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China Boqi Environmental (Holding) Co., Ltd.

中國博奇環保(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2377)

**VOLUNTARY ANNOUNCEMENT
IN RELATION TO ENTERING INTO A NEW PROJECT**

This announcement is made by China Boqi Environmental (Holding) Co., Ltd. (the “**Company**”) on a voluntary basis.

The Company is pleased to announce that, on 17 May 2018, the Company received a notification of tender award from Hebei Jinxi Iron and Steel Group Co., Ltd. (河北津西鋼鐵集團股份有限公司) informing that Beijing Boqi Electric Power SCI-TECH Co., Ltd.* (北京博奇電力科技有限公司), our wholly-owned subsidiary, is the successful tender of the principal contracting project of ultra-low emission of desulfurization, denitrification and dust removal for 265 m² 4# sintering machines. Upon multiple negotiations between the two parties, the signing of the contract was completed on 21 May 2018. Relevant details of the project are as follows:

I. Overview of the Project

1. Name of the Project: Principal contracting project of ultra-low emission of desulfurization, denitrification and dust removal for 265 m² 4# sintering machines of Hebei Jinxi Iron and Steel Group Co., Ltd. (河北津西鋼鐵集團股份有限公司) (the “**Project**”).

2. Scope of the Project: Machine units in No. 4 Sintering Factory of Hebei Jinxi Iron and Steel Group Co., Ltd. (Total capacity: 265 m²), with the flue gas volume under working condition for one single sinter machine being 1,740,000 m³/h. In order to satisfy the environmental requirement of the factory, a new set of desulfurization, denitrification facility for sintering flue gas is needed to be built. This upgrade is required to fulfil the ultra-low emission standard, with inlet density of sulphur dioxide no more than 2,000 mg/Nm³ (mg/Nm³ means milligram per every normal cubic meter, a unit for emission density) and emission density of sulphur dioxide of sintering flue gas at emission exit not exceeding 30 mg/Nm³ when the inlet density of nitrogen oxide is no more than 370 mg/Nm³. Emission density of nitrogen oxide shall not exceed 40 mg/Nm³ while emission density of dust shall not exceed 5 mg/Nm³. Dioxins shall not exceed 0.5 ng TEQ/Nm³. NH³ escaped shall not exceed 2 mg/Nm³. This project includes all equipment system and its ancillary equipment between expansion joints for exhaust systems of main gas turbines of sintering machine and chimney (fully utilized old machines), which includes denitrification catalyst, desulfurization and denitrification reaction tower, gas heater or heat exchange, ultra-clean bag type dust removal system, induced-drafted fan and generator, smoke vent, CEMS monitoring equipment, power distribution equipment, PLC system, fire service equipment (Party B is responsible for design only), special equipment and its ancillary equipment.
3. Contract Amount of Project: **RMB120,000,000**

II. Parties to the Project

Hebei Jinxi Iron and Steel Group Co., Ltd. is founded in October 1986. The group is equipped with an annual production capacity of 11 million tonnes of steel. It is a mega global 500 corporation which consolidates nine sectors including iron and steel smelting, equipment manufacturing, energy conservation and environmental protection, international trading, finance leasing, Jinxi investment, high and new technology, green properties, Loongflight Culture (龍翔文化). The China Oriental Group company Limited under it is listed on the Main Board of the Hong Kong Stock Exchange (stock code: 00581). In November 2007, ArcelorMittal S.A., the largest iron and steel manufacturer in the world, purchased the shares of the China Oriental Group and became its second largest shareholder.

Hebei Jinxi Iron and Steel Group Co., Ltd. and the group it belongs to are both independent third parties and are not connected with the Company.

III. New Industry Directions for Flue Gas Treatment

Since 2017, the Chinese government has intensively promoted the supply-side reform and the reduction of excessive industrial production capacity, which on one hand, improved the overall operation conditions and capital positions of traditional industries such as steel and cement, and on the other hand, strictly restricted the expansion of production scale of enterprises in such industries. In light of better operation conditions and limits to expand their production scale, enterprises in traditional industries such as steel and cement will allocate more capital in areas such as environmental protection and energy conservation, while industries engaging in industrial atmospheric pollution prevention, water pollution prevention and solid waste consolidated utilization are expected to usher in a new round of rapid growth.

The Catalogue of Major Environmental Protection Equipment Encouraged by the State (2017) reflects that the control on atmospheric pollutants is a key area of environmental protection encouraged by the state, representing 23% of the total. In the non-electricity field, petrochemical, coal chemical, steel, cement, glass and electrolytic aluminum industries rely on the treatment for flue gas emitted from their boilers and the relevant VOC (volatile organic compounds) treatment. According to the Ministry of Ecology and Environment, there are nearly 400,000 coal-fired boilers in the industries of steel, cement, flat glass and electrolytic aluminum in China. The pollutants released by them are significant. As to pollutant management, the gap between these industries and the power industry is very huge. The emissions of SO_2 , NO_x and smoke and dust account for more than three-quarters of the national figures and VOC emissions are not well-controlled yet. In addition, since the emission standards of flue gas pollutants by sintering machines in the steel industry have become more stringent, the potential market size for upgrading the existing sintering machines in the steel industry is very large. Meanwhile, other non-electrical industries may need transformation for environmental protection, which may bring new development opportunities to environmental protection enterprises.

IV. Implications and Impact on the Company of Entering into the Project

The contract performance of this Project shall have a positive impact on the future operational results of the Company and is in line with the Company's strategies. Since the second half of 2016, the Company has commenced to actively tap into non-electric fields, including petrochemical and iron and steel sectors, to facilitate the continuous growth of the Company's revenues and profits. From 2017 to the first half of 2018, the Company has successfully tendered and signed several petrochemical and iron and steel projects with a total contract amount of approximately RMB800 million (including contracts in the signing process) and has also planned to continuously expand to such market in the next few years.

This Project is in line with the environmental protection policy direction of the State. It is the Company's second upgrade project of ultra-low emission for flue gas treatment in the iron and steel industry in Tangshan City, Hebei Province and shall contribute to the air pollution control in the Beijing – Tianjin-Hebei area.

By order of the Board of the Directors
China Boqi Environmental (Holding) Co., Ltd.
Zeng Zhijun

Vice Chairman, Executive Director and Chief Executive Officer

Beijing, 15 August 2018

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Liquan Richard and Mr. Zeng Zhijun; the non-executive directors are Mr. Tony Tuo Zheng, Mr. Zhu Weihang and Mr. Chen Xue; and the independent non-executive directors are Mr. Liu Genyu, Dr. Xie Guozhong and Mr. Lu Zhifang.

** For identification purposes only*