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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)

CONTINUING CONNECTED TRANSACTION EXTENSION OF CHONGQING CHUANWEI EPC CONTRACT

EXTENSION OF THE CHONGQING CHUANWEI EPC CONTRACT

In accordance with the Chongqing Chuanwei EPC Contract, the completion of the Chongqing Chuanwei EPC Project would be October 2020. The schedule of the Chongqing Chuanwei EPC Project has been postponed and interrupted because of the COVID-19 outbreak. Based on the construction commencement report issued by Chongqing Chuanwei on 8 May 2021, it is contemplated that the Chongqing Chuanwei EPC Project shall be completed by November 2021.

PROPOSED ANNUAL CAP

The Directors expect that the transaction amount for the transactions contemplated under the Chongqing Chuanwei EPC Contract for the year ending 31 December 2021 as a result of the Extension will not exceed the annual cap of RMB60.73 million. The above cap was determined with reference to (i) the historical transaction amounts as stated in this announcement; (ii) the estimated price of equipment and materials, the construction and installation fee and other preliminary cost for the Extension and in accordance with latest schedule of the Chongqing Chuanwei EPC Project, which in approximately RMB55.2 million ; and (iii) a buffer of 10% on an estimated transaction amount as a result of the Extension for the year ending 31 December 2021.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Sinopec Overseas holds 10.91% equity interest in the Company, and Chongqing Chuanwei and Sinopec Overseas are the subsidiaries of the China Petrochemical Corporation. Therefore Chongqing Chuanwei is a connected person of the Company. As such, the Extension constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The relevant percentage ratio in respect of the annual cap for the transactions contemplated under the Chongqing Chuanwei EPC Contract for the year ending 31 December 2021 as a result of the Extension is, on a standalone basis, less than 5% and the transaction amount for the transactions contemplated under the Chongqing Chuanwei EPC Contract for the year ending 31 December 2021 as a result of the Extension is expected to be more than HK\$3 million. During the period from September 2020 to August 2021, there was no transaction between the Group and Sinopec Group which shall be aggregated pursuant to Rule 14A.81. Therefore, the continuing connected transactions of the Company under the Extension and the annual cap will be subject to reporting, announcement and annual review requirements but will be exempt from independent Shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

EXTENSION OF THE CHONGQING CHUANWEI EPC CONTRACT

Background

Reference is made to the announcement (the “**Announcement**”) of the Company dated 14 September 2018 and the circular (the “**Circular**”) of the Company dated 31 October 2018 in respect of, among others, the Chongqing Chuanwei EPC Contract and the transactions contemplated thereunder. In accordance with the Chongqing Chuanwei EPC Contract, the completion of the Chongqing Chuanwei EPC Project would be October 2020.

The schedule of the Chongqing Chuanwei EPC Project has been postponed and interrupted because of the COVID-19 outbreak. Based on the construction commencement report issued by Chongqing Chuanwei on 8 May 2021, it is contemplated that the Chongqing Chuanwei EPC Project shall be completed by November 2021. During the period from January to July 2021, no revenue has been incurred under the Chongqing Chuanwei EPC Contract.

Material terms of the Chongqing Chuanwei EPC Contract following the Extension

Following the Extension, save that the completion of the Chongqing Chuanwei EPC Project shall be extended to November 2021, all the material terms of the Chongqing Chuanwei EPC Contract as disclosed in the Announcement and the Circular remain unchanged.

PROPOSED ANNUAL CAP

The Directors expect that the transaction amount for the transactions contemplated under the Chongqing Chuanwei EPC Contract for the year ending 31 December 2021 as a result of the Extension will not exceed the annual cap of RMB60.73 million. The above cap was determined with reference to (i) the historical transaction amounts as stated below; (ii) the estimated price of equipment and materials, the construction and installation fee and other preliminary cost for the Extension and in accordance with latest schedule of the Chongqing Chuanwei EPC Project, which is approximately RMB55.2 million; and (iii) a buffer of 10% on an estimated transaction amount as a result of the Extension for the year ending 31 December 2021.

The audited historical transaction amounts conducted under the Chongqing Chuanwei EPC Contract for the three years ended 31 December 2020 was approximately RMB6.8 million, RMB74.0 million and RMB39.7 million, respectively.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Sinopec Overseas holds 10.91% equity interest in the Company, and Chongqing Chuanwei and Sinopec Overseas are the subsidiaries of the China Petrochemical Corporation. Therefore Chongqing Chuanwei is a connected person of the Company. As such, the Extension constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The relevant percentage ratio in respect of the annual cap for the transactions contemplated under the Chongqing Chuanwei EPC Contract for the year ending 31 December 2021 as a result of the Extension is, on a standalone basis, less than 5% and the transaction amount for the transactions contemplated under the Chongqing Chuanwei EPC Contract for the year ending 31 December 2021 as a result of the Extension is expected to be more than HK\$3 million. During the period from September 2020 to August 2021, there was no transaction between the Group and Sinopec Group which shall be aggregated pursuant to Rule 14A.81. Therefore, the continuing connected transactions of the Company under the Extension and the annual cap will be subject to reporting, announcement and annual review requirements but will be exempt from independent Shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

As Mr. Chen Xue, a non-executive director, is materially interested in the Chongqing Chuanwei EPC Contract, the Extension and the transactions contemplated thereunder as he was nominated by the Sinopec Overseas as a Director, he has abstained from voting in respect of such transactions during the meeting of the Board for approving the same. Having made all reasonable enquiries, to the best of the Directors' knowledge, information and belief, save for Mr. Chen Xue, none of the Directors has any material interest in Chongqing Chuanwei EPC Contract, the Extension and the transactions contemplated thereunder.

REASONS FOR AND BENEFITS OF THE EXTENSION

Please refer to the paragraph headed "Letter from the Board – Reasons for and benefits of entering into the transactions contemplated under the Chongqing Chuanwei EPC Contract and Ningbo Procurement Contract" disclosed in the Circular for the reasons for and benefits of entering into of the transaction contemplated under the Chongqing Chuanwei EPC Contract. As of the date of this announcement, the Directors consider that such reasons and benefits remain unchanged.

As the schedule of the Chongqing Chuanwei EPC Project has been postponed and interrupted because of the COVID-19 outbreak and it is expected that the Chongqing Chuanwei EPC Project will be completed by November 2021, the Directors consider that it will be in the interest of the Group to extend the completion of the Chongqing Chuanwei EPC Project such that the project can continue and the benefits expected to be brought by the Chongqing Chuanwei EPC Project can be materialised.

The Directors (including the independent non-executive Directors but excluding Mr. Chen Xue) consider that term of the Chongqing Chuanwei EPC Contract, the Extension and the proposed annual cap are on normal commercial terms and in the ordinary and usual course of business of the Group, and therefore are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GENERAL INFORMATION

The Group is mainly engaged in providing comprehensive and professional environmental management services in Mainland China to large industrial and energy customers, including flue gas treatment, hazardous solid waste treatment and disposal, industrial water treatment, and energy saving and emission reduction, etc. Beijing Boqi is a wholly-owned subsidiary of the Company.

Chongqing Chuanwei is engaged in chemical and chemical fiber product production business which uses natural gas as the major raw material. Chongqing Chuanwei is indirectly wholly-owned by China Petrochemical Corporation and one of business units in Sinopec Group.

DEFINITIONS

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

“Beijing Boqi”	Beijing Boqi Electric Power SCI-TECH Co., Ltd., a limited liability established in the PRC and a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Chongqing Chuanwei”	Chongqing Chuanwei Petrochemical Engineering Company Limited* (中國石化集團重慶川維化工有限公司), a limited liability established in the PRC and a subsidiary of the Sinopec Group
“Chongqing Chuanwei EPC Contract”	an EPC master contract entered into between Beijing Boqi and Chongqing Chuanwei on 14 September 2018 in relation to the Chongqing Chuanwei EPC Project
“Chongqing Chuanwei EPC Project”	the project regarding the engineering, procurement and construction of denitrification, desulfurization and dust removal upgrade in the upgrade project on ultra-low emissions of coal-fired boiler contemplated under the under Chongqing Chuanwei EPC Contract
“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
“COVID-19”	a coronavirus disease which has its outbreak since or around December 2019
“Directors”	the directors of the Company
“EPC”	engineering, procurement and construction
“Extension”	the extension of the completion of the Chongqing Chuanwei EPC Project to November 2021
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mainland China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong, Macau Special Administrative Region, and Taiwan
“Shareholders”	holders of the shares of the Company
“Sinopec Overseas”	Sinopec Overseas Investment Holding Limited (中國石化海外投資控股有限公司), a limited liability company incorporated in Hong Kong
“Sinopec Group”	China Petrochemical Corporation and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

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

Beijing, PRC, 23 August 2021

As at the date of this announcement, the executive directors are Mr. Zeng Zhijun and Mr. Cheng Liqun Richard; the non-executive directors are Mr. Zheng Tony Tuo, 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*