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**綠色動力**  
DYNAGREEN

**綠色動力環保集團股份有限公司**  
**Dynagreen Environmental Protection Group Co., Ltd.\***  
*(a joint stock limited liability company incorporated in the People's Republic of China)*  
**(Stock Code: 1330)**

## **PROPOSED ADOPTION OF THE RESTRICTED A SHARE INCENTIVE SCHEME**

### **PROPOSED ADOPTION OF THE RESTRICTED SHARE INCENTIVE SCHEME**

The Board hereby announces that, on 20 December 2024, the Board considered and approved (among other things) the proposed adoption of the Restricted Share Incentive Scheme and matters relating thereto. The Restricted Share Incentive Scheme is subject to the approval of Beijing SASAC and the approval of the Shareholders at the General Meeting. Before the Company convenes the General Meeting to approve the Restricted Share Incentive Scheme, the Company may amend the terms of the Restricted Share Incentive Scheme in accordance with the requirements of the regulatory authorities of the PRC and/or Hong Kong.

### **HONG KONG LISTING RULES IMPLICATIONS**

Pursuant to the Chapter 17 of the Hong Kong Listing Rules, the share award 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 General Meeting.

The General Meeting 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 participants and their associates shall abstain from voting on the corresponding resolutions to be proposed at the General Meeting.

A circular containing (among other things) the details of the Restricted Share Incentive Scheme, the notice of the General Meeting, will be despatched to the Shareholders as and when appropriate in accordance with the requirements of the Hong Kong Listing Rules.

## **PROPOSED ADOPTION OF THE RESTRICTED SHARE INCENTIVE SCHEME**

A summary of the principal terms of the Restricted Share Incentive Scheme is set out below:

### **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 management, technical and business backbones 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) and supervisors.

### (II) The Total Number of Incentive Participants under the First Grant Pursuant to the Restricted Share Incentive Scheme Shall Not Exceed 220, Accounting for 6.57% 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. technical and business backbones of the Group.

The incentive participants involved in the Restricted Share Incentive Scheme exclude external Directors (including independent Directors), supervisors, 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.

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 Restricted Share Incentive Scheme shall be 41,800,000 Shares, representing approximately 3.0% of the Company's total share capital of approximately 1,393,452,600 Shares as at the date of announcement of the draft Restricted Share Incentive Scheme, of which 39,700,000 Shares will be granted under the first grant, representing 2.85% of the Company's total share capital of approximately 1,393,452,600 Shares as at the date of announcement of the draft Restricted Share Incentive Scheme; and 2,100,000 Shares will be reserved, representing 0.15% of the Company's total share capital of approximately 1,393,452,600 Shares as at the date of announcement of the draft Restricted Share Incentive Scheme and 5.02% of the total equity under this grant.

## 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 granted	Percentage to the total share capital of the Company
1	Qiao Dewei	Chairman	130	3.1100%	0.0933%
2	Hu Shengyong	Director	80	1.9139%	0.0574%
3	Xi Qiang	Deputy General Manager	80	1.9139%	0.0574%
4	Hao Jingli	Deputy General Manager	80	1.9139%	0.0574%
5	Zhang Yong	Deputy General Manager	80	1.9139%	0.0574%
6	Huang Jianzhong	Deputy General Manager	80	1.9139%	0.0574%
7	Zhu Shuguang	Deputy General Manager and Secretary to the Board	80	1.9139%	0.0574%
8	Zhang Wei	Chief engineer	80	1.9139%	0.0574%
9	Yi Zhiyong	Chief Financial Officer	80	1.9139%	0.0574%
10	Liu Lin	Assistant to general manager	80	1.9139%	0.0574%
11	Pi Siwei	General counsel	80	1.9139%	0.0574%
	Management, technical and business backbones (not more than 209 people)		3,040	72.73%	2.18%
	Total under the first grant (not more than 220 people)		3,970	94.98%	2.85%
	Reserved		210	5.02%	0.15%
	<b>Total</b>		<b>4,180</b>	<b>100%</b>	<b>3.00%</b>

- 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 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 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.

## **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.

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 as 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.

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):

<b>Unlocking arrangement</b>	<b>Unlocking schedule</b>	<b>Unlocking proportion</b>
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 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.

#### **(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 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.
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.

## **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, the Supervisory Committee 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;
  - (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.

## **(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, the Supervisory Committee 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;

- (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.

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.

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

<b>Unlocking period</b>	<b>Performance appraisal trigger value</b>	<b>Performance appraisal target value</b>
<b>The first unlocking period under the first grant and reserved grant</b>	<ol style="list-style-type: none"><li>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;</li><li>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;</li><li>3. Net cash flows from operating activities in 2026 shall not be less than 80% of the target value;</li><li>4. The steam supply volume in 2026 shall not be less than 80% of the target value;</li><li>5. In 2026, the number of digital and intelligent technology application projects will increase by one.</li></ol>	<ol style="list-style-type: none"><li>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;</li><li>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;</li><li>3. Net cash flows from operating activities in 2026 shall not be less than RMB1,144 million;</li><li>4. The steam supply volume in 2026 shall not be less than 492,900 tons;</li><li>5. In 2026, the number of digital and intelligent technology application projects will increase by one.</li></ol>

<b>Unlocking period</b>	<b>Performance appraisal trigger value</b>	<b>Performance appraisal target value</b>
<b>The second unlocking period under the first grant and reserved grant</b>	<ol style="list-style-type: none"> <li>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;</li> <li>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;</li> <li>3. Net cash flows from operating activities in 2027 shall not be less than 80% of the target value;</li> <li>4. The steam supply volume in 2027 shall not be less than 80% of the target value;</li> <li>5. In 2027, the number of digital and intelligent technology application projects will increase by two.</li> </ol>	<ol style="list-style-type: none"> <li>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;</li> <li>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;</li> <li>3. Net cash flows from operating activities in 2027 shall not be less than RMB1,193 million;</li> <li>4. The steam supply volume in 2027 shall not be less than 514,300 tons;</li> <li>5. In 2027, the number of digital and intelligent technology application projects will increase by two.</li> </ol>



<b>Unlocking period</b>	<b>Performance appraisal trigger value</b>	<b>Performance appraisal target value</b>
<b>The third unlocking period under the first grant and reserved grant</b>	<ol style="list-style-type: none"> <li>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;</li> <li>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;</li> <li>3. Net cash flows from operating activities in 2028 shall not be less than 80% of the target value;</li> <li>4. The steam supply volume in 2028 shall not be less than 80% of the target value;</li> <li>5. In 2028, the number of digital and intelligent technology application projects will increase by two.</li> </ol>	<ol style="list-style-type: none"> <li>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;</li> <li>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;</li> <li>3. Net cash flows from operating activities in 2028 shall not be less than RMB1,242 million;</li> <li>4. The steam supply volume in 2028 shall not be less than 535,800 tons;</li> <li>5. In 2028, the number of digital and intelligent technology application projects will increase by two.</li> </ol>

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:

<b>Performance appraisal results at company level</b>	<b>Unlocking ratios at company level in the current period</b>
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.

<b>Stock Code</b>	<b>Stock Abbreviation</b>	<b>Stock Code</b>	<b>Stock Abbreviation</b>
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.

#### 4. Performance appraisal requirements at individual level

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:

<b>Grade</b>	<b>Competent and above</b>	<b>Basic competent</b>	<b>Incompetent</b>
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 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.

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.

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.

**(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.



## (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 March 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 (0'000)	Total cost (RMB0'000)	2025 (RMB0'000)	2026 (RMB0'000)	2027 (RMB0'000)	2028 (RMB0'000)	2029 (RMB0'000)
3,970	12,704.00	3,430.08	4,573.44	3,001.32	1,429.20	269.96

- 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 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.

### **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 Supervisory Committee 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 Supervisory Committee 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 Supervisory Committee 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.
8. A notice is given by the Company to convene a General Meeting.
9. When the General Meeting is convened to review the Restricted Share Incentive Scheme, the independent Directors shall solicit proxy voting rights from all Shareholders on relevant proposals of the Restricted Share Incentive Scheme.
10. 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, supervisors, 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.
11. 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 Supervisory Committee 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 Supervisory Committee 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 Supervisory Committee (when the incentive participants change) shall simultaneously express clear opinions.

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.

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.

### **(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 Supervisory Committee 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.

### **(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 Supervisory 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. 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.
- (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 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.
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.
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**

#### **(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, the Supervisory Committee 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. 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.
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) or supervisors, 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;
  - (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.
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.

## HONG KONG LISTING RULES IMPLICATIONS

Pursuant to the Chapter 17 of the Hong Kong Listing Rules, the share award 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 General Meeting.

The General Meeting 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 General Meeting.

A circular containing (among other things) the details of the Restricted Share Incentive Scheme, the notice of the General Meeting, will be despatched to the Shareholders as and when appropriate in accordance with the requirements of the Hong Kong Listing Rules.

**The proposed adoption of the Restricted Share Incentive Scheme is subject to (among other things) the approval from Beijing SASAC and the General Meeting. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

- “A Share(s)” : ordinary shares of the Company with a nominal value of RMB1.00 each, which are issued in the PRC, subscribed for in RMB and listed on the Shanghai Stock Exchange (stock code: 601330)
- “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)
“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
“General Meeting”	:	a general meeting of the Company to be convened to consider, and if thought fit, approve (among other things) the proposed adoption of the Restricted Share Incentive Scheme and the matters relating thereto
“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
“H Shares”	:	overseas listed shares of the Company with a nominal value of RMB1.00 each, which are issued in Hong Kong, subscribed for in Hong Kong dollars and listed on the main board of the Stock Exchange (stock code: 01330)
“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
“PRC”	:	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“Remuneration and Appraisal Committee”	:	the remuneration and appraisal committee of the Board of the Company

- “Restricted Share(s)” : the shares granted by the Company to the incentive participants in accordance with pre-determined conditions, and the incentive participants may sell and benefit from the Restricted Shares upon fulfilling the conditions set out in the Scheme during their tenure or meeting the performance targets
- “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)” : A Shares and H Shares
- “Shareholder(s)” : shareholder(s) of the Company, including A shareholders and H shareholders
- “Supervisory Committee” : the supervisory committee of the Company
- “%” : per cent

This announcement is prepared in Chinese. In the event of discrepancies between the Chinese and English versions, the Chinese version shall prevail.

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

Shenzhen, the PRC  
 20 December 2024

*As of the date of this announcement, the executive directors of the Company are Mr. Qiao Dewei and Mr. Hu Shengyong; the non-executive directors of the Company are Mr. Liu Shuguang, Mr. Zhao Zhixiong, Mr. Hu Tianhe and Mr. Yan Chunxu; and the independent non-executive directors of the Company are Ms. Ouyang Jiejiao, Mr. Zheng Zhiming and Mr. Zhou Beihai.*

\* For identification purposes only