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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)**

**EXCEEDING OF EXISTING 2018 ANNUAL CAPS  
AND REVISION OF EXISTING 2019 AND 2020  
ANNUAL CAPS FOR  
CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the section headed “Connection Transactions” in the Prospectus containing details regarding, among other things, the continuing connected transactions under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric.

**EXCEEDING OF EXISTING 2018 ANNUAL CAPS AND REVISION OF  
EXISTING 2019 AND 2020 ANNUAL CAPS**

During the preparation of the annual financial statements of our Company for the year ended 31 December 2018, it came to the attention of the Board that

- (1) the service fee for O&M services under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric for the year ended 31 December 2018 was approximately RMB261.74 million, which exceeded the Existing 2018 Annual Caps stated in the Prospectus, namely RMB245million, by an amount of approximately RMB16.74 million; and
- (2) the ancillary charges under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric for the year ended 31 December 2018 was approximately RMB89.72 million, which exceeded the Existing 2018 Annual Caps stated in the Prospectus, namely RMB85.05million, by an amount of approximately RMB4.67million.

In addition, the Board expects that the Existing 2019 and 2020 Annual Caps of RMB245 million for the year ended 31 December 2019 and 2020 will be exceeded. Accordingly, the Board proposes to approve the New 2019 and 2020 Annual Caps in respect of the Yangxi Agreements at the EGM.

## **LISTING RULES IMPLICATIONS**

As the Actual 2018 Transaction Amount exceeded the Existing 2018 Annual Caps, the highest applicable percentage ratio in respect of the Actual 2018 Transaction Amount exceeded 5%, accordingly the transactions under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric for the year ended 31 December 2018 are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under chapter 14A of the Listing Rules. Therefore, the transactions under the Yangxi Agreements for the year ended 31 December 2018 are subject to the ratification of the Independent Shareholders at the EGM.

In addition, as the highest applicable percentage ratio in respect of the New 2019 and 2020 Annual Caps of the Yangxi Agreements is expected to exceed 5%, accordingly the transactions under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric for the year ended 31 December 2019 and 2020 are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, before an annual cap is exceeded in respect of a given transaction, our Company is required to re-comply with the requirements under Chapter 14A of the Listing Rules.

A circular containing, among other matters, (i) further details of the transactions under the Yangxi Agreements for the year ended 31 December 2018; (ii) details of the New 2019 and 2020 Annual Caps; (iii) the letter of recommendation from the Independent Board Committee; (iv) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the transactions under the Yangxi Agreements; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 2 April 2019. As Mr. Zhu is deemed to have a material interest in the transactions under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric, Mr. Zhu and his associate(s) shall abstain from voting on the relevant resolution.

## BACKGROUND

Reference is made to the section headed “Connected Transactions” in the Prospectus containing details regarding, among other things, continuing connected transactions under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric.

Major terms of the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric are set out below:

Parties:	(1) Beijing Boqi (2) Guangdong Huaxia Electric and Yangxi Electric
Subject:	the provision of operation, daily maintenance and repair services in respect of the Yangxi Facilities prior to the completion of the acquisition of the Yangxi Facilities
Term:	From 1 January 2017 to 31 December 2025
Service fee policy:	<p>The service fee under the Yangxi Agreements is calculated based on the on-grid power generation multiply by a rate which is determined with reference to (i) the relevant subsidies with respect to desulfurization and denitrification; and (ii) the fees and expenses in respect of the operation, management and maintenance of the desulfurization and denitrification facilities.</p> <p>Such rate was arrived at after arm’s length negotiations among Beijing Boqi, Guangdong Huaxia Electric and Yangxi Electric.</p>
Payment obligation:	Yangxi Electric shall pay to Beijing Boqi the service fee within 15 days of Yangxi Electric receiving the electricity fee from the State Power Grid.
Ancillary charges:	Beijing Boqi shall pay to Yangxi Electric before the 10 <sup>th</sup> day of each month the ancillary charges, including relevant operation fees, such as water, electricity, vapor, gas environmental protection penalty and pollution tax fees and other relevant operational charges.

Details of the Yangxi Agreements are set out in the Prospectus on page 222 to 231.

## HISTORICAL FIGURES AND ANNUAL CAPS

The following table sets forth the transaction amounts under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric for the years ended 31 December 2017 and 2018:

	<b>Annual transaction amounts for the year ended 31 December</b>	
	<b>2017</b>	<b>2018</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>
O&M services	199.57	261.74
Ancillary charge	84.94	89.72

The following table sets forth the annual caps under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric, for the three years ended 31 December 2018, 2019 and 2020:

<b>Financial year ended 31 December</b>	<b>Existing annual caps of transaction amounts under the Yangxi Agreements</b>	
	<i>(RMB million)</i>	
	<b>O&amp;M services</b>	<b>Ancillary charges</b>
2018	245	85.05
2019	245	85.05
2020	245	85.05

### **Basis for calculating the existing annual caps**

In determining the existing annual caps in respect of the maximum transaction amount to be received under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric, our Directors have considered the figures of historical transactions between our Company and Guangdong Huaxia Electric and Yangxi Electric and with reference to the following factors:

- (a) the terms of other existing management service agreements in relation to the provision of services to power plants for the operation, maintenance and management of desulfurization and denitrification facilities entered into by our Group;
- (b) potential costs increase and inflation;

- (c) the historical volume of electricity generated, the historical volume of electricity sold to power grid, electricity price and electricity subsidies granted to desulfurization and denitrification facilities received by Yangxi Electric;
- (d) the expected volume of electricity to be generated and sold to power grid, electricity price and electricity subsidies to be granted to the power plant in respect of its desulfurization and denitrification operations; and
- (e) the expected receipt of part of the “ultra-low emission” subsidies granted by the PRC government in respect of the “ultra-low emission” upgrade units to the Yangxi Facilities.

In determining the existing annual caps in respect of the maximum transaction amounts to be paid to Yangxi Electric as ancillary charges under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric, our Directors have considered the figures of historical transactions between our Company and Guangdong Huaxia Electric and Yangxi Electric and with reference to the following factors:

- (a) the historical amounts paid as ancillary charges under similar management service agreements in relation to the provision of services to power plants for the operation, maintenance and management of desulfurization and denitrification facilities by Beijing Boqi;
- (b) the historical volume of water, electricity, vapor, gas and the amount of environmental protection penalty, operation appraisal fee and pollution tax fees and other relevant operational charges incurred in relation to the carrying out of operation, maintenance and management of desulfurization and denitrification facilities by Beijing Boqi under other similar management service agreements;
- (c) the expected volume of water, electricity, vapor, gas and the amount of environmental protection penalty, operation appraisal fee and pollution tax fees and other relevant operational charges to be incurred in relation to the carrying out of operation, maintenance and management of desulfurization and denitrification facilities under the Yangxi Agreements; and
- (d) the inflation in the PRC.

## EXCEEDING OF EXISTING 2018 ANNUAL CAPS

During the preparation of the annual financial statements of our Company for the year ended 31 December 2018, it came to the attention of the Board that the total transaction amounts of the Yangxi Agreements as follows:

	<b>O&amp;M services (RMB million)</b>	<b>Ancillary charges (RMB million)</b>
Actual 2018 Transaction Amount	261.74	89.72
Existing 2018 Annual Caps	245	85.05
Exceeded amount	16.74 (approximately 6.83% of the Existing 2018 Annual Caps)	4.67 (approximately 5.49% of the Existing 2018 Annual Caps)

## REASONS FOR EXCEEDING THE EXISTING 2018 ANNUAL CAPS

In determining the existing annual caps under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric, the Board had taken into account the above factors and have set the annual caps in a prudent way. *Company to provide/confirm reasons*

### *The provision of O&M services under the Yangxi Agreements*

As disclosed above, the service fee of O&M services under the Yangxi Agreements is calculated based on the on-grid power generation multiply by a rate which is determined with reference to (i) the relevant subsidies with respect to desulfurization and denitrification; and (ii) the fees and expenses in respect of the operation, management and maintenance of the desulfurization and denitrification facilities.

The following table sets out the operation statistics of Guangdong Huaxia Yangxi power plant, which is supported by the Yangxi Facilities for the years ended 31 December 2016, 2017 and 2018:

	<b>Year ended 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Electricity generated (million kwh)</b>	10,704	11,557	12,685
<b>On-grid power generated (million kwh)</b>	10,258	10,976	12,070
<b>Utilization hours (hours)</b>	4,248	4,586	5,934

Since the actual volume of on-grid power generation in 2018 was higher than the expected volume, the electricity price and electricity subsidies granted to the power plant in respect of its desulfurization and denitrification operations in 2018 correspondingly increased.

#### *The ancillary charges under the Yangxi Agreements*

As disclosed above, the ancillary charges under the Yangxi Agreement paid to Yangxi Electric, include relevant operation fees, such as water, electricity, vapor, gas, environmental protection penalty and pollution tax fees and other relevant operational charges. Since the actual volume of on-grid power generation in 2018 was higher than the expected volume (illustrated above), the operational charges in 2018 correspondingly increased.

### **REMEDIAL ACTIONS**

Our Company will endeavor to carry out adequate supervision over the transaction amount under the Yangxi Agreements against the relevant annual caps in future, with a view to ensuring that necessary measures and appropriate actions for the compliance with the applicable requirements under the Listing Rules will be promptly taken. Such measures and actions include:

- (i) additional and continuous training on connected transactions will continue to be concluded for Directors, senior management and the accounting personnel of our Company on a regular basis;
- (ii) data relating to connected transactions of our Company (including quarterly transaction amounts and cumulative amounts) will be reviewed on a quarterly basis. If the transaction amount reaches 80% of the annual caps at any point of the year, the management would seek advice from the audit committee and the Board would consider the next steps, including the need to inform the Stock Exchange, to publish any announcement and to seek independent Shareholders' approval for an increase in annual caps, if applicable; and
- (iii) upon finalizing the annual audited accounts of our Group, if the audited financial figures would indicate the exceed of the annual caps, our Company would inform the Stock Exchange and make an immediate announcement.

## REVISION OF EXISTING 2019 AND 2020 ANNUAL CAPS

The Board expected that the Existing 2019 and 2020 Annual Caps of RMB245 million, for the year ended 31 December 2019 and 2020 will be exceeded. Taking into account (a) the actual transaction amounts in 2018 under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric exceeded the Existing 2018 Annual Caps; (b) an expected growth of 5%; and (c) adding a 10% buffer to provide our Company with some flexibility to cater for any unexpected increase in the transaction amounts from the preceding year, as at the date of this announcement, the Board proposes to approve the revision of the annual caps of the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric for the year ended 31 December 2019 and 2020 at the EGM as follows:

	For the year ended 31 December			
	2019		2020	
	<i>(RMB million)</i>		<i>(RMB million)</i>	
	<b>O&amp;M services</b>	<b>Ancillary charges</b>	<b>O&amp;M services</b>	<b>Ancillary charges</b>
Existing annual cap of transaction amount under the Yangxi Agreements	245	85.05	245	85.05
New annual cap of transaction amounts under the Yangxi Agreements	302.30	103.63	302.30	103.63

Notwithstanding revision of the Existing 2019 and 2020 Annual Caps under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric, the terms therein remain unchanged.



## REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

### The provision of O&M services under the Yangxi Agreements

Since the issue of the Action Plan of Energy Saving, Emission Reduction, Upgrading and Retrofitting of Coal-fired Power Plants (2014–2020) (《煤電節能減排升級與改造行動計劃(2014–2020年)》) by the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) which tightened the emission limits for newly built coal-fired power plants in September 2014 and *the Proposals for Comprehensively Implementing the Ultra-low Emissions and Energy Conservation Upgrade of Coal-fired Power Plants* in December 2015, which requires the comprehensive implementation of “ultra-low emission” and energy conservation upgrade on coal-fired generator sets by 2020, coal consumption and pollution emission standards have been significantly tightened. To comply with such stringent standards, and minimize operational risk while also minimizing the costs to be incurred, Yangxi Electric engaged Beijing Boqi, being a leading independent and recognized flue gas treatment integrated service provider to be the sole desulfurization and denitrification service provider for its power plant. Further, it is in the benefit of Yangxi Electric to retain only one desulfurization and denitrification service provider the Yangxi Facilities for the purpose of minimizing costs and eliminating the need to manage a number of different service providers with different points of contact and who may use different quality management systems.

Provision of O&M services is our usual course of business. Beijing Boqi has earned numerous highly-recognized awards in the flue gas treatment industry, and having been already familiarized with the operations and facilities of Yangxi Electric, including the Yangxi Facilities as a result of the potential acquisition under a cooperation framework agreement entered into on 20 May 2016 among Beijing Boqi, Guangdong Huaxia Electric and Yangxi Electric. By entering into Yangxi Agreements and the transactions thereunder, Beijing Boqi will leverage its relevant professional experience and strengths in the operation, maintenance and management of the desulfurization and denitrification facilities, export its management experience and gain reasonable income and returns. The execution of the Yangxi Agreements is in line with the Group’s overall strategy and business focus of engaging in the operation, management and maintenance of the desulfurization and nitrification facilities and will enhance our market presence in Guangdong province. The enhancement of the Group’s competitive edge in its core business is in the interests of the Group as a whole. For the year ended 31 December 2017 and 2018, service fees recognized under the Yangxi Agreements were RMB199.57 million and RMB261.74 million, which represent 15.02% and 19.69% of our total revenues for the year ended 31 December 2017.

In light of the above, our Directors (excluding our independent non-executive Directors whose view will be contained in the circular to be despatched to the Shareholders after considering the views of Gram Capital) are of the view that the transactions between our Company and Guangdong Huaxia Electric and Yangxi Electric under the Yangxi Agreements are in the interests of our Company and our shareholders as a whole. Such transactions are entered into on normal commercial terms and are fair and reasonable. As Mr. Zhu is deemed to have a material interest in the transactions under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric, Mr. Zhu and his associate(s) has abstained from voting on the relevant Board resolution.

## **LISTING RULES IMPLICATIONS**

Yangxi Electric is a wholly-owned subsidiary of Guangdong Huaxia Electric, which is owned and controlled by, through various intermediaries, Mr. Zhu Yihang (朱一航). Mr. Zhu Yihang is the brother and associate of Mr. Zhu, who is our non-executive director and substantial shareholder. Mr. Zhu and his associate(s) who in aggregate held 152,573,529 Shares, representing 15.13% of the total issued Shares, as at the date of this announcement. Guangdong Huaxia Electric and Yangxi Electric are deemed to be a connected person of our Company under chapter 14A of the Listing Rules.

Therefore the transactions under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric constitute continuing connected transactions of our Company.

As the Actual 2018 Transaction Amount exceeded the Existing 2018 Annual Caps, the highest applicable percentage ratio in respect of the Actual 2018 Transaction Amounts exceeded 5%, accordingly the transactions under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric for the year ended 31 December 2018 are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under chapter 14A of the Listing Rules. Therefore, the transactions under the Yangxi Agreements for the year ended 31 December 2018 are subject to the ratification of the Independent Shareholders at the EGM.

In addition, as the highest applicable percentage ratio in respect of the New 2019 and 2020 Annual Caps of the Yangxi Agreements is expected to exceed 5%, accordingly the transactions under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric for the year ended 31 December 2019 and 2020 are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, before an annual cap is exceeded in respect of a given transaction, our Company is required to re-comply with the requirements under Chapter 14A of the Listing Rules.

A circular containing, among other matters, (i) further details of the transactions under the Yangxi Agreements for the year ended 31 December 2018; (ii) details of the New 2019 and 2020 Annual Caps; (iii) the letter of recommendation from the Independent Board Committee; (iv) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the transactions under the Yangxi Agreements; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 2 April 2019. As Mr. Zhu is deemed to have a material interest in the transactions under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric, Mr. Zhu and his associate(s) shall abstain from voting on the relevant resolution.

## **GENERAL**

### **About our Company and Beijing Boqi**

The Company is a leading independent flue gas treatment integrated services provider in the Chinese market and is an integrated environmental protection company for independent flue gas treatment that is not controlled by any power group. The Company has taken a market leading position in the flue gas treatment industry and is gradually expanding into other environmental protection and energy-saving business areas. It is committed to developing into a world-class environmental industry group. The Company is principally engaged in air pollution control for coal-fired power plants, including desulfurization services, denitrification services, dust removal services and integrated flue gas treatment services. In addition, it also provides wastewater treatment services for power plants. The Company provides environmental protection services through various business models including environmental protection facility engineering, operation and maintenance and concession operations.

Beijing Boqi, a limited liability company established in the People's Republic of China, is an indirect wholly-owned subsidiary of the Company. Its principal business includes the construction and operation of desulfurization, denitrification and dust removal facilities at coal-fired power stations in China and abroad.

### **About Guangdong Huaxia Electric and Yangxi Electric**

Guangdong Huaxia Electric is a limited liability company established in the PRC, which mainly engaged in, among others, investment in electricity industry. It has invested in a number of power plants in the PRC, with Yangxi Electric as its current major operating subsidiary.

## **EGM**

The EGM will be convened for the purpose of considering and, if though fit, (i) ratifying the transactions under the Yangxi Agreements for the year ended 31 December 2018; and (ii) approving the New 2019 and 2020 Annual Caps. As Mr. Zhu is deemed to have a material interest in the transactions under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric, Mr. Zhu and his associate(s) shall abstain from voting on the relevant resolution.

## **Independent Board Committee**

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Liu Genyu, Dr. Xie Guozhong and Mr. Lu Zhifang, has been informed to advise the Independent Shareholders in respect of (i) ratifying the transactions under the Yangxi Agreements for the year ended 31 December 2018; and (ii) approving the New 2019 and 2020 Annual Caps.

## **Independent Financial Adviser**

Gram Capital will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of (i) ratifying the transactions under the Yangxi Agreements for the year ended 31 December 2018; and (ii) approving the New 2019 and 2020 Annual Caps, subject to the approval by the Independent Board Committee.

## DEFINITIONS

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

“Actual 2018 Transaction Amount”	the service fee for O&M services of RMB261.74 million and the ancillary charge of RMB89.72 million under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric for the year ended 31 December 2018;
“Board”	the board of Directors;
“Beijing Boqi”	Beijing Boqi Electric Power SCI-TECH Co., Ltd., a limited liability company incorporated in the People’s Republic of China, is an indirect wholly-owned subsidiary of the Company;
“Company”	China Boqi Environmental (Holding) Co., Ltd., a company incorporated in Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules;
“connected transaction(s)”	has the same meaning ascribed thereto under the Listing Rules;
“Directors”	the directors of our Company;
“EGM”	an extraordinary general meeting of our Company to be convened for the propose of considering and, if though fit, (i) ratifying the transactions under the Yangxi Agreements for the year ended 31 December 2018; and (ii) approving the New 2019 and 2020 Annual Caps;
“Existing 2018 Annual Caps”	the existing annual caps of RMB245 million for the O&M services and RMB85.05million for the ancillary charges, for the year ended 31 December 2018 under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric;

“Existing 2019 and 2020 Annual Caps”	the existing annual cap of RMB245 million for the O&M services and RMB85.05million for the ancillary charges, for the year ended 31 December 2019 and 2020 under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric;
“Guangdong Huaxia Electric”	Guangdong Huaxia Electric Development Co., Ltd (廣東華廈電力發展有限公司), a limited liability company established in the PRC on 11 November 2003, a company owned and controlled by the brother of Mr. Zhu.
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser to be appointed by our Company to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions under the Yangxi Agreements;
“Group”	our Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee, comprising all independent non-executive Directors, formed to advise the Independent Shareholders in respect of the transactions under the Yangxi Agreement;
“Independent Shareholders”	the Shareholders, other than Mr. Zhu and his associates, who have a material interest in the transactions under the Yangxi Agreements;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Mr. Zhu”	朱偉航 (ZHU Weihang), our non-executive Director and substantial shareholder;
“New 2019 and 2020 Annual Caps”	the new annual caps for the years ended 31 December 2019 and 2020 under the Yangxi Agreements with Guangdong Huaxia Electric and Yangxi Electric to be approved at the EGM, details of which are set out in the paragraph headed “REVISION OF EXISTING 2019 AND 2020 ANNUAL CAPS”;

“O&M”	operation and maintenance
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong, Macau Special Administrative Region, and Taiwan;
“Prospectus”	the prospectus of our Company dated 28 February 2018;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	holders of the shares of our Company;
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“Yangxi Agreements”	Yangxi management service agreement entered into by Beijing Boqi and Guangdong Huaxia Electric and Yangxi Electric on 31 December 2016, and Yangxi service pricing agreement and Yangxi supplemental management service agreement entered into by Beijing Boqi and Guangdong Huaxia Electric and Yangxi Electric on 1 January 2017;
“Yangxi Electric”	Yangxi Haibin Electric Power Development Co., Ltd (陽西海濱電力發展有限公司), a limited liability company established in the PRC on 5 February 2004, a wholly-owned subsidiary of Guangdong Huaxia Electric;
“Yangxi Facilities”	#1–#4 desulfurization and denitrification facilities owed by Yangxi Electric; and
“%”	per cent

By Order of the Board  
**China Boqi Environmental (Holding) Co., Ltd.**  
**Zeng Zhijun**  
*Vice Chairman, Executive Director and Chief Executive Officer*

Beijing, the PRC, 12 March 2019

*As at the date of this announcement, the executive Directors 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.*