Incentive Scheme have satisfied the conditions of the grant prescribed therein and determine the Grant Date, and the Remuneration and Appraisal Committee shall make recommendations to the Board on whether the conditions for the incentive participants to be granted entitlements have been fulfilled. Moreover, the Remuneration and Appraisal Committee under the Board shall verify the Grant Date of the Restricted Shares and the list of incentive participants and issue opinions thereon.

Where there is any discrepancy between the grant of interests by the Company to the incentive participants and the arrangement of the Restricted Share Incentive Scheme, the Remuneration and Appraisal Committee shall make recommendations to the Company's Board, the Remuneration and Appraisal Committee under the Board (when the incentive participants change) shall simultaneously express clear opinions.

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Incentive participants eligible for reserved grant shall be determined within 12 months after the Restricted Share Incentive Scheme is considered and approved at the general meeting. If the incentive participants are not confirmed within such 12 months, the reserved grant will lapse. Such Restricted Shares lapsed in accordance with the terms of the Restricted Share Incentive Scheme will not be regarded as utilised for the purpose of calculating the mandate limit under the Restricted Share Incentive Scheme.

3. The Company shall engage a lawyer to issue legal opinions as to whether the incentive participants have satisfied the conditions of the grant. The independent financial adviser shall issue clear opinions at the same time.
4. The Company shall sign an Agreement on Grant of Restricted Shares (限制性股票授予協議書) with the incentive participants in order to set out their respective rights and obligations.
5. Within the time limit prescribed by the Company, the incentive participants shall pay the consideration for subscribing the Restricted Shares into the account designated by the Company according to the Company's requirement, and have it verified and confirmed by a certified public accountant, otherwise such incentive participant shall be deemed as having waived his/her right to subscribe for the Restricted Shares granted.
6. The Company shall prepare a register for management of the Restricted Shares Incentive Scheme with reference to the Agreement on Grant of Restricted Shares signed by the incentive participants, and such register shall record the names of the incentive participants, the number of Restricted Shares, the Grant Date and the serial number of the relevant Agreement on Grant of Restricted Shares.
7. The Company shall apply to the stock exchange(s) for the grant of Restricted Shares to the incentive participants, and apply to the depository and clearing company for the registration and settlement matters after the confirmation by the stock exchange(s).
8. After the registration of the grant of the Restricted Shares is completed, if it involves change in the registered capital, the Company shall go through the procedures in relation to the registration for changed matters with the relevant administration department for industry and commerce.

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(III) Procedures for Unlocking the Restricted Shares

1. The Company shall confirm whether the incentive participants have satisfied the unlocking conditions before the unlocking date. The Remuneration and Appraisal Committee shall make recommendations to the Board on the matters that the incentive participants have satisfied the conditions of the unlocking. The Board shall consider whether the unlocking conditions under the Restricted Share Incentive Scheme have been satisfied. The Remuneration and Appraisal Committee under the Board shall both express their clear opinions at the same time. A law firm shall issue legal opinions as to whether the incentive participants have satisfied the conditions of the unlocking.
2. As to the incentive participants who have satisfied the conditions of the unlocking, the Company shall issue the Notice of Unlocking Restricted Shares (限制性股票解除限售通知書) and tender applications to the stock exchange(s) to unlock the Restricted Shares. After confirmation by the stock exchange(s), the Company shall apply to the depository and clearing company for the registration and settlement matters.
3. Restricted Shares held by incentive participants who have not satisfied the conditions for unlocking the Restricted Shares shall be repurchased and cancelled by the Company. The Company shall disclose the implementation thereof timely by way of announcement.
4. Incentive participants may transfer their unlocked Restricted Shares whereas the transfer of the Restricted Shares held by the Company's Directors and members of senior management shall comply with the requirements of the relevant laws, regulations and regulatory documents.

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(IV) *Procedures for Amendments to and Termination of the Restricted Share Incentive Scheme*

1. *Procedures for amendments to the Restricted Share Incentive Scheme*

- (1) the Remuneration and Appraisal Committee shall make recommendations to the Company's Board that any proposed amendment to the Restricted Share Incentive Scheme prior to considering of the Restricted Share Incentive Scheme at general meeting of the Company shall be subject to consideration and approval of the Board.
- (2) the Remuneration and Appraisal Committee shall make recommendations to the Company's Board that any proposed amendment to the Restricted Share Incentive Scheme after consideration and approval of the Restricted Share Incentive Scheme at the general meeting of the Company shall be subject to consideration and approval at the general meeting, provided that such amendment shall not:
 - ① result in unlocking of restriction in advance;
 - ② reduce the Grant Price.
- (3) the Remuneration and Appraisal Committee shall make recommendations to the Company's Board that the Company shall promptly disclose the reasons and content of the modification, and the Remuneration and Appraisal Committee under the Board shall express their view on whether the modified scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the Shareholders as a whole. The law firm shall express its professional opinion as to whether the modified scheme is in compliance with the Administrative Measures and relevant laws and regulations and whether it is significantly detrimental to the interests of the Company and the Shareholders as a whole.

2. *Procedures for termination of the Restricted Share Incentive Scheme*

- (1) proposed termination of the Restricted Share Incentive Scheme by the Company prior to consideration of the Restricted Share Incentive Scheme at the general meeting shall be subject to consideration and approval of the Board.

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- (2) proposed termination of the Restricted Share Incentive Scheme by the Company after consideration and approval of the Restricted Share Incentive Scheme at the general meeting shall be subject to consideration at the general meeting.
- (3) the law firm should issue professional opinions as to whether the termination of the Restricted Share Incentive Scheme by the Company is in compliance with the rules of the Restricted Share Incentive Scheme, relevant laws, regulations and regulatory documents, and whether it is significantly detrimental to the interests of the Company and the Shareholders as a whole.
- (4) in case of termination of the Restricted Share Incentive Scheme, the Company shall repurchase all Restricted Shares that are still locked up and deal with such repurchased shares in accordance with the Company Law.

3. *Repurchase procedures under the Restricted Share Incentive Scheme*

- (1) the Company shall promptly convene the Board meeting to consider the repurchasing matters of Restricted Shares yet to be unlocked.
- (2) when the Board of the Company considers the repurchasing matters of Restricted Shares yet to be unlocked pursuant to the requirements of Article 27 of the Administrative Measures, the resolution regarding the repurchase of Shares shall be submitted to the general meeting for approval and an announcement shall be made in a timely manner.
- (3) the Company shall file an application to the stock exchange(s) prior to the repurchasing of the Restricted Shares yet to be unlocked. Upon confirmation by the stock exchange(s), the depository and clearing company shall deal with the matters of repurchasing Restricted Shares.

4. *Restricted Shares repurchased and cancelled cannot be granted to other incentive participants.*

XII. RIGHTS AND OBLIGATIONS OF THE COMPANY/INCENTIVE PARTICIPANTS

(I) Rights and Obligations of the Company

1. The Company has the right to interpret and implement the Restricted Share Incentive Scheme, to conduct performance appraisal on the incentive participants in accordance with the provisions of the Restricted Share Incentive Scheme. If the incentive participants fail to meet the unlocking conditions as determined in the Restricted Share Incentive Scheme, the Company shall repurchase and cancel the corresponding Restricted Shares of the incentive participants that have not yet been unlocked based on the principles prescribed in Chapter II Purpose and Principles of the Incentive Scheme of the Restricted Share Incentive Scheme.
2. The Company promises not to provide loans and any other forms of financial assistance to the incentive participants to obtain relevant Restricted Shares according to the Restricted Share Incentive Scheme, including providing guarantee for their loans.
3. The Company shall discharge its obligations in a timely manner in relation to reporting and information disclosure of the Restricted Share Incentive Scheme in accordance with the relevant requirements.
4. The Company shall actively support the incentive participants who have fulfilled the unlocking conditions to unlock the Restricted Shares in accordance with the Restricted Share Incentive Scheme and the relevant requirements of the CSRC, the stock exchange(s) and the depository and clearing corporation. However, the Company shall not be held liable if the incentive participants fail to unlock the Restricted Shares at their own and such failure causes losses to the incentive participants due to the reasons on the part of the CSRC, the stock exchange(s) and the depository and clearing corporation.
5. Other relevant rights and obligations stipulated in laws and regulations.

(II) Rights and Obligations of the Incentive Participants

1. The incentive participants shall be diligent and responsible, abide by professional ethics, and make due contributions to the development of the Company in accordance with the requirements of the positions the Company recruits for.

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2. The incentive participants shall restrict the sale of the Restricted Shares granted in accordance with the Restricted Share Incentive Scheme.
3. The source of funds for the incentive participants is their self-financing.
4. Restricted Shares granted to the incentive participants according to the Restricted Share Incentive Scheme shall not be transferred, guaranteed or used to repay debts during the lock-up period.
5. The income received by the incentive participants as a result of the Restricted Share Incentive Scheme shall be subject to personal income tax and other taxes in accordance with national tax regulations.
6. Upon completion of the registration by the depository and clearing corporation, except for the relevant restrictions specified in the Restricted Share Incentive Scheme, the Restricted Shares granted to the incentive participants shall have the rights, including but not limited to the rights to dividends, rights to rights issue and rights to vote etc. In the event of liquidation of the Company, the same rights are attached to the Restricted Shares granted to the incentive participants, regardless of whether it falls within the lock-up period.
7. The incentive participants promise that, if there are false records, misleading statements or major omissions in the Company's information disclosure documents, resulting in non-compliance with the grant or arrangements for exercise of rights, the incentive participants shall return all the benefits obtained from the Restricted Share Incentive Scheme to the Company after confirming the existence of false records, misleading statements or major omissions in the relevant information disclosure documents.
8. After the Restricted Share Incentive Scheme is considered and approved by the general meeting of the Company, the Company will sign the Agreement on Grant of Restricted Shares with each of incentive participants whereby their respective rights and obligations under the Restricted Share Incentive Scheme as well as other relevant matters are stipulated.
9. Other relevant rights and obligations stipulated in laws, regulations and the Restricted Share Incentive Scheme.

XIII. HANDLING OF CHANGES IN THE COMPANY/INCENTIVE PARTICIPANTS

The Restricted Shares cancelled in accordance with the following conditions will be regarded as utilised for the purpose of calculating the mandate limit under the Restricted Share Incentive Scheme.

(I) *Handling of Changes in the Company*

1. In the event of any of the following circumstances occurs in the Company, the implementation of the Restricted Share Incentive Scheme shall be terminated immediately, and the Restricted Shares that have been granted to the incentive participants but have not yet been unlocked shall be repurchased by the Company at the Grant Price in accordance with the relevant provisions of the Restricted Share Incentive Scheme:
 - (1) failure to engage an accounting firm to conduct an audit in accordance with the prescribed procedures and requirements;
 - (2) the state-owned assets supervision and administration authority or the audit department has raised significant objections to the listed company's results or annual financial reports;
 - (3) any significant non-compliance with regulations and penalties imposed by the securities regulatory authorities and other relevant authorities;
 - (4) the financial report or the internal control evaluation for the latest accounting year has been issued with an adverse opinion or an audit report with a disclaimer of opinion by the certified public accountants;
 - (5) any failure to distribute profits in accordance with the laws and regulations, the Articles of Association and public commitments within the last 36 months after listing;
 - (6) where the laws and regulations prohibit the implementation of equity incentives;
 - (7) other circumstances as determined by the CSRC.

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2. The Restricted Share Incentive Scheme shall not be changed and continue to be implemented according to its provisions if any of the followings occurs to the Company:
 - (1) change in control of the Company;
 - (2) circumstances such as merger, spin-off, etc. of the Company.
3. Where false statements or misleading representations in or material omissions from the information disclosure documents of the Company result in non-compliance with the conditions of grant of Restricted Shares or arrangements for unlocking, such portion of the Restricted Shares that are not yet unlocked shall be repurchased and cancelled by the Company uniformly in accordance with the Grant Price. In respect of the Restricted Shares granted to the incentive participants which have been unlocked, all incentive participants shall return all entitlements granted. The Board shall recover all the profits gained by the incentive participants in accordance with the relevant arrangements under the Restricted Share Incentive Scheme.

(II) Changes in Personal Circumstances of the Incentive Participants

1. Where the position of incentive participants changes as arranged by the Company for the requirements of the Company's work, as long as he or she still works at the Company (including its branches, subsidiaries and dispatched by the Company to work elsewhere), the Restricted Shares granted to him or her shall be exercised in accordance with the requirements under the Restricted Share Incentive Scheme prior to the change of his or her position, individual performance assessment shall be executed in accordance with the performance assessment scheme of the new position.
2. If the incentive participants cease or terminate their labour relationship with the Company due to personal reasons, provided that the year of termination falls within an unlocking period and the performance appraisal conditions of the granted Restricted Shares have been fulfilled in the year of such termination, the unlockable portion of the Restricted Shares shall be unlocked within a half-year period after the date of such termination, or else the interests will lapse after the half-year period, and shall be repurchased by the Company at the Grant Price. The Restricted Shares that have been granted to the incentive participants under the Restricted Share Incentive Scheme but have not yet been unlocked shall not be unlocked and shall be repurchased and cancelled by the Company at the lower of the Grant Price and the shares market price at the time of repurchase.

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3. If the incentive participants cease or terminate their labour relationship with the Company (including its controlled subsidiaries) due to objective reasons such as job transfer, retirement, death or loss of civil capacity, the Company may calculate the number of Restricted Shares eligible for unlocking based on his/her actual years of service, and arrange for the unlocking according to the corresponding unlocking batches, while the remaining Restricted Shares that have not been unlocked shall be repurchased and cancelled by the Company at the Grant Price plus interest calculated based on the benchmark deposit of the corresponding period published by the PBOC.
4. If the incentive participants become those who cannot hold the Company's Restricted Shares, such as external directors (including independent directors), the Restricted Shares of the incentive participants that have not been unlocked shall be repurchased and cancelled by the Company at the Grant Price, and shall pay interest calculated based on the benchmark deposit of the corresponding period published by the PBOC.
5. In the event that any of the following circumstances occurs to incentive participants, the incentive participants shall return the income derived from the equity incentive, and the Restricted Shares that have not been unlocked shall be repurchased and cancelled by the Company at the lower of the Grant Price and the shares market price at the time of repurchase.
 - (1) where the incentive participant has violated professional ethics, dereliction of duty or misconduct, which severely impaired the interest or reputation of the Company; At the same time, in the event of serious circumstances which include but not limited to serious misconduct, a material misstatement in the Company's financial statement or other serious circumstances, the Company may also claim for the damages suffered by the Company from such incentive participant in accordance with relevant laws and regulations;
 - (2) where the incentive participant has dismissed due to a severe extent violation of the relevant provisions of the Company's staff reward and punishment management;
 - (3) where the incentive participant has taken illegal and disciplinary actions such as accepting bribes, asking for bribes, corruption, theft and divulging operational and technical secrets;
 - (4) where the incentive participant causes damage to the Company as a result of violating relevant laws and regulations, the requirements of the Articles of Association and the Company's rules and regulation;

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- (5) the Company encounters a situation in which a share incentive scheme may not be implemented, and the incentive participant bears personal responsibility for such circumstances;
 - (6) the incentive participant falls under any circumstance in which Restricted Shares may not be granted.
6. Any other circumstances not set forth above shall be determined by the Board, which shall decide on the handling methods.

(III) Resolution of Disputes between the Company and the Incentive Participants

Any dispute arising between the Company and the incentive participants shall be resolved in accordance with provisions of the Restricted Share Incentive Scheme and the Agreement on Grant of Restricted Shares. Disputes not explicitly covered by the provisions shall be resolved by negotiation in accordance with the national laws on fair and reasonable principles. Where no resolution can be reached through negotiation, the dispute shall be submitted to a People's Court having jurisdiction in the location where the Company is domiciled for litigation.

The Grant Plan for the Restricted A Share Incentive Scheme of Dynagreen Environmental Protection Group Co., Ltd. forms a part of the Restricted Share Incentive Scheme.

The full text of the Grant Plan for the Restricted Share Incentive Scheme is set out in Appendix II to this circular.

A special resolution will be proposed at the EGM to consider and, if thought fit, to approve the adoption of the Restricted Share Incentive Scheme.

III. OTHER RESOLUTIONS IN RELATION TO THE PROPOSED ADOPTION OF THE RESTRICTED SHARE INCENTIVE SCHEME

(I) Proposed adoption of the administrative measures for the Restricted Share Incentive Scheme

In order to ensure the smooth implementation of the Restricted Share Incentive Scheme of the Company, it is proposed to formulate the Administrative Measures for the Restricted A Share Incentive Scheme of Dynagreen Environmental Protection Group Co., Ltd. in accordance with the Articles of Association and other systems.

The full text of the Administrative Measures for the Restricted A Share Incentive Scheme of Dynagreen Environmental Protection Group Co., Ltd. is set out in Appendix III to this circular.

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A special resolution will be proposed at the EGM to consider and, if thought fit, to approve the adoption of the Administrative Measures for the Restricted A Share Incentive Scheme of Dynagreen Environmental Protection Group Co., Ltd.

(II) Proposed adoption of the appraisal management measures for implementation of the Restricted Share Incentive Scheme

In order to ensure the smooth implementation of the Restricted Share Incentive Scheme of the Company, it is proposed to formulate the Appraisal Management Measures for Implementation of the Restricted A Share Incentive Scheme of Dynagreen Environmental Protection Group Co., Ltd. in accordance with the Articles of Association and other regulations.

The full text of the Appraisal Management Measures for Implementation of the Restricted A Share Incentive Scheme of Dynagreen Environmental Protection Group Co., Ltd. is set out in Appendix IV to this circular.

A special resolution will be proposed at the EGM to consider and, if thought fit, to approve the adoption of the Appraisal Management Measures for Implementation of the Restricted A Share Incentive Scheme of Dynagreen Environmental Protection Group Co., Ltd.

(III) Proposed authorization to the Board to handle the relevant matters related to the Restricted Share Incentive Scheme

In order to ensure the smooth implementation of the Restricted Share Incentive Scheme of the Company, the general meeting of the Company intends to authorize the Board to handle the relevant matters related to the Restricted Share Incentive Scheme, including but not limited to the following:

1. To authorize the Board to determine the eligibility and conditions of the incentive participants to participate in the Restricted Share Incentive Scheme and to determine the Grant Date of the Restricted Share Incentive Scheme;
2. To authorize the Board to grant Restricted Shares to the incentive participants when they meet conditions and deal with all matters required for the grant of Restricted Shares, including but not limited to signing the Agreement on Grant of Restricted Shares with the incentive participants, applying to the stock exchange(s) for grant, applying to the depository and clearing company for the registration and settlement business, amending the Articles of Association and registering the change in registered capital of the Company with industrial and commercial registration authorities;
3. To authorize the Board to adjust the share of the entitlement abandoned by the incentive participants to the reserved portion or directly reduce it prior to granting Restricted Shares to the incentive participants;

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4. To authorize the Board to adjust the number of Restricted Shares and the number of underlying Shares involved, Grant Price/repurchase price according to the methods of the Restricted Share Incentive Scheme in the event of conversion of capital reserve into share capital, bonus issue, share sub-division or share consolidation, rights issue and dividend distribution of the Company;
5. To authorize the Board to review and confirm the unlocking qualifications and the unlocking conditions of the Restricted Shares granted to the incentive participants, and to agree that the Board shall delegate the exercise of such right to the Remuneration and Appraisal Committee;
6. To authorize the Board to determine whether the Restricted Shares granted to the incentive participants can be unlocked and to authorize the Board to deal with all matters required for unlocking for the incentive participants, including but not limited to making application to the stock exchange(s) for unlocking and applying to the depository and clearing company for the registration and settlement business;
7. To authorize the Board to handle the changes and termination of matters relating to the Restricted Share Incentive Scheme, including but not limited to cancellation of the eligibility of the incentive participants for the unlocking of Restricted Shares, repurchase and cancellation of the Restricted Shares of the incentive participants that have not yet been unlocked, handling of the inheritance matters of the Restricted Shares of the deceased incentive participants that have not yet been unlocked, elimination or adjustment of the samples of the comparable companies, termination of the Restricted Share Incentive Scheme of the Company, amendment of the Articles of Association and registration of the change such as changes in registered capital due to repurchase and cancellation with industrial and commercial registration authorities;
8. To authorize the Board to manage and adjust the Restricted Shares Incentive Scheme, and from time to time formulate or amend the management and implementation rules of the Restricted Shares Incentive Scheme, subject to compliance with the terms of the Restricted Shares Incentive Scheme, except as otherwise required by laws, regulations or relevant regulatory authorities;
9. To authorize the Board to execute, implement, revise and terminate any agreement and other documents relating to the Restricted Share Incentive Scheme;

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10. To authorizes the Board, in accordance with the provisions of relevant laws, regulations and regulatory documents, to go through necessary formalities such as approval, registration, filing, authorization and consent with relevant governments and institutions (including but not limited to the industrial and commercial registration authorities) for the Restricted Share Incentive Scheme; to execute, implement, revise and complete documents submitted to the relevant governments, institutions, organizations and individuals; and to do all acts that it considers to be necessary, appropriate or suitable in relation to the Restricted Share Incentive Scheme;
11. To authorize the Board to decide or handle other matters necessary for the implementation of the Restricted Share Incentive Scheme as permitted by relevant laws and regulations.

The term of the authorization granted to the Board is the same as the validity period of the Restricted Share Incentive Scheme. The above authorization matters, except for those clearly stipulated by laws, administrative regulations, rules of the CSRC, regulatory documents, the Restricted Share Incentive Scheme or the Articles of Association requiring approval by the Board by way of resolution, can be exercised directly on behalf of the Board by the Chairman or persons delegated by it.

A special resolution will be proposed at the EGM to consider and, if thought fit, to approve authorization to the Board to handle the relevant matters related to the Restricted Share Incentive Scheme.

IV. PROPOSED PROVISION OF GUARANTEE TO A SUBSIDIARY

Pursuant to article 68 of the Articles of Association and rule 15 of the Rules Governing the Provision of Guarantees to External Parties, any guarantee to external parties provided by the Company and the subsidiaries of the Company that in aggregate amounts to or exceeds 50% of the latest audited net assets shall be subject to approval by the Shareholders at general meeting of the Company. This resolution has been considered and approved by the Board.

An ordinary resolution will be proposed at the EGM to consider and approve the provision of guarantee to a subsidiary by the Company, details of which are set out in Appendix V to this circular.

V. HONG KONG LISTING RULES IMPLICATIONS

Pursuant to the Chapter 17 of the Hong Kong Listing Rules, the Restricted Share Incentive Scheme will constitute a share scheme involving the grant of new shares and share schemes involving the grant of new shares must be approved by the shareholders of the listed issuer at the general meeting. Accordingly, the proposed adoption of the Restricted Share Incentive Scheme will be subject to (among other things) the Shareholders' approval at the EGM.

It is expected that the grant will be made as soon as reasonably practicable after approval at the EGM and outside of a black-out period. The Company will publish a separate announcement in relation to the grant of Restricted Shares in accordance with Rules 17.06A, 17.06B and 17.06C of the Hong Kong Listing Rules after the approval of the Restricted Share Incentive Scheme.

Pursuant to Rule 17.03(13) of the Hong Kong Listing Rules, the scheme document must include a provision for adjustment of the purchase price and/or the number of securities subject to awards granted under the scheme in the event of conversion of capital reserve into share capital, rights issue, share sub-division, share consolidation or reduction of capital.

In addition to the event where adjustment to the Grant Price is required under Rule 17.03(13) of the Hong Kong Listing Rules, the Restricted Share Incentive Scheme provides for the adjustment to the Grant Price in the event of dividend distribution (the **"Proposed Adjustment"**).

On the basis of the following factors, the Company has applied for, and the Hong Kong Stock Exchange has granted a waiver from strict compliance with Rule 17.03(13) of the Hong Kong Listing Rules in respect of the Proposed Adjustment:

- (1) the Restricted Share Incentive Scheme only entitles the incentive participants to acquire A Shares but not H Shares of the Company. According to the opinion from Beijing Kangda (Shenzhen) Law Firm (北京市康達(深圳)律師事務所), the legal advisor to the Company as to the PRC laws, (i) the proposed terms of the Restricted Share Incentive Scheme are prepared in accordance with the related regulations of the PRC laws and the requirements of the relevant regulatory authorities of the PRC (including but not limited to State-owned Assets Supervision and Administration Commission of the State Council, Beijing SASAC, the CSRC and the Shanghai Stock Exchange), including Company Law, Securities Law, Administrative Measures, the Trial Measures for the Implementation of Equity Incentives by State-controlled Listed Companies (Domestic) (Guo Zi Fa Fen Pei [2006] No. 175) (《國有控股上市公司(境內)實施股權激勵試行辦法》)(國資發分配[2006]175號)), the Notice on Issues concerning Regulating the Implementation of the Equity Incentive System by State-controlled Listed Companies (Guo Zi Fa Fen Pei [2008] No. 171) (《關於規範國有控股上市公司實施股權激勵制度有關問題的通知》)(國資發分配[2008]171號)), the Notice on Issuing the Guiding Opinions on Regulating

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the Implementation of Equity and Dividend Incentives by Municipal Enterprises (Jing Guo Zi Fa [2021] No. 20) (《關於印發的通知》(京國資發[2021]20號)), the Guidelines on the Implementation of Equity Incentives by Listed Companies Controlled by Central Enterprises (Guo Zi Kao Fen [2020] No. 178) (《中央企業控股上市公司實施股權激勵工作指引》(國資考分[2020]178號)), and (ii) the Proposed Adjustment shall be included in the provisions of the Restricted Share Incentive Scheme pursuant to the aforesaid applicable PRC regulatory requirements;

- (2) the Proposed Adjustment is in line with the market practice in the PRC;
- (3) the proposed terms of the Restricted Share Incentive Scheme, including the Proposed Adjustment, have been reviewed by Beijing Kangda (Shenzhen) Law Firm (北京市康達(深圳)律師事務所), and approved by the independent non-executive Directors and the Board;
- (4) the total number of Restricted Shares proposed to be granted under the Restricted Share Incentive Scheme is 40,350,000, representing approximately 2.90% of the total share capital of the Company (i.e., 1,393,454,130 Shares) as at the Latest Practicable Date, and the Restricted Shares are subject to the lock-up period for up to 60 months. The dilution effect on the shareholding interests of the existing Shareholders of the Company will therefore be immaterial. As such, it would not adversely affect the interests of the existing Shareholders;
- (5) the adjusted Grant Price will be equal to the Grant Price minus the dividend paid. For information purposes only, the Company's dividend distributed in the past three financial years (i.e., from 2022 to 2024) ranged from RMB0.12 per Share to RMB0.3 per Share. The Company does not expect that the Proposed Adjustment will have any material adverse impact on the interests of Shareholders; and
- (6) the terms of the Restricted Share Incentive Scheme will be under close scrutiny by the aforesaid regulatory authorities of the PRC, and they are also subject to approval by the Shareholders at the EGM. The Shareholders will be given the opportunity to make an informed decision as to the adoption of the Restricted Share Incentive Scheme at the EGM.

For details of the adjustment to the Grant Price under the Restricted Share Incentive Scheme, please refer to Appendix I to this circular.

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BSAM and Beijing SASAC approved the Restricted Share Incentive Scheme in October 2025. The EGM will be convened by the Company to consider and, if thought fit, approve (among other things) the adoption of the Restricted Share Incentive Scheme and matters relating thereto. Shareholders who have material interests in the Restricted Share Incentive Scheme, Shareholders who are incentive participants and their associates shall abstain from voting on the corresponding resolutions to be proposed at the EGM.

VIII. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

IX. RECOMMENDATION

The appraisal system of the Restricted Share Incentive Scheme of the Company is comprehensive, integrated and operational, the appraisal indicators are set with scientificity and reasonableness, and at the same time they have a binding effect on the incentive participants, and can achieve the purpose of the Restricted Share Incentive Scheme. Further, via the initial grant of the Restricted Shares to the incentive participants under the Restricted Share Incentive Scheme, it can enhance the motivation, proactiveness and creativity of the incentive participants to achieve the performance targets under the Restricted Share Incentive Scheme, which is in line with the purpose of the Restricted Share Incentive Scheme and is in the interests of the Company and the Shareholders as a whole.

The Directors, including the independent non-executive Directors, consider that the proposed adoption of the Restricted Share Incentive Scheme, the proposed adoption of the administrative measures for the Restricted Share Incentive Scheme, the proposed adoption of the appraisal management measures for implementation of the Restricted Share Incentive Scheme, the proposed authorization to the Board to handle the relevant matters related to the Restricted Share Incentive Scheme, and proposed provision of guarantee to a subsidiary, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

X. ARRANGEMENTS FOR THE EGM

The EGM notice is set out on pages EGM-1 to EGM-3 of this circular.

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The Company will convene the EGM at 10:00 a.m. on 19 November 2025 at the 2nd Floor, Jiuzhou Electronic Building, No. 7 Keji South 12th Street, Nanshan District, Shenzhen, the PRC. A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

Shareholders who are incentive participants or Shareholders who have a connected relationship with the incentive participants shall abstain from voting on the relevant resolutions thereon. To the best of the Directors' knowledge, information and belief, none of the Shareholders has any material interest in any of the resolutions to be proposed at the EGM, and therefore no Shareholders will be required to abstain from voting on the resolutions.

Pursuant to the Hong Kong Listing Rules, any vote of the Shareholders at the EGM must be taken by poll. The poll results will be published by the Company after the EGM in the manner prescribed under the Hong Kong Listing Rules.

In order to determine the list of Shareholders who are entitled to attend the EGM, the Company's register of members will be closed from Friday, 14 November to Wednesday, 19 November 2025, both days inclusive, during which period no transfer of Shares will be effected. H Shareholders whose names appear on the Company's register of members on Thursday, 13 November 2025 after close of business are entitled to attend the EGM. In order to attend and vote at the EGM, H Shareholders whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the Company's H Share Registrar, Tricor Investor Services Limited at or before 4:30 p.m. on Thursday, 13 November 2025. The address of the H Share Registrar is 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Forms of proxy for use at the EGM are enclosed with this circular and such forms of proxy are also published on the websites of Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.dynagreen.com.cn). To be valid, the forms of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's H Share Registrar, Tricor Investor Services Limited (address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong) (for H Shareholders) not less than 24 hours before the time appointed for the EGM or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish, and in such event, the proxy shall be deemed to be revoked.

By Order of the Board
Dynagreen Environmental Protection Group Co., Ltd.*
Cheng Suning
Chairman

**THE RESTRICTED A SHARE INCENTIVE SCHEME OF
DYNAGREEN ENVIRONMENTAL PROTECTION GROUP CO., LTD.***

DYNAGREEN ENVIRONMENTAL PROTECTION GROUP CO., LTD.*
October 2025

* *For identification purposes only*

STATEMENTS

The Company and all directors guarantee that there are no false records, misleading statements or major omissions in the Incentive Scheme and its summary, and shall individually and jointly assume legal responsibilities for its truthfulness, accuracy and completeness.

SPECIAL NOTES

- I. The Scheme is prepared in accordance with the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Administrative Measures for the Equity Incentives of Listed Companies (《上市公司股權激勵管理辦法》), the Trial Measures for the Implementation of Equity Incentives by State-controlled Listed Companies (Domestic) (Guo Zi Fa Fen Pei [2006] No. 175) (《國有控股上市公司(境內)實施股權激勵試行辦法》(國資發分配[2006]175號)), the Notice on Issues concerning Regulating the Implementation of the Equity Incentive System by State-controlled Listed Companies (Guo Zi Fa Fen Pei [2008] No. 171) (《關於規範國有控股上市公司實施股權激勵制度有關問題的通知》(國資發分配[2008]171號))), the Notice on Issuing the Guiding Opinions on Regulating the Implementation of Equity and Dividend Incentives by Municipal Enterprises (Jing Guo Zi Fa [2021] No. 20) (《關於印發〈關於市管企業規範實施股權和分紅激勵工作的指導意見〉的通知》(京國資發[2021]20號)), the Guidelines on the Implementation of Equity Incentives by Listed Companies Controlled by Central Enterprises (Guo Zi Kao Fen [2020] No. 178) (《中央企業控股上市公司實施股權激勵工作指引》(國資考分[2020]178號)) and the Articles of Association of Dynagreen Environmental Protection Group Co., Ltd.* (《綠色動力環保集團股份有限公司章程》) and other relevant laws, regulations, rules and normative documents.
- II. The incentive instruments adopted in the Incentive Scheme are Restricted Shares. The source of shares is the ordinary A shares of Dynagreen Environmental Protection Group Co., Ltd.* ("**Company**") to be issued by the Company to the Incentive Participants.
- III. The number of the Restricted Shares to be granted under the Scheme shall be 40,350,000 shares, representing approximately 2.90% of the Company's total share capital of 1,393,450,000 shares as at the date of announcement of the Scheme, of which 38,250,000 shares will be granted under the first grant, representing 2.74% of the Company's total share capital of 1,393,450,000 shares as at the date of announcement of the draft Incentive Scheme; and 2,100,000 shares will be reserved, representing 0.15% of the Company's total share capital of 1,393,450,000 shares as at the date of announcement of the draft Incentive Scheme and 5.21% of the total equity under this grant.

The number of Restricted Shares granted to any of the Incentive Participants under the Incentive Scheme does not exceed 1% of the total share capital (excluding the treasury shares, if any) of the Company.

- IV. During the period from the date of announcement of the Incentive Scheme until the completion of registration of the Restricted Shares of the Incentive Participants, the Grant Price or the number of the Restricted Shares shall be adjusted accordingly under the Incentive Scheme in the event of any conversion of capital reserve into share capital, bonus issue, shares sub-division or share consolidation, rights issue and dividend distribution of the Company, etc.
- V. The total number of Incentive Participants under the first grant pursuant to the Incentive Scheme shall be 195, including directors, senior management, core managerial, technical and business personnel of the Company (including its controlled subsidiaries, the same below).
- VI. The validity period of the Incentive Scheme shall commence from the date on which the Scheme is approved by the general meeting of the Company and end on the date on which all the Restricted Shares granted to the Incentive Participants are unlocked or repurchased and cancelled, which shall not exceed 72 months.
- VII. The Company shall not involve in the following circumstances where no share incentive scheme shall be implemented as provided in Article 7 of the Administrative Measures for the Equity Incentives of Listed Companies (《上市公司股權激勵管理辦法》).
- VIII. The Incentive Participants involved in the Incentive Scheme exclude external directors of the Company (including independent directors). Shareholders who are holding individually or in aggregate more than 5% of the shares of the Company or the de facto controller and their spouses, parents and children have not participated in the Incentive Scheme. Incentive Participants have satisfied the provisions of Article 8 of the Administrative Measures for the Equity Incentives of Listed Companies (《上市公司股權激勵管理辦法》), and are not subject to any circumstances where a person is prohibited from being an Incentive Participant.
- IX. The Company promises not to provide loans and any other forms of financial assistance to the Incentive Participants to obtain relevant Restricted Shares according to the Incentive Scheme, including providing guarantee for their loans.
- X. The Incentive Participants promise that, if there are false records, misleading statements or material omissions in the Company's information disclosure documents, resulting in non-compliance with the grant or arrangements for exercise of rights, the Incentive Participants shall return all the benefits obtained from the equity incentive scheme to the Company after confirming the existence of false records, misleading statements or material omissions in the relevant information disclosure documents.

- XI. The implementation of the Scheme shall be subject to the review and pass by Beijing State-owned Assets Management Co., Ltd. (北京市國有資產經營有限責任公司) and the review and approval by Beijing Municipal People's Government State-owned Assets Supervision and Administration Commission before it could be considered and approved at the general meeting convened by the Company.
- XII. Within 60 days from the date of consideration and approval of the Incentive Scheme at the general meeting and the satisfaction of the conditions of the grant, the Company will convene a board meeting in accordance with relevant regulations to make grants to the Incentive Participants and complete the registration, announcement and other relevant procedures. In the event that the Company fails to complete the aforesaid work within 60 days, the implementation of the Incentive Scheme shall be terminated, Restricted Shares not granted shall lapse.
- XIII. The implementation of the Incentive Scheme will not result in the shareholding distribution of the Company not meeting the listing requirements.

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CHAPTER I DEFINITIONS

In this document, unless the context requires otherwise, the following terms shall have the following meanings:

“Dyngreen”, “Company”, “Group”, “listed company”	Dyngreen Environmental Protection Group Co., Ltd.* (綠色動力環保集團股份有限公司)
“Incentive Scheme”, “Scheme”	the restricted A share incentive scheme of the Dyngreen Environmental Protection Group Co., Ltd.*
“Restricted Share(s)”	a certain number of shares of the Company granted to the Incentive Participants according to the conditions and price stipulated in the Incentive Scheme, which are subject to a lock-up period and can only be unlocked when the Unlocking Conditions as stipulated in the Incentive Scheme are satisfied
“Incentive Participant(s)”	the directors, senior management, core managerial, technical and business personnel of the Company to be granted Restricted Shares under the Incentive Scheme
“Grant Date”	the date on which the Company grants the Restricted Shares to the Incentive Participants, which must be a trading day
“Grant Price”	the price per share at the time of granting of Restricted Shares to the Incentive Participants by the Company
“Lock-up Period(s)”	the period(s) during which the Restricted Shares granted to the Incentive Participants under the Incentive Scheme are restricted to be transferred or used as guarantee or for repayment of debts
“Unlocking Period(s)”	the period(s) during which the Restricted Shares of the Incentive Participants are unlocked and can be transferred upon the fulfillment of the Unlocking Conditions as stipulated in the Incentive Scheme
“Unlocking Conditions”	the conditions that shall be satisfied for unlocking the Restricted Shares of the Incentive Participants pursuant to the Incentive Scheme

“Validity Period”	the period commencing from the date on which the Scheme is approved at the general meeting of the Company and ending on the date on which all the Restricted Shares are unlocked or repurchased and cancelled
“Company Law”	the Company Law of the People’s Republic of China (《中華人民共和國公司法》)
“Securities Law”	the Securities Law of the People’s Republic of China (《中華人民共和國證券法》)
“Administrative Measures”	the Administrative Measures for the Equity Incentives of Listed Companies (《上市公司股權激勵管理辦法》)
“Regulatory Notice”	the Notice on Issues concerning Regulating the Implementation of the Equity Incentive System by State-controlled Listed Companies (Guo Zi Fa Fen Pei [2008] No. 171) (《關於規範國有控股上市公司實施股權激勵制度有關問題的通知》(國資發分配[2008]171號))
“Trial Measures”	the Trial Measures for the Implementation of Equity Incentives by State-controlled Listed Companies (Domestic) (Guo Zi Fa Fen Pei [2006] No. 175) (《國有控股上市公司(境內)實施股權激勵試行辦法》(國資發分配[2006]175號))
“Guiding Opinions”	the Notice on Issuing the Guiding Opinions on Regulating the Implementation of Equity and Dividend Incentives by Municipal Enterprises (Jing Guo Zi Fa [2021] No. 20) (《關於印發〈關於市管企業規範實施股權和分紅激勵工作的指導意見〉的通知》(京國資發[2021]20號))
“Document 178”	the Guidelines on the Implementation of Equity Incentives by Listed Companies Controlled by Central Enterprises (Guo Zi Kao Fen [2020] No. 178) (《中央企業控股上市公司實施股權激勵工作指引》(國資考分[2020]178號))
“Articles of Association”	the Articles of Association of Dynagreen Environmental Protection Group Co., Ltd.* (《綠色動力環保集團股份有限公司章程》)

“BSAM”	Beijing State-owned Assets Management Co., Ltd. (北京市國有資產經營有限責任公司)
“Beijing SASAC”	Beijing Municipal People’s Government State-owned Assets Supervision and Administration Commission
“CSRC”	China Securities and Regulatory Commission
“Stock Exchange”	the Shanghai Stock Exchange
“Depository and Clearing Company”	the Shanghai Branch of China Securities Depository and Clearing Corporation Limited
“RMB”	Renminbi

Notes:

1. Financial data and financial indicators used in this draft, unless otherwise specified, refer to the financial data in the consolidated statements and the financial indicators calculated based on such financial data.
2. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

CHAPTER II PURPOSE AND PRINCIPLES OF THE INCENTIVE SCHEME

In order to further establish and improve the long-term incentive mechanism of the Company, attract and retain talented individuals, fully mobilize the enthusiasm of the directors, senior management, and core managerial, technical and business personnel of the Company, and effectively bind the interests of the shareholders, the Company and individuals of core teams together, making all parties attend to the long-term development of the Company, on the premise of fully protecting the interests of the shareholders and on the principle of income equivalent to contribution, the Incentive Scheme is formulated in accordance with the Company Law, the Securities Law, the Administrative Measures, the Trial Measures, the Regulatory Notice, the Guiding Opinions, the Document 178 and other relevant laws, regulations and normative documents as well as the Articles of Association.

The Scheme adheres to the following principles:

1. being lawful, open and transparent, and abiding by laws, regulations and the requirements of the Articles of Association;
2. safeguarding the interests of the shareholders and the Company, improving value preservation and appreciation of state-owned assets, and contributing to the Company’s sustainable development;
3. combining incentives with constraints, making risks commensurate with returns and properly strengthening the incentives for the management of the Company.

CHAPTER III GOVERNING BODIES OF THE INCENTIVE SCHEME

- I. The general meeting, as the highest authority of the Company, shall be responsible for considering and approving the implementation, modification and termination of the Incentive Scheme. The general meeting may, within its powers and authority, authorise the board to handle certain matters relating to the Incentive Scheme.
- II. The board shall act as the executive and administrative body for the Incentive Scheme and be responsible for the implementation of the Incentive Scheme. The remuneration and appraisal committee under the board is responsible for preparing and revising the Incentive Scheme and submitting it to the board for consideration and approval. Upon review and approval by the board, the Incentive Scheme shall be further submitted to the general meeting for consideration and approval. The board may handle other matters relating to the Incentive Scheme within its scope of authority as delegated by the general meeting.
- III. The remuneration and appraisal committee under the board shall act as the supervisory authority for the Incentive Scheme, and shall express their opinions on whether the Incentive Scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the shareholders as a whole. The remuneration and appraisal committee under the board shall supervise the implementation of the Incentive Scheme as to whether it is in compliance with the relevant laws, regulations, regulatory documents and operational rules of the Stock Exchange, and shall be responsible for verifying the list of the Incentive Participants.
- IV. Where amendments are made to the equity incentive plan by the Company before the equity incentive plan is passed at the general meeting, the remuneration and appraisal committee shall express their view on whether the modified scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the shareholders as a whole.
- V. Before any entitlements are granted to an Incentive Participant by the Company, the remuneration and appraisal committee express clear opinions on the conditions for the Incentive Participants to be granted entitlements under the equity incentive plan shall make recommendations to the Board on whether the conditions for the Incentive Participants to be granted entitlements have been fulfilled, and the supervisory committee shall issue clear opinions. Where there is any discrepancy between the grant of interests by the Company to the Incentive Participants and the arrangement of the Incentive Scheme, the remuneration and appraisal committee under the board shall express clear opinions simultaneously.
- VI. Before the exercise of entitlements by an Incentive Participant, the remuneration and appraisal committee under the board shall issue clear opinions on whether the conditions for the Incentive Participants to exercise such entitlements have been fulfilled.

CHAPTER IV BASIS FOR DETERMINING INCENTIVE PARTICIPANTS AND THE SCOPE OF INCENTIVE PARTICIPANTS

I. BASIS FOR DETERMINING INCENTIVE PARTICIPANTS

1. *Legal basis for determining Incentive Participants*

The Incentive Participants under the Incentive Scheme have been determined in accordance with the Company Law, the Securities Law, the Administrative Measures, the Trial Measures, the Regulatory Notice, the Guiding Opinions, the Document 178 and other relevant laws, regulations, normative documents as well as the relevant provisions of the Articles of Association, taking into account the actual circumstances of the Company.

2. *Position basis for determining Incentive Participants*

The Incentive Participants under the Incentive Scheme shall be the directors, senior management, and core managerial, technical and business personnel of the Company (including its branches and controlled subsidiaries, the same below), excluding external directors (including independent directors).

II. SCOPE OF INCENTIVE PARTICIPANTS

The total number of Incentive Participants under the first grant pursuant to the Incentive Scheme shall be 195, specifically including:

1. directors and senior management;
2. mid-level management of the Group;
3. core managerial, technical and business personnel.

The Incentive Participants involved in the Incentive Scheme exclude external directors (including independent directors), as well as the shareholders individually or in aggregate holding 5% or more of the shares of the Company or the de facto controller and their spouses, parents or children.

If the Incentive Participants are directors, general managers, chief executives of the Company, or any of their respective associates, such grant under the Incentive Scheme must be approved by the independent non-executive directors of the Company and comply with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors and senior management among the Incentive Participants must be elected by the general meeting or appointed by the board of the Company. All Incentive Participants must establish labor relationship with the Company or its branches and controlled subsidiaries during the Validity Period of the Scheme.

III. VERIFICATION OF INCENTIVE PARTICIPANTS

1. After the board has reviewed and approved the Incentive Scheme, the Company shall internally publish the names and the positions of the Incentive Participants for a period of no less than 10 days.
2. The remuneration and appraisal committee under the board of the Company shall verify the list of the Incentive Participants and thoroughly consider the public opinions, and shall publish the opinions of the remuneration and appraisal committee under the board on the verification and the publication in relation to the list of the Incentive Participants 5 days before the Incentive Scheme is considered at the general meeting of the Company. Any adjustments to the list of the Incentive Participants made by the board of the Company shall also be subject to verification by the remuneration and appraisal committee under the board of the Company.
3. Incentive Participants for the reserved grant shall be determined within 12 months from the date on which the Incentive Scheme is considered and passed at the general meeting, and in principle, the Incentive Participants already granted under this Incentive Scheme shall not be granted repeatedly. Following the proposal made by remuneration and appraisal committee to the board, the consideration from the board, as well as issue of professional opinions and legal opinions by the legal adviser, the Company shall promptly and accurately disclose the relevant information on such Incentive Participants on the designated website pursuant to the relevant requirements. The reserved entitlements shall lapse where the Incentive Participants for the reserved grant are not determined after 12 months. Such Restricted Shares lapsed in accordance with the terms of the Incentive Scheme will not be regarded as utilised for the purpose of calculating the mandate limit under the Incentive Scheme. The determination of the Incentive Participants for the reserved grant shall be determined by reference to the criteria for the first grant.

CHAPTER V SOURCE, NUMBER AND ALLOCATION OF RESTRICTED SHARES

I. SOURCE OF SHARES OF THE INCENTIVE SCHEME

The source of underlying shares of the Incentive Scheme shall be ordinary A shares of the Company to be issued by the Company to the Incentive Participants.

II. NUMBER OF THE RESTRICTED SHARES TO BE GRANTED

The number of the Restricted Shares to be granted to the Incentive Participants under the Scheme shall be 40,350,000 shares, representing approximately 2.90% of the Company's total share capital of 1,393,450,000 shares as at the date of announcement of the Scheme, of which 38,250,000 shares will be granted under the first grant, representing 2.74% of the Company's total share capital of 1,393,450,000 shares as at the date of announcement of the draft of the Incentive Scheme; and 2,100,000 shares will be reserved, representing 0.15% of the Company's total share capital of 1,393,450,000 shares as at the date of announcement of the draft of the Incentive Scheme and 5.20% of the total equity under this grant.

III. ALLOCATION OF THE RESTRICTED SHARES GRANTED TO THE INCENTIVE PARTICIPANTS

The allocation of the Restricted Shares granted under the Incentive Scheme among the Incentive Participants is set out in the table below:

No.	Name	Position	Number of the Restricted Shares (0'000 shares)	Percentage to the total number granted	Percentage to the total share capital of the Company
1	Hu Shengyong	Director	80	1.9827%	0.0574%
2	Xi Qiang	Deputy General Manager	80	1.9827%	0.0574%
3	Hao Jingli	Deputy General Manager	80	1.9827%	0.0574%
4	Zhang Yong	Deputy General Manager	80	1.9827%	0.0574%
5	Huang Jianzhong	Deputy General Manager	80	1.9827%	0.0574%
6	Zhu Shuguang	Deputy General Manager and Secretary to the Board	80	1.9827%	0.0574%
7	Zhang Wei	Chief engineer	80	1.9827%	0.0574%
8	Yi Zhiyong	Chief Financial Officer	80	1.9827%	0.0574%
9	Liu Lin	Assistant to general manager	80	1.9827%	0.0574%
10	Pi Siwei	General counsel	80	1.9827%	0.0574%
Core managerial, technical and business personnel (185 people)			3,025	74.9690%	2.1709%
Total under the first grant (195 people)			3,825	94.79%	2.74%
Reserved			210	5.20%	0.15%
Total			4,035	100%	2.90%

Notes:

1. None of the Incentive Participants under the Incentive Scheme has participated in two or more equity incentive schemes of the listed company.
2. None of the Incentive Participants is a substantial shareholder holding more than 5% of the equity interest in the Company or the de facto controller and their spouses, parents and children.
3. The number of A shares granted to any of the above Incentive Participants through all valid equity incentive schemes does not exceed 1% of total share capital (excluding the treasury shares, if any) of the Company. The total number of underlying A shares in relation to all incentive schemes of the Company in force shall not exceed 10% of total share capital (excluding the treasury shares, if any) of the Company at the time of submission of the equity incentive scheme to the general meeting.
4. Any discrepancies between the last digits of the total number and those of the sum of individual items in the above table are due to rounding.

The above grantees are determined with reference to several assessment conditions which include the importance of the position, individual performance and the length of service with the Group and are in line with the scope of incentive participants as prescribed in the Administrative Measures and the Document 178. The above grantees play an important role in the management, operation and production of the Group and their motivation and stability are highly correlated with the Group's performance.

CHAPTER VI SCHEDULE OF THE INCENTIVE SCHEME

I. VALIDITY PERIOD OF THE INCENTIVE SCHEME

The Validity Period of the Incentive Scheme shall commence from the date on which the Scheme is approved by the general meeting of the Company and end on the date on which all the Restricted Shares granted to the Incentive Participants are unlocked or repurchased and cancelled, which shall not exceed 72 months.

II. GRANT DATE OF THE INCENTIVE SCHEME

The Grant Date shall be determined by the board of the Company after the Scheme has been reviewed and passed by BSAM, reviewed and approved by Beijing SASAC and considered and approved at the general meeting of the Company, and must be a trading day. The Company shall grant the Restricted Shares and complete the announcement and registration procedures within 60 days from the date on which the Incentive Scheme is considered and approved at the general meeting of the Company. If the Company fails to complete the above tasks within 60 days, the Incentive Scheme will be terminated and the Restricted Shares which have not been granted will lapse. The Grant Date of the reserved Restricted Shares shall be separately determined by the board of the Company within 12 months from the date on which the Scheme is considered and approved at the general meeting. The reserved entitlements shall lapse if the Incentive Participants are not determined after 12 months. Such Restricted Shares lapsed in accordance with the terms of the Incentive Scheme will not be regarded as utilised for the purpose of calculating the mandate limit under the Incentive Scheme.

The grant of Restricted Shares by the Company shall not be carried out in the following periods:

- (i) within 60 days prior to the announcement of annual reports or results and within 30 days prior to the announcement of interim reports, quarterly reports or results of the Company; in the event that the date of announcement of annual reports, interim reports and quarterly reports has been postponed for special reasons, the period from 60 days or 30 days prior to the original date of announcement to the date of announcement;
- (ii) within 10 days prior to the announcement of the performance forecast or the announcement of the preliminary performance results of the Company;
- (iii) the period commencing from the date of occurrence of any significant event which may have significant effect on the trading prices of the Company's shares and their derivatives or the date on which relevant decision-making procedures start and ending on the date of disclosure in accordance with laws;
- (iv) other periods as stipulated by the CSRC and the Stock Exchange where the shares are listed.

The above-mentioned period during which the Company is not allowed to grant the Restricted Shares shall not be included in the 60-day period.

In case of shareholding reduction by the Company's directors and senior management who are the Incentive Participants within six months before the grant of Restricted Shares, the grant of Restricted Shares shall be postponed for six months from the date of the last shareholding reduction in accordance with the short-swing trading provisions under the Securities Law.

III. LOCK-UP PERIOD AND UNLOCKING ARRANGEMENT OF THE INCENTIVE SCHEME

The Lock-up Period of the Restricted Shares granted under the Incentive Scheme shall be 24 months, 36 months and 48 months respectively from the date of registration of the equity under the grant. The Restricted Shares granted to the Incentive Participants under the Incentive Scheme shall not be transferred, used for guarantee or repayment of debts during the Lock-up Period.

Upon expiry of the Lock-up Period, the Company shall proceed with the unlocking for the Incentive Participants who satisfy the Unlocking Conditions, and the Restricted Shares held by the Incentive Participants who do not satisfy the Unlocking Conditions shall be repurchased and cancelled by the Company.

The Unlocking Periods and unlocking schedule for each period for the Restricted Shares granted under the Incentive Scheme are set out in the table below (including the reserved portion):

Unlocking arrangement	Unlocking schedule	Unlocking proportion
First Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day after expiry of the 24-month period from the date of completion of registration of the Restricted Shares and ending on the last trading day of the 36-month period from the date of completion of registration of the Restricted Shares.	33%
Second Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day after expiry of the 36-month period from the date of completion of registration of the Restricted Shares and ending on the last trading day of the 48-month period from the date of completion of registration of the Restricted Shares.	33%
Third Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day after expiry of the 48-month period from the date of completion of registration of the Restricted Shares and ending on the last trading day of the 60-month period from the date of completion of registration of the Restricted Shares.	34%

For Restricted Shares which have not been applied for unlocking or which cannot be applied for unlocking due to failure to meet the Unlocking Conditions during the aforesaid agreed periods, the Company will repurchase and cancel the corresponding Restricted Shares not yet unlocked from relevant Incentive Participants in accordance with the principles of the Scheme.

The shares obtained by the Incentive Participants by way of grant of the Restricted Shares arising from capitalization issue, bonus issue and share subdivision shall also be subject to lock-up restriction, and shall not be sold in the secondary market or otherwise transferred. The Unlocking Periods of such shares shall be the same as those of the Restricted Shares. Where the Company repurchases the Restricted Shares not yet unlocked, such shares shall be repurchased altogether.

IV. LOCK-UP PROVISIONS UNDER THE INCENTIVE SCHEME

The lock-up provisions under the Restricted Share Incentive Scheme shall be implemented in accordance with the Company Law, the Securities Law, other relevant laws, regulations and regulatory documents as well as the requirements of the Articles of Association. Such provisions include but are not limited to:

- (i) if an Incentive Participant is a director or a member of senior management of the Company, the number of shares that may be transferred each year during his/her term of office shall not exceed 25% of the total number of shares of the Company held by him/her.
- (ii) if an Incentive Participant, who is a director or a member of senior management of the Company, disposes any shares of the Company within six months after the acquisition, or re-purchases within six months after disposition, all gains arising therefrom shall belong to the Company and be recovered by the board of the Company.
- (iii) if, during the Validity Period of the Incentive Scheme, there is any change to the requirements regarding the transfer of shares by a director and a member of senior management of the Company under the Company Law, the Securities Law, other relevant laws, regulations and regulatory documents and the Articles of Association, an Incentive Participant shall comply with the relevant amended regulations upon transfer of his/her shares held by him/her.
- (iv) if an Incentive Participant is a director or a member of senior management of the Company, no less than 20% of the granted shares shall be locked up until he/she passes the appraisal at the expiration of his/her term of office. In the event that the audit of economic liability reveals false business performance of the Incentive Participant, resulting in the loss of state-owned assets, dereliction of duty in operation and management, or the existence of major violations of discipline, the rights and interests exercised by the relevant responsible person during his/her term of office shall be returned, and the equity incentive income obtained therefrom shall be handed over to the Company.

**CHAPTER VII GRANT PRICE AND BASIS OF DETERMINATION OF
THE GRANT PRICE OF RESTRICTED SHARES****I. INITIAL GRANT PRICE OF THE RESTRICTED SHARES**

The initial Grant Price of the Restricted Shares shall be RMB3.25 per share, which means that upon fulfilment of the grant conditions, each Incentive Participant is entitled to purchase the restricted A shares of the Company issued to the Incentive Participant by the Company at the price of RMB3.25 per share.

II. BASIS OF DETERMINATION OF THE INITIAL GRANT PRICE OF THE RESTRICTED SHARES

The pricing benchmark date of the initial Grant Price of the Restricted Shares is the date of announcement of the draft of the Scheme. The Grant Price shall not be less than the nominal value of the shares and shall not be less than the higher of the following prices:

- (i) 50% of the average trading price (total trading amount on the preceding trading day/total trading volume on the preceding trading day) of the shares of the Company on the trading day preceding the date of the announcement of the draft of the Scheme;
- (ii) One of the following prices:
 - 1. 50% of average trading price (total trading amount for the last 20 trading days/total trading volume for the last 20 trading days) of the underlying shares of the Company for the 20 trading days preceding the date of the announcement of the draft of the Scheme;
 - 2. 50% of average trading price (total trading amount for the last 60 trading days/total trading volume for the last 60 trading days) of the underlying shares of the Company for the 60 trading days preceding the date of the announcement of the draft of the Scheme;
 - 3. 50% of average trading price (total trading amount for the last 120 trading days/total trading volume for the last 120 trading days) of the underlying shares of the Company for the 120 trading days preceding the date of the announcement of the draft of the Scheme.
- (iii) If the fair market price is less than the net asset value per share, the Grant Price shall not be less than 60% of the fair market price.

III. BASIS OF DETERMINATION OF THE RESERVED GRANT PRICE OF THE RESTRICTED SHARES UNDER THE INCENTIVE SCHEME

Prior to each grant of the reserved Restricted Shares, a board meeting shall be convened to consider and approve the relevant resolution. The reserved Grant Price shall be determined according to principle of fair market price, and shall not be less than the nominal value of the shares and shall not be less than the higher of the following prices:

- (i) 50% of the average trading price of the shares of the Company on the trading day preceding the date of the announcement of the board resolution on the grant of reserved Restricted Shares;

(ii) One of the following prices:

1. 50% of the average trading price of the Company's underlying shares for the 20 trading days preceding the date of the announcement of the board resolution on the grant of reserved Restricted Shares (total trading amount for the last 20 trading days/total trading volume for the last 20 trading days);
2. 50% of the average trading price of the Company's underlying shares for the 60 trading days preceding the date of the announcement of the board resolution on the grant of reserved Restricted Shares (total trading amount for the last 60 trading days/total trading volume for the last 60 trading days);
3. 50% of the average trading price of the Company's underlying shares for the 120 trading days preceding the date of the announcement of the board resolution on the grant of reserved Restricted Shares (total trading amount for the last 120 trading days/total trading volume for the last 120 trading days);

(iii) If the fair market price is less than the net asset value per share, the Grant Price shall not be less than 60% of the fair market price.

CHAPTER VIII CONDITIONS OF GRANT AND UNLOCKING OF RESTRICTED SHARES

I. CONDITIONS OF GRANT OF RESTRICTED SHARES

The Company shall grant the Restricted Shares to the Incentive Participants upon satisfaction of all of the following conditions of grant, and no Restricted Shares shall be granted to the Incentive Participants if any of the following conditions of grant has not been satisfied.

- (I) There is no occurrence of any of the following events on the part of the Company:
1. failure to engage an accounting firm to conduct an audit in accordance with the prescribed procedures and requirements;
 2. the state-owned assets supervision and administration authority or the audit department has raised significant objections to the listed company's results or annual financial reports;
 3. any significant non-compliance with regulations and penalties imposed by the securities regulatory authorities and other relevant authorities;

4. the financial report or the internal control evaluation for the latest accounting year has been issued with an adverse opinion or an audit report with a disclaimer of opinion by the certified public accountants;
 5. any failure to distribute profits in accordance with the laws and regulations, the Articles of Association and public commitments within the last 36 months after listing;
 6. where the laws and regulations prohibit the implementation of equity incentives;
 7. other circumstances as determined by the CSRC.
- (II) There is no occurrence of any of the following events on the part of the Incentive Participants:
1. the results of economic responsibility audit, etc. indicate that there is failure in performing duties effectively or serious dereliction of duty or malpractice;
 2. violation of the relevant national laws and regulations and the Articles of Association;
 3. the Incentive Participant has committed any illegal and disciplinary acts during his/her service such as accepting and soliciting bribes, committing corruption and theft, disclosing the listed company's commercial and technical secrets, implementing connected transactions that damage the interests and reputation of the listed company and have significant adverse impact on the image of the listed company, and punishment has been imposed;
 4. failure to perform or improperly perform his/her duties, resulting in a material loss of assets and other serious adverse consequences to the listed company;
 5. being determined by the Stock Exchange to be an unsuitable person within the last 12 months;
 6. being determined as an unsuitable person by the CSRC and its dispatched agents within the last 12 months;
 7. having been imposed administrative punishment or being prohibited from market entry by the CSRC and its dispatched agents within the last 12 months due to material breach of laws and regulations;
 8. being prohibited from acting as a director or a member of senior management of the Company as stipulated in the Company Law;

9. being prohibited from participating in the equity incentives of the listed company under the laws and regulations;
10. other circumstances as determined by the CSRC.

II. UNLOCKING CONDITIONS FOR RESTRICTED SHARES

Within the Unlocking Period(s), the Restricted Shares granted to an Incentive Participant may be unlocked only when all of the following conditions are satisfied:

- (I) There is no occurrence of any of the following events on the part of the Company:
 1. failure to engage an accounting firm to conduct an audit in accordance with the prescribed procedures and requirements;
 2. the state-owned assets supervision and administration authority or the audit department has raised significant objections to the listed company's results or annual financial reports;
 3. any significant non-compliance with regulations and penalties imposed by the securities regulatory authorities and other relevant authorities;
 4. the financial report or the internal control evaluation for the latest accounting year has been issued with an adverse opinion or an audit report with a disclaimer of opinion by the certified public accountants;
 5. any failure to distribute profits in accordance with the laws and regulations, the Articles of Association and public commitments within the last 36 months after listing;
 6. where the laws and regulations prohibit the implementation of equity incentives;
 7. other circumstances as determined by the CSRC.
- (II) There is no occurrence of any of the following events on the part of the Incentive Participants:
 1. the results of economic responsibility audit, etc. indicate that there is failure in performing duties effectively or serious dereliction of duty or malpractice;
 2. violation of the relevant national laws and regulations and the Articles of Association;

3. the Incentive Participant has committed any illegal and disciplinary acts during his/her service such as accepting and soliciting bribes, committing corruption and theft, disclosing the listed company's commercial and technical secrets, implementing connected transactions that damage the interests and reputation of the listed company and have significant adverse impact on the image of the listed company, and punishment has been imposed;
4. failure to perform or improperly perform his/her duties, resulting in a material loss of assets and other serious adverse consequences to the listed company;
5. being determined by the Stock Exchange to be an unsuitable person within the last 12 months;
6. being determined as an unsuitable person by the CSRC and its dispatched agents within the last 12 months;
7. having been imposed administrative punishment or being prohibited from market entry by the CSRC and its dispatched agents within the last 12 months due to material breach of laws and regulations;
8. being prohibited from acting as a director or a member of senior management of the Company as stipulated in the Company Law;
9. being prohibited from participating in the equity incentives of the listed company under the laws and regulations;
10. other circumstances as determined by the CSRC.

In case of occurrence of any of the circumstances as stipulated in article (I) above to the Company, the Scheme shall be terminated immediately, and all Restricted Shares that have been granted to the Incentive Participants under the Incentive Scheme but have not been unlocked shall be repurchased and cancelled by the Company at the Grant Price; In case of occurrence of any of the circumstances as stipulated in article (II) above to an Incentive Participant, the Restricted Shares that have been granted to the Incentive Participant under the Incentive Scheme but have not been unlocked shall be repurchased and cancelled by the Company at the lower of the Grant Price and the stock market price at the time of repurchase (the market price is the closing price of the shares of the Company on the trading day immediately prior to the day on which the board considers such repurchase, the same below). In case any Incentive Participant has any of the circumstances as stipulated in (1) to (4) in article (II) above, the Incentive Participant shall return the income generated by its equity incentive.

(III) Performance appraisal requirements at company level

The appraisal year for unlocking of the Incentive Scheme covers three accounting years from 2026 to 2028, and an appraisal will be carried out every accounting year.

1. The performance appraisal for unlocking of the Restricted Shares granted under the Scheme is shown in the following table:

Unlocking Period	Performance appraisal trigger value	Performance appraisal target value
The first Unlocking Period under the first grant and reserved grant	1. Based on the net profit in 2023, the growth rate of net profit in 2026 shall not be less than 80% of the target value, i.e. not less than 12%, and the net profit shall not be less than RMB692 million;	1. Based on the net profit in 2023, the growth rate of net profit in 2026 shall not be less than 15%, i.e. the net profit shall not be less than RMB711 million;
	2. The return on equity in 2026 shall not be less than 80% of the target value; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises;	2. The return on equity in 2026 shall not be less than 8.2%; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises;
	3. Net cash flows from operating activities in 2026 shall not be less than 80% of the target value;	3. Net cash flows from operating activities in 2026 shall not be less than RMB1,144 million;
	4. The steam supply volume in 2026 shall not be less than 80% of the target value;	4. The steam supply volume in 2026 shall not be less than 492,900 tons;
	5. In 2026, the number of digital and intelligent technology application projects will increase by one.	5. In 2026, the number of digital and intelligent technology application projects will increase by one.

Unlocking Period	Performance appraisal trigger value	Performance appraisal target value
The second Unlocking Period under the first grant and reserved grant	1. Based on the net profit in 2023, the growth rate of net profit in 2027 shall not be less than 80% of the target value, i.e. not less than 16%, and the net profit shall not be less than RMB717 million;	1. Based on the net profit in 2023, the growth rate of net profit in 2027 shall not be less than 20%, i.e. the net profit shall not be less than RMB742 million;
	2. The return on equity in 2027 shall not be less than 80% of the target value; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises;	2. The return on equity in 2027 shall not be less than 8.2%; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises;
	3. Net cash flows from operating activities in 2027 shall not be less than 80% of the target value;	3. Net cash flows from operating activities in 2027 shall not be less than RMB1,193 million;
	4. The steam supply volume in 2027 shall not be less than 80% of the target value;	4. The steam supply volume in 2027 shall not be less than 514,300 tons;
	5. In 2027, the number of digital and intelligent technology application projects will increase by two.	5. In 2027, the number of digital and intelligent technology application projects will increase by two.

Unlocking Period	Performance appraisal trigger value	Performance appraisal target value
The third Unlocking Period under the first grant and reserved grant	<ol style="list-style-type: none"> Based on the net profit in 2023, the growth rate of net profit in 2028 shall not be less than 80% of the target value, i.e. not less than 20%, and the net profit shall not be less than RMB742 million; The return on equity in 2028 shall not be less than 80% of the target value; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises; Net cash flows from operating activities in 2028 shall not be less than 80% of the target value; The steam supply volume in 2028 shall not be less than 80% of the target value; In 2028, the number of digital and intelligent technology application projects will increase by two. 	<ol style="list-style-type: none"> Based on the net profit in 2023, the growth rate of net profit in 2028 shall not be less than 25%, i.e. the net profit shall not be less than RMB773 million; The return on equity in 2028 shall not be less than 8.2%; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises; Net cash flows from operating activities in 2028 shall not be less than RMB1,242 million; The steam supply volume in 2028 shall not be less than 535,800 tons; In 2028, the number of digital and intelligent technology application projects will increase by two.

Among them:

- (1) Net profit refers to the net profit excluding extraordinary gain and loss attributable to the shareholders of the listed company, and return on equity refers to the return on net assets excluding extraordinary gain and loss attributable to the shareholders of the listed company, the same below;
- (2) Growth rate of net profit = (net profit excluding extraordinary gain and loss attributable to the shareholders of the listed company in the current year/net profit excluding extraordinary gain and loss attributable to the shareholders of the listed company in 2023-1) * 100%, the same below;
- (3) Return on equity (ROE) = net profit excluding extraordinary gain and loss attributable to the shareholders of the listed company in the current year/[(net assets attributable to the shareholders of the listed company at the beginning of the period + net assets attributable to the shareholders of the listed company at the end of the period)/2] × 100%, the same below;
- (4) Net cash flows from operating activities are based on the data of “net cash flows from operating activities” in the annual consolidated cash flows statement of the Company;
- (5) Digital and intelligent technology application projects refer to the intelligent management of the waste incineration system using information technology, digitalization and artificial intelligence technology. By conducting big data analysis, machine deep learning and artificial intelligence management on the whole process of waste incineration, including waste storage fermentation, waste incineration and flue gas treatment, the goals of improving power generation efficiency and labor efficiency and reducing the consumption of environmental consumables and auxiliary fuels are achieved. The completion of the application project will be marked by passing the third-party appraisal.

During the Validity Period of the equity incentive scheme, in case of additional issuance, allotment of shares and convertible debentures into shares and other matters (excluding the implementation of profit distribution of the Company) that would result in a change in the net assets of the Company, the change in net assets and the corresponding amount of income arising therefrom (if the corresponding amount of income cannot be accurately calculated, it can be calculated by multiplying the actual financing amount after deducting the financing cost by the interest rate of the national debts of the same term) shall be excluded when conducting an appraisal. During the Validity Period of the equity incentive scheme, if the Company adjusts its accounting policies, the pre-adjustment caliber will be used during the appraisal.

The incentive costs incurred from this equity incentive will be charged to the administrative expenses of the Company. The performance appraisal results at company level and their corresponding unlocking ratios at company level in the current period are shown in the following table:

Performance appraisal results at company level	Unlocking ratios at company level in the current period
Meeting performance appraisal target value	100%
Meeting performance appraisal trigger value, but not meeting performance appraisal target value	80%
Not meeting performance appraisal trigger value	0%

If one or more of the above five performance indicators of the Company in the appraisal year fail to meet the performance appraisal trigger value, it shall be deemed that the Company does not meet the performance appraisal trigger value in the current period, and the unlocking ratios at company level in the current period shall be 0%; if only some of the above five performance indicators of the Company in the appraisal year meet the performance appraisal target value, and one or more of the indicators fail to meet the performance appraisal target value, but all meet the performance appraisal trigger value, it shall be deemed that the Company does not meet the performance appraisal target value in the current period, and the unlocking ratios at company level in the current period shall be 80%; if all of the above five performance indicators of the Company in the appraisal year meet the performance appraisal target value, the unlocking ratios at company level in the current period shall be 100%.

Restricted Shares that fail to meet the Unlocking Conditions in the current period shall be repurchased and cancelled by the Company in accordance with the Incentive Scheme at the lower of the Grant Price and the stock market price at the time of repurchase.

2. Selection of benchmarked enterprises

In CITIC Securities' industry classification standard "CS Environment and Public Utilities", a total of thirty listed companies with similar business structures and comparability were selected as benchmarked enterprises.

Stock Code	Stock Abbreviation	Stock Code	Stock Abbreviation
300140.SZ	CECEP Environment	601200.SH	Shanghai Environment
601033.SH	Grandtop Yongxing Group	002034.SZ	Wangneng
301175.SZ	China Sciences Environmental	000035.SZ	China Tianying
301109.SZ	Junxin	300867.SZ	Shengyuan Environmental
000685.SZ	ZPUG	600388.SH	LK
000967.SZ	Infore Environment	600526.SH	Feida Enviro
002479.SZ	ZFET Co., Ltd.	301305.SZ	Leoking Environmental
002573.SZ	SPC	000544.SZ	Zhongyuan En-prot
002616.SZ	Chant Group	601368.SH	Greencity Water
300664.SZ	PYHB	603588.SH	BGE
300692.SZ	ZHHB	603686.SH	FULONGMA
301500.SZ	Feinan Resources	603759.SH	HAITIAN CO., LTD.
600796.SH	QJBIOCH	603797.SH	Liantai Environmental Protection (LTEP)
301127.SZ	Tianyuan Environmental Protection	603817.SH	Haixia Environmental Protection
603126.SH	Sinoma-EC/SEC	688101.SH	Suntar

If there are significant changes in the principal business or extreme values with significant deviation in the benchmarked enterprises' samples during the annual appraisal, the board of the Company may make appropriate adjustments to the benchmarked samples in the year end appraisal after reporting to and agreeing with the competent authorities.

(IV) Performance appraisal requirements at individual level

The appraisal year for unlocking of the Incentive Scheme covers three accounting years from 2026 to 2028, and the appraisal of Incentive Participants at individual level shall be organized and implemented in accordance with the Company's current relevant provisions on remuneration and appraisal, based on the appraisal standards for the positions of the Incentive Participants. The Company will conduct appraisal at individual level each fiscal year in accordance with the Appraisal Management Measures for Implementation of the Restricted Share Incentive Scheme and the internal performance assessment mechanism of the Company.

The unlocking ratios of Incentive Participants at individual level is determined based on the results of individual performance appraisal. The classification of grades and their corresponding unlocking ratios at individual level are shown in the following table:

Grade	Competent and above	Basic competent	Incompetent
Unlocking ratios	100%	50%	0%

The actual unlocking amounts held by the individuals in the current year = the unlocking ratios at company level in the current year × the unlocking ratios at individual level in the current year × the planned individual unlocking ratios in the current year.

If the Unlocking Conditions in the current period are not satisfied due to the failure to pass the performance appraisal at company level or individual level, no corresponding Restricted Shares shall be deferred to the next period and be unlocked, and will be repurchased and cancelled by the Company in accordance with the Incentive Scheme at the lower of the Grant Price and the stock market price at the time of repurchase.

III. SCIENTIFICITY AND REASONABLENESS OF THE APPRAISAL INDICATORS

The appraisal indicators for the Restricted Share Incentive Scheme of the Company are categorised into two levels, i.e. performance appraisal at company level and performance appraisal at individual level.

The Company selected growth rate of net profit, return on equity (ROE), net cash flows from operating activities, steam supply volume and the number of digital and intelligent technology application projects as performance appraisal indicators at company level. These indicators can objectively reflect the Company's growth ability, profitability, income quality and technological innovation level, and are the core indicators reflecting the operating benefits and operating efficiency of the enterprise. The Company has set the aforesaid performance appraisal targets for the Scheme after making reasonable forecasts and taking into account the incentive effect of the Restricted Share Incentive Scheme.

In addition to the performance appraisal at company level, the Company has also set up a strict performance appraisal system for individuals, which can make a relatively accurate and comprehensive evaluation of the work performance of the Incentive Participants. The Company will determine whether the Incentive Participants meet the unlocked conditions based on the performance appraisal results of the Incentive Participants in the previous year.

In summary, the appraisal system of the Incentive Scheme of the Company is comprehensive, integrated and operational, the appraisal indicators are set with scientificity and reasonableness, and at the same time they have a binding effect on the Incentive Participants, and can achieve the appraisal purpose of the Incentive Scheme.

CHAPTER IX ADJUSTMENT METHODS AND PROCEDURES FOR THE RESTRICTED SHARE INCENTIVE SCHEME

I. ADJUSTMENT METHOD FOR THE NUMBER OF RESTRICTED SHARES

During the period from the date of announcement of the Incentive Scheme until the shares held by the Incentive Participants are released from lock- up, the number of Restricted Shares shall be adjusted accordingly in the event of any conversion of capital reserve into share capital, bonus issue, shares sub-division, rights issue or share consolidation of the Company, etc. The adjustment methods are as follows:

(I) *Conversion of capital reserve into share capital, bonus issue, share sub-division*

$$Q = Q_0 \times (1+n)$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; n represents the per share ratio of the conversion of capital reserve into share capital, bonus issue and share sub-division (i.e. the increase in the number of shares per share upon conversion of capital reserve into share capital, bonus issue or share sub-division); Q represents the number of the Restricted Shares after the adjustment.

(II) *Rights issue*

$$Q = Q_0 \times P_1 \times (1+n) \div (P_1 + P_2 \times n)$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; P_1 represents the closing price on the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e. the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company prior to the rights issue); Q represents the number of Restricted Shares after the adjustment.

(III) *Share consolidation*

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; n represents the ratio of share consolidation (i.e. 1 share of the Company shall be consolidated into n share); Q represents the number of the Restricted Shares after the adjustment.

(IV) *Additional issue and dividend distribution*

Under the circumstance of additional issue of new shares and distribution of dividends of the Company, no adjustment will be made on the number of the Restricted Shares.

II. ADJUSTMENT METHODS FOR GRANT PRICE OF RESTRICTED SHARES

During the period from the date of announcement of the Incentive Scheme to the completion of the registration of the grant of the shares held by the Incentive Participants, the Grant Price of the Restricted Shares shall be adjusted accordingly in the event of any conversion of capital reserve into share capital, bonus issue, shares sub-division, rights issue, share consolidation or dividend distribution of the Company, etc. The adjustment methods are as follows:

(I) *Conversion of capital reserve into share capital, bonus issue, share sub-division*

$$P = P_0 \div (1+n)$$

Where: P_0 represents the Grant Price before the adjustment; n represents the per share ratio of the conversion of capital reserve into share capital, bonus issue and share sub-division; P represents the Grant Price after the adjustment.

(II) *Rights issue*

$$P = P_0 \times (P_1 + P_2 \times n) \div [P_1 \times (1+n)]$$

Where: P_0 represents the Grant Price before the adjustment; P_1 represents the closing price on the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e. the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company prior to the rights issue); P represents the Grant Price after the adjustment.

(III) *Share consolidation*

$$P = P_0 \div n$$

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of share consolidation; P represents the Grant Price after the adjustment.

(IV) *Dividend distribution*

$$P = P_0 - V$$

Where: P_0 represents the Grant Price before the adjustment; V represents the dividend per share; P represents the Grant Price after the adjustment. P shall be greater than RMB1 after the adjustment of dividend distribution.

(V) *Additional issue*

Under the circumstance of additional issue of new shares of the Company, no adjustment will be made on the Grant Price of the Restricted Shares.

III. PROCEDURES FOR THE ADJUSTMENT OF THE RESTRICTED SHARE INCENTIVE SCHEME

The board of the Company shall consider and approve the resolutions in relation to adjustment to the number and Grant Price of the Restricted Shares when the foregoing circumstances occur. The Company shall engage a legal adviser to provide professional advice to the board of the Company as to whether the above-mentioned adjustment is in compliance with the Administrative Measures, the Articles of Association and the Incentive Scheme.

IV. Any adjustment to the number or price of the equity interests due to circumstances other than the aforementioned shall be submitted by the listed company to the general meeting for consideration and approval.

CHAPTER X ACCOUNTING TREATMENT OF THE RESTRICTED SHARES

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payments, at each balance sheet date within the Lock-up Period, the Company shall revise the number of the Restricted Shares which are expected to be unlocked according to the change in the latest available number of persons eligible to unlock the Restricted Shares, completion of the performance targets and other subsequent information, and include the services acquired during the current period in relevant costs or expenses and capital reserve at the fair value of the Restricted Shares on the Grant Date.

I. METHODS OF ACCOUNTING TREATMENT

(I) Grant Date

The share capital and capital reserve shall be recognized according to the issuance of Restricted Shares directly by the Company to the Incentive Participants.

(II) Each balance sheet date during the Lock-up Period

According to the accounting standards, the services provided by employees shall be included in costs and expenses and the owners' equity or liability shall be simultaneously recognised on each balance sheet date during the Lock-up Period.

(III) Unlocking date

On the unlocking date, the shares can be unlocked if conditions of unlocking are satisfied; if Restricted Shares are not unlocked and thus become invalid or lapsed, they shall be dealt with according to accounting standards and relevant requirements.

II. FAIR VALUE OF THE RESTRICTED SHARES AND THE DETERMINATION METHOD

In accordance with the requirements of the Accounting Standards for Business Enterprises No.11 – Share-based Payments, the closing price of A shares at the Grant Date shall be taken by the Company as the fair value of the Restricted Shares, the difference between the closing price of A shares at the Grant Date and the Grant Price shall be taken as the share-based payment expenses per Restricted Share, and the share-based payment expenses under the Scheme shall be determined eventually.

III. THE EXPECTED IMPACT OF IMPLEMENTATION OF THE RESTRICTED SHARES ON THE OPERATING PERFORMANCE IN EACH PERIOD

The incentive costs incurred from the Incentive Scheme shall be charged to the recurring gain or loss. The Company used the closing price on one trading day prior to the date of announcement as the fair value of the Restricted Shares under the first grant for the purpose of a preliminary calculation (with a formal calculation to be performed at the time of grant). At the date of calculation, the share-based payment cost per Restricted Share = the closing price of the Company's A shares on that day – the Grant Price, which is RMB3.20. The Company will officially determine the fair value of the Restricted Shares on the Grant Date and recognize the share-based payment expenses under the Incentive Scheme eventually. Such expenses will be recognized by installment based on the unlocking proportions during the implementation of the Incentive Scheme. Assuming the date of the first grant of Restricted Shares will be at the end of December 2025, according to the preliminary calculation, the impact of the Restricted Shares under the first grant in the Scheme on the accounting costs incurred in each period are as follows:

Number of Restricted Shares under the first grant	Total cost	2025	2026	2027	2028	2029
(0'000)	(RMB0'000)	(RMB0'000)	(RMB0'000)	(RMB0'000)	(RMB0'000)	(RMB0'000)
3,825	12,240.00	–	4,406.40	4,406.40	2,386.80	1,040.40

Notes:

1. The above result does not represent the final accounting cost. The accounting cost is related not only to the Grant Date, Grant Price and number of the Restricted Shares granted, but also to the number of equity interests that actually become valid and invalid. The final result of the above impact on the operating results of the Company is subject to the annual audit report issued by the accounting firm.
2. The above estimated portion does not include the reserved portion, and additional share-based payment expenses will be incurred upon the grant of the reserved portion.

According to the preliminary evaluation of the Company based on the information available, without considering the stimulus effects of the Incentive Scheme on the operation performance of the Company, the amortization of the costs of Restricted Shares shall have certain, though not substantial, impact on the net profit of each year during the Validity Period. Taking into consideration the positive impact of the Incentive Scheme on the development of the Company, such as motivating the management team, increasing the operating efficiency and reducing the costs of agents, the benefits generated from the improvement in the Company's operation performance due to the Restricted Share Incentive Scheme shall far exceed the increase of costs incurred as a result thereof.

IV. ACCOUNTING TREATMENT FOR THE TERMINATION OF THE SCHEME

Upon the termination of the Scheme, pursuant to the requirements of the Accounting Standards for Business Enterprises, the Restricted Shares which have been granted but are still locked up (except for those cancelled due to failure to satisfy the performance conditions), shall be subject to the following accounting treatment:

- (I) The cancellation or settlement shall be treated as accelerated exercisable rights and the amount which should have been recognized during the remaining vesting period shall be recognized immediately.
- (II) All payments made to the employee on the cancellation or settlement shall be treated as the repurchase of equity interests. Should the amount paid for the repurchase exceeds the fair value of the equity instrument on the repurchase day, such excess shall be recognised as the expense of the current period.

CHAPTER XI PROCEDURES OF IMPLEMENTATION OF THE RESTRICTED SHARE INCENTIVE SCHEME

I. EFFECTIVE PROCEDURES OF THE RESTRICTED SHARE INCENTIVE SCHEME

- (I) The remuneration and appraisal committee under the board is responsible for preparing the draft Incentive Scheme and submitting it to the board for consideration and approval.
- (II) The board of the Company shall resolve on the Incentive Scheme in accordance with the laws. When the board considers the Incentive Scheme, the directors who are the Incentive Participants or directors who are related thereto shall abstain from voting.
- (III) The remuneration and appraisal committee under the board shall express their opinions on whether the Scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the shareholders as a whole.

- (IV) The law firm engaged by the Company shall issue legal opinions on the equity incentive scheme. The independent financial adviser shall issue professional opinions.
- (V) Before convening the general meeting of the Company, the Company shall publish the names and positions of the Incentive Participants internally through the Company's website or other channels for a period of not less than 10 days. The remuneration and appraisal committee under the board shall review the list of the Incentive Participants and fully consider the opinions gathered from the public announcement. The Company shall disclose an explanation issued by the remuneration and appraisal committee under the board regarding its review of the list of Incentive Participants and the relevant disclosure 5 days prior to the consideration of the share incentive scheme at the general meeting.
- (VI) The Company shall conduct a self-inspection on the trading of the Company's shares by persons who were privy to inside information during the six months prior to the announcement of the draft equity incentive scheme to state whether there is any insider trading.
- (VII) The Incentive Scheme has been reviewed and approved by Beijing SASAC.
- (VIII) A notice is given by the Company to convene a general meeting.
- (IX) The Incentive Scheme shall be voted by ballot at the general meeting of the Company, and shall be approved by more than 2/3 of the votes held by the shareholders present at the meeting. Save as directors, senior management of the Company and shareholders who are holding individually or in aggregate more than 5% of the shares of the listed company, the votes of other shareholders should be counted separately and disclosed.
- (X) The board of the Company shall be responsible for the grant, unlocking and repurchase of the Restricted Shares in accordance with resolution of the general meeting. The remuneration and appraisal committee under the board of the Company shall check the list of the Incentive Participants as at the Grant Date of the Restricted Shares and express opinions.

II. PROCEDURES FOR GRANTING THE RESTRICTED SHARES

- (I) The general meeting shall consider and approve the Incentive Scheme.
- (II) Within 60 days after the Incentive Scheme is considered and approved at the general meeting of the Company and the satisfaction of the conditions of the grant, the Company shall convene a board meeting to consider whether the Incentive Participants under the Incentive Scheme have satisfied the conditions of the grant prescribed therein and determine the Grant Date, and the remuneration and appraisal committee shall make recommendations to the board on whether the conditions for the Incentive Participants to be granted entitlements have been fulfilled. Moreover, the remuneration and appraisal committee under the board shall verify the Grant Date of the Restricted Shares and the list of Incentive Participants and issue opinions thereon.

Where there is any discrepancy between the grant of interests by the Company to the Incentive Participants and the arrangement of the Incentive Scheme, the remuneration and appraisal committee shall make recommendations to the Company's board, the remuneration and appraisal committee under the board (when the Incentive Participants change) shall simultaneously express clear opinions.

Incentive Participants eligible for reserved grant shall be determined within 12 months after the Scheme is considered and approved at the general meeting. If the Incentive Participants are not confirmed within such 12 months, the reserved grant will lapse.

- (III) The Company shall engage a lawyer to issue legal opinions as to whether the Incentive Participants have satisfied the conditions of the grant. The independent financial adviser shall issue clear opinions at the same time.
- (IV) The Company shall sign an Agreement on Grant of Restricted Shares (限制性股票授予協議書) with the Incentive Participants in order to set out their respective rights and obligations.
- (V) Within the time limit prescribed by the Company, the Incentive Participants shall pay the consideration for subscribing the Restricted Shares into the account designated by the Company according to the Company's requirement, and have it verified and confirmed by a certified public accountant, otherwise such Incentive Participant shall be deemed as having waived his/her right to subscribe for the Restricted Shares granted.
- (VI) The Company shall prepare a register for management of the restricted shares scheme with reference to the Agreement on Grant of Restricted Shares signed by the Incentive Participants, and such register shall record the names of the Incentive Participants, the number of Restricted Shares, the Grant Date and the serial number of the relevant Agreement on Grant of Restricted Shares.

- (VII) The Company shall apply to the Stock Exchange for the grant of Restricted Shares to the Incentive Participants, and apply to the Depository and Clearing Company for the registration and settlement matters after the confirmation by the Stock Exchange.
- (VIII) After the registration of the grant of the Restricted Shares is completed, if it involves change in the registered capital, the Company shall go through the procedures in relation to the registration for changed matters with the relevant administration department for industry and commerce.

III. PROCEDURES FOR UNLOCKING THE RESTRICTED SHARES

- (I) The Company shall confirm whether the Incentive Participants have satisfied the Unlocking Conditions before the unlocking date. The remuneration and appraisal committee shall make recommendations to the board on the matters that the Incentive Participants have satisfied the conditions of the unlocking. The board shall consider whether the Unlocking Conditions under the Scheme have been satisfied. The remuneration and appraisal committee under the board shall both express their clear opinions at the same time. A law firm shall issue legal opinions as to whether the Incentive Participants have satisfied the conditions of the unlocking.
- (II) As to the Incentive Participants who have satisfied the conditions of the unlocking, the Company shall issue the Notice of Unlocking Restricted Shares (限制性股票解除限售通知書) and tender applications to the Stock Exchange to unlock the Restricted Shares. After confirmation by the Stock Exchange, the Company shall apply to the Depository and Clearing Company for the registration and settlement matters.
- (III) Restricted Shares held by Incentive Participants who have not satisfied the conditions for unlocking the Restricted Shares shall be repurchased and cancelled by the Company. The Company shall disclose the implementation thereof timely by way of announcement.
- (IV) Incentive Participants may transfer their unlocked Restricted Shares whereas the transfer of the Restricted Shares held by the Company's directors and members of senior management shall comply with the requirements of the relevant laws, regulations and regulatory documents.

IV. PROCEDURES FOR AMENDMENTS TO AND TERMINATION OF THE INCENTIVE SCHEME

(I) Procedures for amendments to the Incentive Scheme

1. the remuneration and appraisal committee shall make recommendations to the Company's board that any proposed amendment to the Scheme prior to considering of the Scheme at the general meeting of the Company shall be subject to consideration and approval of the board.
2. the remuneration and appraisal committee shall make recommendations to the Company's board that any proposed amendment to the Scheme after consideration and approval of the Scheme at the general meeting of the Company shall be subject to consideration and approval at the general meeting, provided that such amendment shall not:
 - (1) result in unlocking of restriction in advance;
 - (2) reduce the Grant Price.
3. the remuneration and appraisal committee shall make recommendations to the Company's board that the Company shall promptly disclose the reasons and content of the modification, and the remuneration and appraisal committee under the board shall express their view on whether the modified scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the shareholders as a whole. The law firm shall express its professional opinion as to whether the modified scheme is in compliance with the Administrative Measures and relevant laws and regulations and whether it is significantly detrimental to the interests of the Company and the shareholders as a whole.

(II) Procedures for termination of the Incentive Scheme

1. proposed termination of the Incentive Scheme by the Company prior to consideration of the Incentive Scheme at the general meeting shall be subject to consideration and approval of the board.
2. proposed termination of the Incentive Scheme by the Company after consideration and approval of the Incentive Scheme at the general meeting shall be subject to consideration at the general meeting.

3. the law firm should issue professional opinions as to whether the termination of the incentives by the Company is in compliance with the rules of these measures, relevant laws, regulations and regulatory documents, and whether it is significantly detrimental to the interests of the Company and the shareholders as a whole.
4. in case of termination of the Scheme, the Company shall repurchase all Restricted Shares that are still locked up and deal with such repurchased shares in accordance with the Company Law.

(III) *Repurchase procedures under the Scheme*

1. the Company shall promptly convene the board meeting to consider the repurchasing matters of Restricted Shares yet to be unlocked.
2. when the board of the Company considers the repurchasing matters of Restricted Shares yet to be unlocked pursuant to the requirements of Article 27 of the Administrative Measures, the resolution regarding the repurchase of shares shall be submitted to the general meeting for approval and an announcement shall be made in a timely manner.
3. the Company shall file an application to the Stock Exchange prior to the repurchasing of the Restricted Shares yet to be unlocked. Upon confirmation by the Stock Exchange, the Depository and Clearing Company shall deal with the matters of repurchasing Restricted Shares.

- (IV)** Restricted Shares repurchased and cancelled cannot be granted to other Incentive Participants.

CHAPTER XII RIGHTS AND OBLIGATIONS OF THE COMPANY/INCENTIVE PARTICIPANTS

I. RIGHTS AND OBLIGATIONS OF THE COMPANY

- (I) The Company has the right to interpret and implement the Incentive Scheme, to conduct performance appraisal on the Incentive Participants in accordance with the provisions of the Incentive Scheme. If the Incentive Participants fail to meet the Unlocking Conditions as determined in the Incentive Scheme, the Company shall repurchase and cancel the corresponding Restricted Shares of the Incentive Participants that have not yet been unlocked based on the principles prescribed in the Incentive Scheme.
- (II) The Company promises not to provide loans and any other forms of financial assistance to the Incentive Participants to obtain relevant Restricted Shares according to the Incentive Scheme, including providing guarantee for their loans.

- (III) The Company shall discharge its obligations in a timely manner in relation to reporting and information disclosure of the Restricted Share Incentive Scheme in accordance with the relevant requirements.
- (IV) The Company shall actively support the Incentive Participants who have fulfilled the Unlocking Conditions to unlock the Restricted Shares in accordance with the Incentive Scheme and the relevant requirements of the CSRC, the Stock Exchange and the Depository and Clearing Company. However, the Company shall not be held liable if the Incentive Participants fail to unlock the Restricted Shares at their own and such failure causes losses to the Incentive Participants due to the reasons on the part of the CSRC, the Stock Exchange and the Depository and Clearing Company.
- (V) Other relevant rights and obligations stipulated in laws and regulations.

II. RIGHTS AND OBLIGATIONS OF THE INCENTIVE PARTICIPANTS

- (I) The Incentive Participants shall be diligent and responsible, abide by professional ethics, and make due contributions to the development of the Company in accordance with the requirements of the positions the Company recruits for.
- (II) The Incentive Participants shall restrict the sale of the Restricted Shares granted in accordance with the Incentive Scheme.
- (III) The source of funds for the Incentive Participants is their self-financing.
- (IV) Restricted Shares granted to the Incentive Participants shall not be transferred, guaranteed or used to repay debts during the Lock-up Period.
- (V) The income received by the Incentive Participants as a result of the Incentive Scheme shall be subject to personal income tax and other taxes in accordance with national tax regulations.
- (VI) Upon completion of the registration by the Depository and Clearing Company, except for the relevant restrictions specified in the Incentive Scheme, the Restricted Shares granted to the Incentive Participants shall have the rights, including but not limited to the rights to dividends, rights to rights issue and rights to vote etc. In the event of liquidation of the Company, the same rights are attached to the Restricted Shares granted to the Incentive Participants, regardless of whether it falls within the Lock-up Period.
- (VII) The Incentive Participants promise that, if there are false records, misleading statements or major omissions in the Company's information disclosure documents, resulting in non-compliance with the grant or arrangements for exercise of rights, the Incentive Participants shall return all the benefits obtained from the equity incentive scheme to the Company after confirming

the existence of false records, misleading statements or major omissions in the relevant information disclosure documents.

- (VIII) After the Incentive Scheme is considered and approved by the general meeting of the Company, the Company will sign the Agreement on Grant of Restricted Shares with each of Incentive Participants whereby their respective rights and obligations under the Incentive Scheme as well as other relevant matters are stipulated.
- (IX) Other relevant rights and obligations stipulated in laws, regulations and the Incentive Scheme.

CHAPTER XIII HANDLING OF CHANGES IN THE COMPANY/INCENTIVE PARTICIPANTS

I. HANDLING OF CHANGES IN THE COMPANY

- (I) In the event of any of the following circumstances occurs in the Company, the implementation of the Scheme shall be terminated immediately, and the Restricted Shares that have been granted to the Incentive Participants but have not yet been unlocked shall be repurchased by the Company at the Grant Price in accordance with the relevant provisions of the Scheme:
 - 1. failure to engage an accounting firm to conduct an audit in accordance with the prescribed procedures and requirements;
 - 2. the state-owned assets supervision and administration authority or the audit department has raised significant objections to the listed company's results or annual financial reports;
 - 3. any significant non-compliance with regulations and penalties imposed by the securities regulatory authorities and other relevant authorities;
 - 4. the financial report or the internal control evaluation for the latest accounting year has been issued with an adverse opinion or an audit report with a disclaimer of opinion by the certified public accountants;
 - 5. any failure to distribute profits in accordance with the laws and regulations, the Articles of Association and public commitments within the last 36 months after listing;
 - 6. where the laws and regulations prohibit the implementation of equity incentives;
 - 7. other circumstances as determined by the CSRC.

- (II) The Scheme shall not be changed and continue to be implemented according to its provisions if any of the followings occurs to the Company:
1. change in control of the Company;
 2. circumstances such as merger, spin-off, etc. of the Company.
- (III) Where false statements or misleading representations in or material omissions from the information disclosure documents of the Company result in non-compliance with the conditions of grant of Restricted Shares or arrangements for unlocking, such portion of the Restricted Shares that are not yet unlocked shall be repurchased and cancelled by the Company uniformly in accordance with the Grant Price. In respect of the Restricted Shares granted to the Incentive Participants which have been unlocked, all Incentive Participants shall return all entitlements granted. The board shall recover all the profits gained by the Incentive Participants in accordance with the relevant arrangements under the Scheme.

II. CHANGES IN PERSONAL CIRCUMSTANCES OF THE INCENTIVE PARTICIPANTS

- (I) Where the position of Incentive Participants changes as arranged by the Company for the requirements of the Company's work, as long as he or she still works at the Company (including its branches, subsidiaries and dispatched by the Company to work elsewhere), the Restricted Shares granted to him or her shall be exercised in accordance with the requirements under the Scheme prior to the change of his or her position, individual performance assessment shall be executed in accordance with the performance assessment scheme of the new position.
- (II) If the Incentive Participants cease or terminate their labour relationship with the Company due to personal reasons, provided that the year of termination falls within an Unlocking Period and the performance appraisal conditions of the granted Restricted Shares have been fulfilled in the year of such termination, the unlockable portion of the Restricted Shares shall be unlocked within a half-year period after the date of such termination, or else the interests will lapse after the half-year period, and shall be repurchased by the Company at the Grant Price. The Restricted Shares that have been granted to the Incentive Participants under the Scheme but have not yet been unlocked shall not be unlocked and shall be repurchased and cancelled by the Company at the lower of the Grant Price and the shares market price at the time of repurchase.

- (III) If the Incentive Participants cease or terminate their labour relationship with the Company (including its controlled subsidiaries) due to objective reasons such as job transfer, retirement, death or loss of civil capacity, the Company may calculate the number of Restricted Shares eligible for unlocking based on his/her actual years of service, and arrange for the unlocking according to the corresponding unlocking batches, while the remaining Restricted Shares that have not been unlocked shall be repurchased and cancelled by the Company at the Grant Price plus interest calculated based on the benchmark deposit of the corresponding period published by the PBOC.
- (IV) If the Incentive Participants become those who cannot hold the Company's Restricted Shares, such as external directors (including independent directors), the Restricted Shares of the Incentive Participants that have not been unlocked shall be repurchased and cancelled by the Company at the Grant Price, and shall pay interest calculated based on the benchmark deposit of the corresponding period published by the PBOC.
- (V) In the event that any of the following circumstances occurs to Incentive Participants, the Incentive Participants shall return the income derived from the equity incentive, and the Restricted Shares that have not been unlocked shall be repurchased and cancelled by the Company at the lower of the Grant Price and the shares market price at the time of repurchase.
1. where the Incentive Participant has violated professional ethics, dereliction of duty or misconduct, which severely impaired the interest or reputation of the Company;
 2. where the Incentive Participant has dismissed due to a severe extent violation of the relevant provisions of the Company's staff reward and punishment management;
 3. where the Incentive Participant has taken illegal and disciplinary actions such as accepting bribes, asking for bribes, corruption, theft and divulging operational and technical secrets;
 4. where the Incentive Participant causes damage to the Company as a result of violating relevant laws and regulations, the requirements of the Articles of Association and the Company's rules and regulation;
 5. the Company encounters a situation in which a share incentive scheme may not be implemented, and the Incentive Participant bears personal responsibility for such circumstances;

6. the Incentive Participant falls under any circumstance in which Restricted Shares may not be granted.

- (VI) Any other circumstances not set forth above shall be determined by the board, which shall decide on the handling methods.

III. RESOLUTION OF DISPUTES BETWEEN THE COMPANY AND THE INCENTIVE PARTICIPANTS

Any dispute arising between the Company and the Incentive Participants shall be resolved in accordance with provisions of the Scheme and the Agreement on Grant of Restricted Shares. Disputes not explicitly covered by the provisions shall be resolved by negotiation in accordance with the national laws on fair and reasonable principles. Where no resolution can be reached through negotiation, the dispute shall be submitted to a People's Court having jurisdiction in the location where the Company is domiciled for litigation.

CHAPTER XIV PRINCIPLES OF REPURCHASING AND CANCELLING RESTRICTED SHARES

I. METHOD FOR ADJUSTMENT TO REPURCHASE PRICE

Unless otherwise expressly specified in the relevant terms of the Scheme, if the Company repurchases the Restricted Shares under the requirements of the Scheme, the repurchase price shall be the Grant Price except for those whose repurchase price needs to be adjusted in accordance with the Scheme.

If there is any conversion of capital reserve into share capital, bonus issue, dividend distribution, shares sub-division, rights issue, additional issue or share consolidation and other matters of the Company affecting the total share capital or the share price of the Company after completion of the registration of the Restricted Shares granted to the Participants, the Company shall make adjustments to the repurchase price of the Restricted Shares yet to be unlocked accordingly.

- (I) *Conversion of capital reserve into share capital, bonus issue, share sub-division*

$$P = P_0 \div (1+n)$$

Where: P represents the repurchase price per Restricted Share after the adjustment; P_0 represents the Grant Price per Restricted Share; n represents the per share ratio of the conversion of capital reserve into share capital, bonus issue and share sub-division (i.e. the increase in the number of shares per share upon conversion of capital reserve into share capital, bonus issue or share sub-division).

(II) Rights issue

$$P = P_0 \times (P_1 + P_2 \times n) \div [P_1 \times (1 + n)]$$

Where: P_1 represents the closing price on the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e. the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company prior to the rights issue)

(III) Share consolidation

$$P = P_0 \div n$$

Where: P represents the repurchase price per Restricted Share after the adjustment; P_0 represents the Grant Price per Restricted Share; n represents consolidation ratio per share (i.e. 1 share shall be consolidated into n shares).

(IV) Dividend distribution

$$P = P_0 - V$$

Where: P_0 represents the repurchase price per Restricted Share before the adjustment; V represents the dividend per share; P represents the repurchase price per Restricted Share after the adjustment. P shall be greater than RMB1 after the adjustment of dividend distribution.

(V) Additional issue

Under the circumstance of additional issue of new shares of the Company, no adjustment will be made on the repurchase price of the Restricted Shares.

II. ADJUSTMENT TO REPURCHASE PRICE AND PROCEDURES FOR SHARES REPURCHASE AND CANCELLATION

The Company shall promptly convene a board meeting to consider the plan for adjusting the repurchase price according to the above provisions. According to the Administrative Measures, where the board of the Company considers a plan for the repurchase of Restricted Shares pursuant to the requirements of Article 27 of the Administrative Measures, the plan for the repurchase of shares shall be submitted to the general meeting for approval and shall be announced in a timely manner. When the Company implements the repurchase according to the Scheme, it shall apply to the Stock Exchange for unlocking such Restrictive Shares. Upon confirmation by the Stock Exchange, the registration and settlement thereof shall be handled by Depository and Clearing Company.

CHAPTER XV SUPPLEMENTAL PROVISIONS

- I. Where relevant terms of the Scheme conflict with relevant laws, regulations and administrative rules and regulatory documents of the state, it shall be implemented or adjusted pursuant to relevant laws, regulations and administrative rules and regulatory documents of the state. Where it is not explicitly provided in the Scheme, it shall be implemented or adjusted pursuant to relevant laws, regulations and administrative rules and regulatory documents of the state.
- II. In the event that any Incentive Participant, in violation of the Scheme, the Articles of Association or relevant laws, regulations and administrative rules and regulatory documents of the state, disposes of the shares obtained under the Scheme, all gains derived therefrom shall belong to the Company and shall be enforced by the board of the Company.
- III. The Scheme shall come into effect after being reviewed and passed by BSAM, reviewed and approved by Beijing SASAC and considered and approved at the general meeting of the Company.
- IV. The authority to interpret the Scheme shall vest in the board of the Company.

DYNAGREEN ENVIRONMENTAL PROTECTION GROUP CO., LTD.*
GRANT PLAN FOR THE RESTRICTED A SHARE INCENTIVE SCHEME

In order to facilitate the implementation of the Restricted Share Incentive Scheme of Dynagreen Environmental Protection Group Co., Ltd.* (the “**Company**”) and effectively bind the interests of the shareholders, the Company and individuals of core teams together, make all parties attend to the long-term development of the Company, promote the long-term development of the Company and its employees, and strengthen the core competitiveness of the Company, this plan has been formulated by the Company in accordance with the relevant laws and regulations and normative documents, and in conjunction with the actual needs of management.

Unless otherwise specified, the terms used in this plan shall have the same meanings as those used in the Incentive Scheme.

I. SCOPE OF INCENTIVE PARTICIPANTS

(I) Legal Basis for Determining Incentive Participants

The incentive participants involved in this grant plan have been determined by the Company in accordance with the Company Law, the Securities Law, the Administrative Measures for the Equity Incentives of Listed Companies (《上市公司股權激勵管理辦法》), the Trial Measures for the Implementation of Equity Incentives by State-controlled Listed Companies (Domestic) (《國有控股上市公司(境內)實施股權激勵試行辦法》), the Notice on Issues concerning Regulating the Implementation of the Equity Incentive System by State-controlled Listed Companies (《關於規範國有控股上市公司實施股權激勵制度有關問題的通知》) and other relevant laws, regulations, normative documents as well as the relevant provisions of the Articles of Association, taking into account the actual circumstances of the Company.

(II) Scope of Incentive Participants

In accordance with the above provisions, the Company have determined the Incentive Participants through multi-dimensional evaluation on the value of employee positions, contribution potential and performance results. The Incentive Participants involved in the Scheme shall be 195 persons, including: the directors, senior management, core managerial, technical and business personnel of the Company, excluding external directors (including independent directors).

The directors and senior management among the above Incentive Participants must be elected by the general meeting or appointed by the board of the Company. The Incentive Participants involved in the Scheme exclude external directors (including independent directors), as well as the shareholders individually or in aggregate holding 5% or more of the shares of the Company or the de facto controller and their spouses, parents or children.

All Incentive Participants must establish labor relationship with the Company or its branches and controlled subsidiaries during the Validity Period of the Incentive Scheme.

* For identification purposes only

The board of the Company may make adjustments to the scope of Incentive Participants in accordance with the relevant terms of the Incentive Scheme, in the event of any circumstance under which an individual is prohibited from being an Incentive Participant as stipulated in the Incentive Scheme, or in the event of the Incentive Participant's change of position, termination of office, death and other circumstances.

(III) Verification of Incentive Participants

1. After the board has reviewed and approved the Scheme, the Company shall internally publish the names and the positions of the Incentive Participants for a period of not less than 10 days.
2. The remuneration and appraisal committee under the board of the Company shall review the list of the Incentive Participants and fully consider the opinions gathered from the public announcement, and shall disclose an explanation issued by the remuneration and appraisal committee under the board regarding its review of the list of Incentive Participants and the relevant disclosure 5 days prior to the consideration of the Incentive Scheme at the general meeting of the Company. Any adjustments to the list of the Incentive Participants by the board of the Company shall also be subject to verification by the remuneration and appraisal committee under the board of the Company.
3. Incentive Participants eligible for reserved grant shall be determined within 12 months after the Incentive Scheme is considered and approved by the general meeting, and in principle, the Incentive Participants who have been granted under the Incentive Scheme shall not be granted repeatedly. Upon proposal by the board and after the remuneration and appraisal committee under the board expresses clear opinions and the legal advisor expresses professional opinions and issues legal opinions, the Company shall disclose relevant information of the current Incentive Participants on the designated website in a timely and accurate manner. If the Incentive Participants are not confirmed within such 12 months, the reserved grant will lapse. The determination criteria for Incentive Participants eligible for reserved grant are determined by reference to the determination criteria for the first grant.

II. ALLOCATION OF THE NUMBER GRANTED TO THE INCENTIVE PARTICIPANTS

The number of the Restricted Shares to be granted under the Scheme shall be 40,350,000 shares, representing approximately 2.90% of the Company's total share capital of 1,393,450,000 shares as at the date of announcement of the Scheme, of which 38,250,000 shares will be granted under the first grant, representing 2.74% of the Company's total share capital of 1,393,450,000 shares as at the date of announcement of the draft Incentive Scheme; and 2,100,000 shares will be reserved, representing 0.15% of the Company's total share capital of 1,393,450,000 shares as at the date of announcement of the draft Incentive Scheme and 5.20% of the total equity under this grant. The allocation of the Restricted Shares granted under the Incentive Scheme among the Incentive Participants is set out in the table below:

No.	Name	Position	Number of the Restricted Shares (0'000 shares)	Percentage to the total number granted	Percentage to the total share capital of the Company
1	Hu Shengyong	Director	80	1.9827%	0.0574%
2	Xi Qiang	Deputy General Manager	80	1.9827%	0.0574%
3	Hao Jingli	Deputy General Manager	80	1.9827%	0.0574%
4	Zhang Yong	Deputy General Manager	80	1.9827%	0.0574%
5	Huang Jianzhong	Deputy General Manager	80	1.9827%	0.0574%
6	Zhu Shuguang	Deputy General Manager and Secretary to the Board	80	1.9827%	0.0574%
7	Zhang Wei	Chief engineer	80	1.9827%	0.0574%
8	Yi Zhiyong	Chief Financial Officer	80	1.9827%	0.0574%
9	Liu Lin	Assistant to general manager	80	1.9827%	0.0574%
10	Pi Siwei	General counsel	80	1.9827%	0.0574%
Core managerial, technical and business personnel (185 people)			3,025	74.9690%	2.1709%
Total under the first grant (195 people)			3,825	94.80%	2.74%
Reserved			210	5.20%	0.15%
Total			4,035	100%	2.90%

Where an Incentive Participant voluntarily waives the equity interests to be granted due to personal reasons, the board shall make corresponding adjustments to the number of shares to be granted, and the Incentive Participant may reduce the number of Restricted Shares to be subscribed for due to insufficient funds when subscribing for Restricted Shares.

In accordance with the Notice on Issues concerning Regulating the Implementation of the Equity Incentive System by State-controlled Listed Companies (《關於規範國有控股上市公司實施股權激勵制度有關問題的通知》), the Guidelines on the Implementation of Equity Incentives by Listed Companies Controlled by Central Enterprises (《中央企業控股上市公司實施股權激勵工作指引》) and the Guiding Opinions on Regulating the Implementation of Equity and Dividend Incentives by Municipal Enterprises (《關於市管企業規範實施股權和分紅激勵工作的指導意見》), the number of equity interests and the distribution principles of this share incentive scheme conform to the following provisions:

1. None of the Incentive Participants under the Scheme has participated in two or more equity incentive schemes of the listed company.
2. None of the Incentive Participants is a substantial shareholder holding more than 5% of the equity interest in the Company or the de facto controller and their spouses, parents and children.
3. The number of A shares granted to any of the above Incentive Participants through all valid equity incentive schemes does not exceed 1% of total share capital (excluding the treasury shares, if any) of the Company. The total number of underlying A shares in relation to all incentive schemes of the Company in force shall not exceed 10% of total share capital (excluding the treasury shares, if any) of the Company at the time of submission of the equity incentive scheme to the general meeting.
4. The value of equity interests granted to directors and senior managers shall not be higher than 40% of the total remuneration level (including the value of equity interests granted) at the time of grant.

III. GRANT PRICE AND BASIS OF DETERMINATION

(I) Grant Price

The initial Grant Price of the Restricted Shares shall be RMB3.25 per share, which means that upon fulfilment of the grant conditions, each Incentive Participant is entitled to purchase the restricted A shares of the Company issued to the Incentive Participant by the Company at the price of RMB3.25 per share.

(II) Basis of Determination of the Initial Grant Price

The grant price of the Restricted Shares to be granted by the Company through private placement in the first tranche of the Incentive Scheme shall be determined in accordance with the principle of fair market price, and shall be the higher of the following prices:

1. 50% of the average trading price (total trading amount on the preceding trading day/total trading volume on the preceding trading day) of the shares of the Company on the trading day preceding the date of the announcement of the draft Scheme;
2. One of the following prices:
 - (1) 50% of average trading price (total trading amount for the last 20 trading days/total trading volume for the last 20 trading days) of the underlying shares of the Company for the 20 trading days preceding the date of the announcement of the draft Scheme;
 - (2) 50% of average trading price (total trading amount for the last 60 trading days/total trading volume for the last 60 trading days) of the underlying shares of the Company for the 60 trading days preceding the date of the announcement of the draft Scheme;
 - (3) 50% of average trading price (total trading amount for the last 120 trading days/total trading volume for the last 120 trading days) of the underlying shares of the Company for the 120 trading days preceding the date of the announcement of the draft Scheme.
3. If the fair market price is less than the net asset value per share, the Grant Price shall not be less than 60% of the fair market price.

(III) Basis of Determination of the Grant Price of the Reserved Restricted Shares

Prior to each grant of the reserved Restricted Shares, a board meeting shall be convened to consider and approve the relevant resolution. The reserved Grant Price shall be determined according to principle of fair market price, and shall not be less than the nominal value of the shares and shall not be less than the higher of the following prices:

1. 50% of the average trading price of the shares of the Company on the trading day preceding the date of the announcement of the board resolution on the grant of reserved Restricted Shares;
2. One of the following prices:
 - (1) 50% of the average trading price of the Company's underlying shares for the 20 trading days preceding the date of the announcement of the board

resolution on the grant of reserved Restricted Shares (total trading amount for the last 20 trading days/total trading volume for the last 20 trading days);

- (2) 50% of the average trading price of the Company's underlying shares for the 60 trading days preceding the date of the announcement of the board resolution on the grant of reserved Restricted Shares (total trading amount for the last 60 trading days/total trading volume for the last 60 trading days);
- (3) 50% of the average trading price of the Company's underlying shares for the 120 trading days preceding the date of the announcement of the board resolution on the grant of reserved Restricted Shares (total trading amount for the last 120 trading days/total trading volume for the last 120 trading days).

- 3. If the fair market price is less than the net asset value per share, the Grant Price shall not be less than 60% of the fair market price.

IV. CONDITIONS OF GRANT

The Company shall grant the Restricted Shares to the Incentive Participants upon satisfaction of all of the following conditions of grant, and no Restricted Shares shall be granted to the Incentive Participants if any of the following conditions of grant has not been satisfied.

- (I) There is no occurrence of any of the following events on the part of the Company:
 - 1. failure to engage an accounting firm to conduct an audit in accordance with the prescribed procedures and requirements;
 - 2. the state-owned assets supervision and administration authority or the audit department has raised significant objections to the listed company's results or annual financial reports;
 - 3. any significant non-compliance with regulations and penalties imposed by the securities regulatory authorities and other relevant authorities;
 - 4. the financial report or the internal control evaluation for the latest accounting year has been issued with an adverse opinion or an audit report with a disclaimer of opinion by the certified public accountants;
 - 5. any failure to distribute profits in accordance with the laws and regulations, the Articles of Association and public commitments within the last 36 months after listing;
 - 6. where the laws and regulations prohibit the implementation of equity incentives;
 - 7. other circumstances as determined by the CSRC.

(II) There is no occurrence of any of the following events on the part of the incentive participants:

1. the results of economic responsibility audit, etc. indicate that there is failure in performing duties effectively or serious dereliction of duty or malpractice;
2. violation of the relevant national laws and regulations and the Articles of Association;
3. the Incentive Participant has committed any illegal and disciplinary acts during his/her service such as accepting and soliciting bribes, committing corruption and theft, disclosing the listed company's commercial and technical secrets, implementing connected transactions that damage the interests and reputation of the listed company and have significant adverse impact on the image of the listed company, and punishment has been imposed;
4. failure to perform or improperly perform his/her duties, resulting in a material loss of assets and other serious adverse consequences to the listed company;
5. being determined by the Stock Exchange to be an unsuitable person within the last 12 months;
6. being determined as an unsuitable person by the CSRC and its dispatched agents within the last 12 months;
7. having been imposed administrative punishment or being prohibited from market entry by the CSRC and its dispatched agents within the last 12 months due to material breach of laws and regulations;
8. being prohibited from acting as a director or a member of senior management of the Company as stipulated in the Company Law;
9. being prohibited from participating in the equity incentives of the listed company under the laws and regulations;
10. other circumstances as determined by the CSRC.

V. SUPPLEMENTAL PROVISIONS

- (I) This plan shall be formulated, interpreted and amended by the board.
- (II) This plan shall be considered and approved at the general meeting of the Company and shall be implemented upon the equity incentive scheme becoming effective.

THE ADMINISTRATIVE MEASURES FOR THE RESTRICTED A SHARE
INCENTIVE SCHEME OF DYNAGREEN ENVIRONMENTAL PROTECTION GROUP
CO., LTD.*

CHAPTER I GENERAL PROVISIONS

Article 1 In order to promote the realization of the long-term strategic objectives of Dynagreen Environmental Protection Group Co., Ltd.* (“**Dynagreen**” or the “**Company**”), refine corporate governance, maintain the Company’s advantages in talent competition, enhance the Company’s sustainable development ability, maximize the value of shareholders, and achieve the value preservation and appreciation of state-owned assets, the Company has established an effective incentive and restraint mechanism through the restricted share incentive scheme, and has formulated the Administrative Measures for the Restricted A Share Incentive Scheme of Dynagreen Environmental Protection Group Co., Ltd. (“**Administrative Measures**”).

Article 2 The purpose of the Administrative Measures is to clarify the management authority and responsibilities of the relevant internal institutions and departments of Dynagreen on the relevant matters and implementation procedures of the restricted share incentive scheme, to establish a reasonable management system and process, and to ensure the smooth implementation of the Incentive Scheme.

Article 3 The Company shall manage the restricted share incentive scheme in strict accordance with the provisions of the Administrative Measures, and the relevant bodies and departments shall actively cooperate with each other to effectively promote the implementation of the Incentive Scheme. The following three principles shall be adhered to in the formulation of the Incentive Scheme.

- I. being lawful, open and transparent, and abiding by laws, regulations and the requirements of the Articles of Association.
- II. safeguarding the interests of the shareholders and the Company, improving value preservation and appreciation of state-owned assets, and contributing to the Company’s sustainable development.
- III. combining incentives with constraints, making risks commensurate with returns and properly strengthening the incentives for the management of the Company.

Article 4 Major Governing Bodies and Departments

- I. The governing bodies of the restricted share incentive scheme include the Company’s general meeting, the board and the remuneration and appraisal committee established under it.

* For identification purposes only

- II. The supervisory authority of the restricted share incentive scheme is the remuneration and appraisal committee under the board of the Company.
- III. The executive departments for matters relating to the restricted share incentive scheme include: the human resources department, the financial management department, the office of the board, the audit department, etc.

CHAPTER II PRINCIPAL RESPONSIBILITIES OF EACH GOVERNING BODY

Article 5 Governing Bodies of the Restricted Share Incentive Scheme

I. General Meeting

It is the highest authority of the Company and is responsible for considering and approving the implementation of, and any amendments to, the restricted share incentive scheme.

II. Board of the Company

- (I) To be responsible for reviewing the schemes prepared and revised by the remuneration and appraisal committee and submitting them to the general meeting for approval.
- (II) To be responsible for reviewing and determining the Grant Date of the restricted share incentive scheme; to be responsible for granting the Restricted Shares to the Incentive Participants satisfying the conditions of grant, and reviewing the unlocking of the Restricted Shares according to the performance conditions.
- (III) To be responsible for reviewing other necessary matters required for the implementation of the restricted share incentive scheme.

III. Remuneration and Appraisal Committee of the Board

- (I) To be responsible for formulating the restricted share incentive scheme and the grant plan thereof.
- (II) To be responsible for formulating and revising the performance assessment measures and the administrative provisions of the Incentive Scheme.

Article 6 Principal Responsibilities of Each Executive Body

The executive bodies of the restricted share incentive scheme of the Company include the human resources department, the financial management department, the office of the board, the audit department, which are responsible for assisting the remuneration and appraisal committee in carrying out the work related to the Incentive Scheme and leading and coordinating the business work of the Incentive Scheme. The responsibilities of each executive body are as follows:

I. Human Resources Department

- (I) To be responsible for taking the lead in formulating the restricted share incentive scheme and the grant plan thereof, and formulating the key contents such as the scope of grant, the number of grants, the Grant Price and the performance appraisal conditions for unlocking.
- (II) To be responsible for summarizing the annual performance appraisal results of individual Incentive Participants.
- (III) To be responsible for reviewing the granting qualifications, unlocking qualifications and unlocking quantities of the Incentive Participants, and organizing the execution of the granting documents.
- (IV) To be responsible for the daily management of the restricted share incentive scheme, the statistics and accounting of the unlocked number of Restricted Shares granted to the Incentive Participants and the number of equity interests to be cancelled, as well as the notification to the Incentive Participants regarding the number of Restricted Shares to be unlocked or the number of equity interests to be cancelled.
- (V) To be responsible for the safekeeping of all documents and files related to the restricted share incentive scheme and other file management work.
- (VI) To be responsible for reporting the implementation progress of equity incentive to the remuneration and appraisal committee.

II. Financial Management Department

- (I) To be responsible for analyzing and judging the satisfaction of the performance appraisal conditions for unlocking.
- (II) To be responsible for calculating the actual completion of the Company's annual performance indicators, as well as compiling the actual completion of the annual performance indicators of industry peers.
- (III) To be responsible for the valuation of the granted Restricted Shares and the relevant accounting treatment in the regular report of the listed company after the grant.
- (IV) Assisting the human resources department in calculating the proceeds from the unlocking of Restricted Shares of Incentive Participants.

III. Office of the Board

- (I) Coordinating with the human resources department to formulate the restricted share incentive scheme and the grant plan thereof.
- (II) To be responsible for the implementation of the decision-making procedures of the board and the general meeting, the disclosure of information and the registration and deregistration of the shares held by the Incentive Participants regarding the Incentive Scheme.

IV. Audit Department

It is responsible for the audit and supervision of the restricted share incentive scheme, which mainly includes whether the total amount of Restricted Shares granted, the number of Restricted Shares granted to individuals, the number of unlocked shares and the expected earnings exceed the prescribed limit.

CHAPTER III PROCEDURES OF IMPLEMENTATION OF THE RESTRICTED
SHARE INCENTIVE SCHEME**Article 7 Effective Procedures of the Restricted Share Incentive Scheme**

- I. The remuneration and appraisal committee under the board is responsible for preparing the draft Incentive Scheme and submitting it to the board for consideration and approval.
- II. The board of the Company shall resolve on the Incentive Scheme in accordance with the laws. When the board considers the Incentive Scheme, the directors who are the Incentive Participants or directors who are related thereto shall abstain from voting.
- III. The remuneration and appraisal committee under the board shall express their opinions on whether the Scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the shareholders as a whole.
- IV. The law firm engaged by the Company shall issue legal opinions on the equity incentive scheme. The independent financial adviser shall issue professional opinions.
- V. Before convening the general meeting of the Company, the Company shall publish the names and positions of the Incentive Participants internally through the Company's website or other channels for a period of not less than 10 days. The remuneration and appraisal committee under the board shall review the list of the Incentive Participants and fully consider the opinions gathered from the public announcement. The Company shall disclose an explanation issued by the remuneration and appraisal committee under the board regarding its review of the list of Incentive Participants and the relevant disclosure 5 days prior to the consideration of the share incentive scheme at the general meeting.
- VI. The Company shall conduct a self-inspection on the trading of the Company's Shares by persons who were privy to inside information during the six months prior to the announcement of the draft equity incentive scheme to state whether there is any insider trading.
- VII. The Incentive Scheme has been reviewed and approved by Beijing SASAC.
- VIII. A notice is given by the Company to convene a general meeting.

- IX. The restricted share incentive scheme shall be voted by ballot at the general meeting of the Company, and shall be approved by more than 2/3 of the votes held by the shareholders present at the meeting. Save as directors, senior management of the Company and shareholders who are holding individually or in aggregate more than 5% of the shares of the listed company, the votes of other shareholders should be counted separately and disclosed.
- X. The board of the Company shall be responsible for the grant, unlocking and repurchase of the Restricted Shares in accordance with resolution of the general meeting. The remuneration and appraisal committee under the board of the Company shall check the list of the Incentive Participants as at the Grant Date of the Restricted Shares and express opinions.

Article 8 Procedures for Granting the Restricted Shares

- I. Within 60 days after the Incentive Scheme is considered and approved at the general meeting of the Company and the satisfaction of the conditions of the grant, the Company shall convene a board meeting to consider whether the Incentive Participants under the Incentive Scheme have satisfied the conditions of the grant prescribed therein and determine the Grant Date, and the remuneration and appraisal committee shall make recommendations to the board on whether the conditions for the Incentive Participants to be granted entitlements have been fulfilled. Moreover, the remuneration and appraisal committee under the board shall verify the Grant Date of the Restricted Shares and the list of Incentive Participants and issue opinions thereon.

Before the Company grants interests to Incentive Participants, the remuneration and appraisal committee under the board shall express clear opinions on the conditions on grant of interests to Incentive Participants as stipulated in the share incentive scheme. Where there is any discrepancy between the grant of interests by the Company to the Incentive Participants and the arrangement of the Incentive Scheme, the remuneration and appraisal committee under the board shall make recommendations to the Company's Board, the remuneration and appraisal committee under the board (when the Incentive Participants change) shall simultaneously express clear opinions.

Incentive Participants eligible for reserved grant shall be determined within 12 months after the Scheme is considered and approved at the general meeting. If the Incentive Participants are not confirmed within such 12 months, the reserved grant will lapse.

- II. The Company shall engage a lawyer to issue legal opinions as to whether the Incentive Participants have satisfied the conditions of the grant. The independent financial adviser shall issue clear opinions at the same time.

- III. The Company shall sign an Agreement on Grant of Restricted Shares (限制性股票授予協議書) with the Incentive Participants in order to set out their respective rights and obligations.
- IV. Within the time limit prescribed by the Company, the Incentive Participants shall pay the consideration for subscribing the Restricted Shares into the account designated by the Company according to the Company's requirement, and have it verified and confirmed by a certified public accountant, otherwise such Incentive Participant shall be deemed as having waived his/her right to subscribe for the Restricted Shares granted.
- V. The Company shall prepare a register for management of the restricted shares scheme with reference to the Agreement on Grant of Restricted Shares signed by the Incentive Participants, and such register shall record the names of the Incentive Participants, the number of Restricted Shares, the Grant Date and the serial number of the relevant Agreement on Grant of Restricted Shares.
- VI. The Company shall apply to the Stock Exchange for the grant of Restricted Shares to the Incentive Participants, and apply to the Depository and Clearing Company for the registration and settlement matters after the confirmation by the Stock Exchange.
- VII. After the registration of the grant of the Restricted Shares is completed, if it involves change in the registered capital, the Company shall go through the procedures in relation to the registration for changed matters with the relevant administration department for industry and commerce.

Article 9 Procedures for Unlocking

- I. The Company shall confirm whether the Incentive Participants have satisfied the Unlocking Conditions before the unlocking date. The remuneration and appraisal committee shall make recommendations to the board on the matters that the Incentive Participants have satisfied the conditions of the unlocking. The board shall consider whether the Unlocking Conditions under the Scheme have been satisfied. The remuneration and appraisal committee under the board shall both express their clear opinions at the same time. A law firm shall issue legal opinions as to whether the Incentive Participants have satisfied the conditions of the unlocking.
- II. As to the Incentive Participants who have satisfied the conditions of the unlocking, the Company shall issue the Notice of Unlocking Restricted Shares (限制性股票解除限售通知書) and tender applications to the Stock Exchange to unlock the Restricted Shares. After confirmation by the Stock Exchange, the Company shall apply to the Depository and Clearing Company for the registration and settlement matters.

- III. Restricted Shares held by Incentive Participants who have not satisfied the conditions for unlocking the Restricted Shares shall be repurchased and cancelled by the Company. The Company shall disclose the implementation thereof timely by way of announcement.
- IV. Incentive Participants may transfer their unlocked Restricted Shares whereas the transfer of the Restricted Shares held by the Company's directors and members of senior management shall comply with the requirements of the relevant laws, regulations and regulatory documents.

CHAPTER IV INTERNAL CONTROL PROCEDURE FOR THE RESTRICTED SHARE

Article 10 System and Procedures for Process Control

- I. The board is the final interpretation and examination organization of the restricted share incentive scheme.
- II. Departments will be established by functions at different levels, which are responsible for specific matters. Appraisal, qualification evaluation and other important matters will be conducted by different departments under mutual supervision.

Article 11 Control on Implementation Process

The effectiveness and correctness of the Scheme are to be ensured through training, consultation and complaint mechanism.

Article 12 If the SASAC or other regulatory authorities make corresponding adjustments to the implementation process of the equity incentive scheme, the Administrative Measures must also be adjusted simultaneously and must be implemented in accordance with the latest requirements of the SASAC or other regulatory authorities.

CHAPTER V DAILY MANAGEMENT OF THE RESTRICTED SHARE INCENTIVE SCHEME

Article 13 Disclosure of Information

- I. The board of the Company shall fulfill its continuous information disclosure and reporting obligations in accordance with the relevant requirements of the applicable laws and regulations.
- II. The Company shall disclose in its periodic reports the information required by the applicable domestic and foreign laws and regulations.

Article 14 Finance and Taxation

- I. All management expenses and handling fees incurred by the Company in implementing the restricted share incentive scheme shall be borne by the Company and shall be included in the Company's management expenses.
- II. The Company shall handle the individual income tax and other taxes payable by the Incentive Participants in accordance with the requirements of the relevant tax laws and regulations of the country.

CHAPTER VI SUPPLEMENTAL PROVISIONS

Article 15 The measures shall be interpreted by the board of the Company.

Article 16 The measures shall take effect and be implemented on the date of consideration and approval at the general meeting of the Company.

**THE APPRAISAL MANAGEMENT MEASURES FOR IMPLEMENTATION
OF THE RESTRICTED A SHARE INCENTIVE SCHEME OF
DYNAGREEN ENVIRONMENTAL PROTECTION GROUP CO., LTD.***

CHAPTER I GENERAL PROVISIONS

Article 1 In order to ensure the smooth implementation of the Restricted A Share Incentive Scheme (the “**Incentive Scheme**”) of Dynagreen Environmental Protection Group Co., Ltd.* (the “**Company**”), these measures are hereby formulated in accordance with the relevant national regulations and the actual circumstances of the Company.

Article 2 Appraisal Purpose

The appraisal purpose is to further refine the corporate governance structure of the Company, establish and perfect the incentive and restraint mechanism of the Company, encourage the Incentive Participants to carry out their work faithfully and diligently, ensure the realization of the Company’s development strategies and operation objectives, promote the sustainable development of the Company, and ensure the smooth implementation of the Company’s Incentive Scheme.

Article 3 Appraisal Principles

The appraisal of the performance of appraisees must be based on the principles of equality, openness and justice and in strict accordance with these measures, so as to align the share incentive scheme with the performance and contribution of the Incentive Participants, improve the management performance, and maximize the benefits of the Company and all Shareholders.

Article 4 Appraisal Scope

These measures are applicable to all Incentive Participants participating in the restricted A share incentive scheme of the Company.

Article 5 Appraisal Bodies

- (I) The remuneration and appraisal committee of the board is responsible for leading and reviewing the appraisal of Incentive Participants.
- (II) The human resources department of the Company is responsible for the implementation of specific appraisal work. The human resources department is responsible for and shall report to the remuneration and appraisal committee of the board.
- (III) The human resources department, finance department and other relevant departments of the Company are responsible for the collection and provision of relevant appraisal data, as well as the authenticity and reliability of the data.
- (IV) The board of the Company is responsible for reviewing the appraisal results.

CHAPTER II IMPLEMENTATION OF APPRAISAL

Article 6 Appraisal Requirements and Application of Appraisal Results

(I) *Performance appraisal requirements at company level*

The appraisal year for unlocking of the Incentive Scheme covers three accounting years from 2026 to 2028, and an appraisal at company level will be carried out every accounting year.

1. The performance appraisal for unlocking of the Restricted Shares granted under the Incentive Scheme is shown in the following table:

Unlocking period	Performance appraisal trigger value	Performance appraisal target value
The first unlocking period under the first grant and reserved grant	1. Based on the net profit in 2023, the growth rate of net profit in 2026 shall not be less than 80% of the target value, i.e. not less than 12%, and the net profit shall not be less than RMB692 million;	1. Based on the net profit in 2023, the growth rate of net profit in 2026 shall not be less than 15%, i.e. the net profit shall not be less than RMB711 million;
	2. The return on equity in 2026 shall not be less than 80% of the target value; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises;	2. The return on equity in 2026 shall not be less than 8.2%; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises;
	3. Net cash flows from operating activities in 2026 shall not be less than 80% of the target value;	3. Net cash flows from operating activities in 2026 shall not be less than RMB1,144 million;
	4. The steam supply volume in 2026 shall not be less than 80% of the target value;	4. The steam supply volume in 2026 shall not be less than 492,900 tons;
	5. In 2026, the number of digital and intelligent technology application projects will increase by one.	5. In 2026, the number of digital and intelligent technology application projects will increase by one.

Unlocking period	Performance appraisal trigger value	Performance appraisal target value
The second unlocking period under the first grant and reserved grant	1. Based on the net profit in 2023, the growth rate of net profit in 2027 shall not be less than 80% of the target value, i.e. not less than 16%, and the net profit shall not be less than RMB717 million;	1. Based on the net profit in 2023, the growth rate of net profit in 2027 shall not be less than 20%, i.e. the net profit shall not be less than RMB742 million;
	2. The return on equity in 2027 shall not be less than 80% of the target value;	2. The return on equity in 2027 shall not be less than 8.2%;
	The first two indicators are not lower than the 75th percentile of the benchmarked enterprises;	The first two indicators are not lower than the 75th percentile of the benchmarked enterprises;
	3. Net cash flows from operating activities in 2027 shall not be less than 80% of the target value;	3. Net cash flows from operating activities in 2027 shall not be less than RMB1,193 million;
	4. The steam supply volume in 2027 shall not be less than 80% of the target value;	4. The steam supply volume in 2027 shall not be less than 514,300 tons;
	5. In 2027, the number of digital and intelligent technology application projects will increase by two.	5. In 2027, the number of digital and intelligent technology application projects will increase by two.

Unlocking period	Performance appraisal trigger value	Performance appraisal target value
The third unlocking period under the first grant and reserved grant	1. Based on the net profit in 2023, the growth rate of net profit in 2028 shall not be less than 80% of the target value, i.e. not less than 20%, and the net profit shall not be less than RMB742 million;	1. Based on the net profit in 2023, the growth rate of net profit in 2028 shall not be less than 25%, i.e. the net profit shall not be less than RMB773 million;
	2. The return on equity in 2028 shall not be less than 80% of the target value; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises;	2. The return on equity in 2028 shall not be less than 8.2%; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises;
	3. Net cash flows from operating activities in 2028 shall not be less than 80% of the target value;	3. Net cash flows from operating activities in 2028 shall not be less than RMB1,242 million;
	4. The steam supply volume in 2028 shall not be less than 80% of the target value;	4. The steam supply volume in 2028 shall not be less than 535,800 tons;
	5. In 2028, the number of digital and intelligent technology application projects will increase by two.	5. In 2028, the number of digital and intelligent technology application projects will increase by two.

Among them:

- (1) Net profit refers to the net profit excluding extraordinary gain and loss attributable to the shareholders of the listed company, and return on equity refers to the return on net assets excluding extraordinary gain and loss attributable to the shareholders of the listed company, the same below;
- (2) Growth rate of net profit = (net profit excluding extraordinary gain and loss attributable to the shareholders of the listed company in the current year/net profit excluding extraordinary gain and loss attributable to the shareholders of the listed company in 2023-1) \times 100%, the same below;

- (3) Return on equity (ROE) = net profit excluding extraordinary gain and loss attributable to the shareholders of the listed company in the current year/[net assets attributable to the shareholders of the listed company at the beginning of the period + net assets attributable to the shareholders of the listed company at the end of the period)/2] × 100%, the same below;
- (4) Net cash flows from operating activities are based on the data of “net cash flows from operating activities” in the annual consolidated cash flows statement of the Company;
- (5) Digital and intelligent technology application projects refer to the intelligent management of the waste incineration system using information technology, digitalization and artificial intelligence technology. By conducting big data analysis, machine deep learning and artificial intelligence management on the whole process of waste incineration, including waste storage fermentation, waste incineration and flue gas treatment, the goals of improving power generation efficiency and labor efficiency and reducing the consumption of environmental consumables and auxiliary fuels are achieved. The completion of the application project will be marked by passing the third-party appraisal.

During the Validity Period of the equity incentive scheme, in case of additional issuance, allotment of shares and convertible debentures into shares and other matters (excluding the implementation of profit distribution of the Company) that would result in a change in the net assets of the Company, the change in net assets and the corresponding amount of income arising therefrom (if the corresponding amount of income cannot be accurately calculated, it can be calculated by multiplying the actual financing amount after deducting the financing cost by the interest rate of the national debts of the same term) shall be excluded when conducting an appraisal. During the Validity Period of the equity incentive scheme, if the Company adjusts its accounting policies, the pre-adjustment caliber will be used during the appraisal.

2. The performance appraisal results at company level and their corresponding unlocking ratios at company level in the current period are shown in the following table:

Performance appraisal results at company level	Unlocking ratios at company level in the current period
Meeting performance appraisal target value	100%
Meeting performance appraisal trigger value, but not meeting performance appraisal target value	80%
Not meeting performance appraisal trigger value	0%

If one or more of the above five performance indicators of the Company in the appraisal year fail to meet the performance appraisal trigger value, it shall be deemed that the Company does not meet the performance appraisal trigger value in the current period, and the unlocking ratios at company level in the current period shall be 0%; if only some of the above five performance indicators of the Company in the appraisal year meet the performance appraisal target value, and one or more of the indicators fail to meet the performance appraisal target value, but all meet the performance appraisal trigger value, it shall be deemed that the Company does not meet the performance appraisal target value in the current period, and the unlocking ratios at company level in the current period shall be 80%; if all of the above five performance indicators of the Company in the appraisal year meet the performance appraisal target value, the unlocking ratios at company level in the current period shall be 100%.

(II) Performance appraisal requirements at individual level

The appraisal year for unlocking of the Incentive Scheme covers three accounting years from 2026 to 2028, and the appraisal of Incentive Participants at individual level shall be organized and implemented in accordance with the Company's current relevant provisions on remuneration and appraisal, based on the appraisal standards for the positions of the Incentive Participants. The Company will conduct appraisal at individual level each fiscal year in accordance with the Appraisal Management Measures for Implementation of the Restricted Share Incentive Scheme and the internal performance assessment mechanism of the Company.

The unlocking ratios of Incentive Participants at individual level is determined based on the results of individual performance appraisal. The classification of grades and their corresponding unlocking ratios at individual level are shown in the following table:

Grade	Competent and above	Basic competent	Incompetent
Unlocking ratios	100%	50%	0%

The actual unlocking amounts held by the individuals in the current year = the unlocking ratios at company level in the current year × the unlocking ratios at individual level in the current year × the planned individual unlocking ratios in the current year.

If the Unlocking Conditions in the current period are not satisfied due to the failure to pass the performance appraisal at company level or individual level, no corresponding Restricted Shares shall be deferred to the next period and be unlocked, and will be repurchased and cancelled by the Company in accordance with the Incentive Scheme at the lower of the Grant Price and the stock market price at the time of repurchase.

Article 7 Appraisal Procedures

Under the guidance of the remuneration and appraisal committee of the board, the human resources department of the Company shall be responsible for the specific appraisal work, organising the appraisal in accordance with the relevant appraisal system of the Company, keeping the appraisal results, forming an appraisal report and submitting the same to the remuneration and appraisal committee of the board.

Article 8 Management of Appraisal Results***(I) Feedback and appeal of appraisal results***

The appraisees have the right to know their own appraisal results, and the human resources department shall notify the appraisees of the appraisal results within 10 working days after the appraisal is completed.

If the appraisees have any objection to their appraisal results, they may communicate with the human resources department. If the matter cannot be solved through communication, the appraisees may appeal to the remuneration and appraisal committee, which shall review and determine the final appraisal results or grades within 10 working days.

(II) Filing of appraisal results

Upon completion of the appraisal, the appraisal results shall be filed and kept as confidential information for a period of at least five years.

CHAPTER III SUPPLEMENTAL PROVISIONS

Article 9 These measures shall be formulated, interpreted and revised by the board. If there is any conflict between these measures and the laws, administrative regulations and departmental rules to be issued and implemented in the future, the provisions of the latter shall prevail.

Article 10 These measures shall be implemented upon consideration and approval at the general meeting of the Company and after the restricted A share incentive scheme takes effect.

To reduce financial expenses, Huizhou Dynagreen Environmental Services Co., Ltd., a subsidiary of the Company, proposed to apply for a fixed asset loan with an amount not exceeding RMB120 million for a term not exceeding 10 years, which will be used to replace the existing fixed asset loan. Huizhou Dynagreen Environmental Services Co., Ltd. will provide accounts receivable for pledge; the Company will provide joint-liability guarantees in accordance with its shareholding ratio (i.e., 80%); and the other shareholder of Huizhou Dynagreen Environmental Services Co., Ltd. will provide joint-liability guarantees in accordance with its shareholding ratio (i.e., 20%).

NOTICE OF THE EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING OF 2025

NOTICE IS HEREBY GIVEN that the third extraordinary general meeting of 2025 (the “EGM”) of Dynagreen Environmental Protection Group Co., Ltd.* (the “Company”) will be held at the 2nd Floor, Jiuzhou Electronic Building, No. 7 Keji South 12th Street, Nanshan District, Shenzhen, the PRC at 10:00 a.m. on 19 November 2025 for the purposes of considering and, if deemed appropriate, approving the following resolutions. In this notice, unless the context otherwise requires, capitalized terms used herein shall have the same meanings as defined in the Company’s circular (the “Circular”) dated 31 October 2025.

RESOLUTIONS TO BE CONSIDERED AT THE EGM

As Special Resolutions:

1. to consider and approve the proposed adoption of the Restricted Share Incentive Scheme
2. to consider and approve the proposed adoption of the administrative measures for the Restricted Share Incentive Scheme
3. to consider and approve the proposed adoption of the appraisal management measures for implementation of the Restricted Share Incentive Scheme
4. to consider and approve the proposed authorization to the Board to handle the relevant matters related to the Restricted Share Incentive Scheme

As an Ordinary Resolution:

5. to consider and approve the proposed provision of guarantee to a subsidiary

* For identification purposes only

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Details of the above resolutions proposed at the EGM are contained in the Circular, which is available on the website of Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.dynagreen.com.cn).

By Order of the Board
Dynagreen Environmental Protection Group Co., Ltd.*
Cheng Suning
Chairman

Shenzhen, PRC
31 October 2025

As of the date of this announcement, the executive directors are Mr. Cheng Suning and Mr. Hu Shengyong; the non-executive directors are Mr. Zhao Zhixiong, Mr. Hu Tianhe, Mr. Yan Chunxu and Mr. Hu Yong; and the independent non-executive directors are Ms. Ouyang Jiejiao, Mr. Zheng Zhiming and Mr. Zhou Beihai.

Notes:

ATTENDEE OF THE EGM

1. Eligibility for attending the EGM

For the purpose of determining the H Shareholders who are entitled to attend and vote at the EGM, the register of H Share members of the Company will be closed from Friday, 14 November to Wednesday, 19 November 2025 (both days inclusive), during which period no transfer of H Shares will be registered. H Shareholders who intend to attend the EGM shall lodge their share certificates accompanied with the transfer documents to the H Share Registrar of the Company, Tricor Investor Services Limited (address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong) before 4:30 p.m. (Hong Kong time) on Thursday, 13 November 2025, being the last share registration date, for registration.

The Shareholders whose names appear on the register of members of the Company on Thursday, 13 November 2025 after close of business are entitled to attend and vote at the EGM.

2. Proxy

- (a) A member eligible to attend and vote at the EGM is entitled to appoint, in written form, one or more proxies to attend and vote on its behalf. Shareholders are entitled to appoint one or more proxies to attend the EGM, but only one of the proxies can be designated to vote at the EGM. A proxy need not be a Shareholder of the Company.
- (b) A proxy should be appointed by a written instrument signed by the appointer or its attorney duly authorized in writing. If the form of proxy is signed by the attorney of the appointer, the power of attorney authorizing that attorney to sign or the authorization document(s) must be notarized. If the Shareholder is a legal person, such instrument must be executed either under its seal or signed by its director or duly authorized representative.
- (c) To be valid, the power of attorney or other authorization document(s) which have been notarized together with the completed form of proxy must be delivered to the H Share Registrar of the Company, Tricor Investor Services Limited (address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong), not less than 24 hours before the time appointed for the EGM or the adjourned meeting (as the case may be) (for the H Shareholder(s) of the Company). Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof should they so wish and in such event, the proxy shall be deemed to be revoked.

* For identification purposes only

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

- (d) A Shareholder or his proxy may exercise the right to vote by poll. The Shareholder shall have one vote for each share that he/she holds. On a poll taken at the meeting, Shareholders (including proxies) entitled to two or more votes are not required to cast all their votes for or against a resolution or to abstain from voting on a resolution by not casting any of their votes.

3. Registration procedures for attending the EGM

- (a) A Shareholder shall produce proof of identity and supporting documents in respect of the shares of the Company held when attending the meeting. If a Shareholder is a legal person, its legal representative or other persons authorized by the board of directors or other governing body of such Shareholder may attend the EGM by producing a copy of the resolution of the board of directors or other governing body of such Shareholder appointing such persons to attend the meeting. Proxies shall produce their identity documents and the proxy form signed by the Shareholders or their attorney when attending the EGM.
- (b) H Shareholders intending to attend the EGM should return the reply slip for attending the EGM to the Company on or before Sunday, 9 November.
- (c) A Shareholder may send the above reply slip to Tricor Investor Services Limited (address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong) in person, by post or by fax.

4. Miscellaneous

- (a) The EGM will not last for more than half a day. The Shareholders who attend the EGM in person or by proxy shall bear their own travelling and accommodation expenses.
- (b) The H Share Registrar of the Company is Tricor Investor Services Limited (address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong).
- (c) The registered office of the Company is at:

2nd Floor, Jiuzhou Electronic Building,
No. 7 Keji South 12th Street,
Nanshan District, Shenzhen, the PRC
Post Code: 518057
Telephone No.: (+86) 0755 3680 7688
Facsimile No.: (+86) 755 3363 1220
- (d) References to time and dates in this notice are to Hong Kong time and dates.
- (e) If the EGM is seriously affected by a typhoon or bad weather condition, the Company will post an announcement on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) to notify Shareholders of the date, time and place of the rescheduled meeting. The meeting may still be held as scheduled during a typhoon or bad weather condition. Shareholders of the Company should decide on their own whether they would attend the meeting under bad weather condition bearing in mind their own situations.