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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 PURSUANT TO
RULE 14A.60(1) OF THE LISTING RULES**

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 6 February 2024 in relation to the formation of the Joint Venture Company, Beijing Caiqi New Energy Technology Co., Ltd* (北京彩奇新能源科技有限公司), in which Beijing Boqi and Richinfo Company shall make contribution to 40.0% and 60.0% of its total registered capital respectively.

On 22 March 2024, the Joint Venture Company entered into the Capital Increase Agreement with Boyu Times, an Independent Third Party, pursuant to which the Joint Venture Company agreed to subscribe for the increased registered capital of Shengyu New Energy. Prior to the Capital Increase, Shengyu New Energy was owned by Boyu Times as to 100.0%. Immediately following the Capital Increase, Shengyu New Energy will be owned by the Joint Venture Company and Boyu Times as to 51.0% and 49.0%, respectively.

Prior to the Capital Increase, Shengyu New Energy and Shaanxi Boqi, an indirect wholly-owned subsidiary of the Company, entered into the Distributed Photovoltaic EPC Contract on 4 January 2024, pursuant to which Shaanxi Boqi shall provide EPC services to Shengyu New Energy at a total consideration of RMB60,161,087.

LISTING RULES IMPLICATIONS

Upon the completion of the Capital Increase, Shengyu New Energy shall become a subsidiary of the Joint Venture Company, which is in turn a subsidiary of Richinfo Company. Richinfo Company is controlled by Mr. Zeng, the chairman of the Board, executive Director, chief executive officer and substantial shareholder of the Company as to more than 30.0% under an acting in concert party arrangement. Accordingly, Shengyu New Energy shall become an associate of Mr. Zeng and thus a connected person of the Company as defined under Chapter 14A of the Listing Rules. Therefore, the transactions contemplated under the Distributed Photovoltaic EPC Contract shall become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements (including publication of announcement and annual reporting) under Chapter 14A of the Listing Rules in respect of the Distributed Photovoltaic EPC Contract. If the Distributed Photovoltaic EPC Contract is renewed or its terms are amended, the Company will comply with all applicable reporting, announcement and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 6 February 2024 in relation to the formation of the Joint Venture Company, Beijing Caiqi New Energy Technology Co., Ltd* (北京彩奇新能源科技有限公司), in which Beijing Boqi and Richinfo Company shall make contribution to 40.0% and 60.0% of its total registered capital respectively.

On 22 March 2024, the Joint Venture Company entered into the Capital Increase Agreement with Boyu Times, an Independent Third Party, pursuant to which the Joint Venture Company agreed to subscribe for the increased registered capital of Shengyu New Energy. Prior to the Capital Increase, Shengyu New Energy was owned by Boyu Times as to 100.0%. Immediately following the Capital Increase, Shengyu New Energy will be owned by the Joint Venture Company and Boyu Times as to 51.0% and 49.0%, respectively.

Given the fact that Shengyu New Energy shall become a subsidiary of the Joint Venture Company following the Capital Increase, which is in turn a subsidiary of Richinfo Company, an associate of a connected person of the Company, being Mr. Zeng, as defined under Chapter 14A of the Listing Rules, Shengyu New Energy shall also become a connected person of the Company as defined under Chapter 14A of the Listing Rules.

Prior to the Capital Increase, Shengyu New Energy and Shaanxi Boqi, an indirect wholly-owned subsidiary of the Company, entered into the Distributed Photovoltaic EPC Contract on 4 January 2024, pursuant to which Shaanxi Boqi shall provide EPC services to Shengyu New Energy at a total consideration of RMB60,161,087.

PRINCIPAL TERMS OF THE DISTRIBUTED PHOTOVOLTAIC EPC CONTRACT

Date	:	4 January 2024
Parties	:	(a) Shengyu New Energy, as the principal; and (b) Shaanxi Boqi, as the contractor.
Scope of service	:	Shengyu New Energy agreed to engage Shaanxi Boqi to provide EPC services for the Distributed Photovoltaic Power Generation Project in Jinwan District of Zhuhai. The construction scope consists of, including but not limited to, survey and design of the project; procurement and supply of engineering equipment and materials; construction of building installations and decorations, renovation of the access system (if applicable), factory video monitoring system, engineering quality and schedule control, engineering management, commissioning; trial operation and functional testing until acceptance; and delivery for production, and all-inclusive general contracting work for the entire process, including defect rectification during the warranty period, and achieving the standards and handover for operation within the scheduled timeframe and total consideration.

Term : Construction duration:
The construction commencement date is subject to the project commencement order and the construction period is set to be 112 calendar days.

Warranty period:

Two years commencing from the date of completion of construction (subject to the date set out in the final completion acceptance certificate)

Consideration and payment terms : The total consideration payable by Shengyu New Energy to Shaanxi Boqi shall be determined based on the actual installed capacity of the entire project upon completion at a fixed unit price of RMB2.92 per watt. The total installed capacity of this project is estimated to be approximately 20.64 MW and the total consideration is hence estimated to be RMB60,161,087.

The consideration of RMB60,161,087 comprises (i) equipment and materials fees for parts, inverters and cables of RMB26,274,983; (ii) construction and installation fees of RMB30,050,114; and (iii) technical service fees (inclusive of electricity design, structural design and management fees) of RMB3,835,990.

The consideration shall be settled in the following manner:

(i) Advance payment

Within five days after the Distributed Photovoltaic EPC Contract is signed by the parties and the conditions for commencement are met (subject to the project commencement order), Shaanxi Boqi is required to submit a financial receipt for an advance payment of 20.0% of the total consideration (the “**Advance Payment**”) as determined by design budgeting and a non-revocable and payable-on-demand advance payment guarantee letter or a guarantee letter issued by a guarantor company for the advance payment. Within 15 days after verification by Shengyu New Energy, Shengyu New Energy will make a payment of 20.0% of the total consideration.

The Advance Payment will be used to offset the settlement of progress payment (details as set out below) and the guarantee letter issued in respect of the Advance Payment shall be returned by Shengyu New Energy.

(ii) Progress payment

Equipment and materials fees

95% of the total equipment and material fees will be paid to Shaanxi Boqi after Shaanxi Boqi submits valid documents within 14 days after each purchase and delivery of equipment, which needs to be counted and accepted by Shengyu New Energy and the project supervisor on the construction site. At the same time, 20.0% of the total price of each batch of equipment will be offset by the Advance Payment until the Advance Payment is fully used.

Within 30 days after the completion of fire safety testing (if applicable) and handover of project documentation and other relevant materials, Shengyu New Energy will pay Shaanxi Boqi 2.0% of the total equipment and materials fees.

Construction and installation fees

The construction and installation fees will be paid on a monthly basis upon receiving the payment application form from Shaanxi Boqi on the 21st day of each month, which shall include the actual construction progress from the 21st day of the previous month to the 20th day of the current month. The project supervisor and Shengyu New Energy shall verify the construction progress by the 23rd day of each month and make the progress payment within 20 days based on verification results of the construction progress and acceptance status of each sub-construction work. The progress payment will be 70.0% of the cost estimation of the completed work from the previous month.

After completion of the construction and installation, progress payment will be halted when 85.0% of the total construction and installation costs have been paid. Within seven working days upon successful completion of the final acceptance and inspection and completion of the final settlement and audit, further progress payment will be made which will accumulate to 95.0% of the total construction and installation fees.

Within 30 days after the completion of fire safety testing (if applicable) and handover of project documentation and other relevant materials, Shengyu New Energy will pay Shaanxi Boqi 2.0% of the total construction and installation fees.

Technical service fees

Within seven working days after Shengyu New Energy reviews the preliminary design provided by Shaanxi Boqi, 40.0% of the total technical service fees will be paid.

Within seven working days after Shaanxi Boqi provides all the construction drawings, 50.0% of the total technical service fees will be paid.

Within seven working days after Shaanxi Boqi hands over the project documentation to Shengyu New Energy, 10.0% of the total technical service fees will be paid.

(iii) Settlement of consideration upon project completion

After confirmation of the completion settlement statement and completion of audit for project completion by Shengyu New Energy (which should not be longer than 28 days), Shaanxi Boqi should submit the final payment application, which states, among others, (i) the final consideration; and (ii) the amount payable by Shengyu New Energy after confirming the amounts of payment previously made by Shengyu New Energy and any amounts entitled by Shengyu New Energy and deduction of the quality assurance fund (details as set out below).

(iv) Quality assurance fund

3.0% of the total settlement price of the project shall be (i) retained by Shengyu New Energy as quality assurance fund; or (ii) a non-revocable and payable-on-demand quality assurance guarantee letter for 3.0% of the total settlement price shall be provided by Shaanxi Boqi for a guarantee period of two years, after the expiration of which and where there are no quality issues with the project or any existing quality issues have been resolved, Shengyu New Energy will either (i) pay Shaanxi Boqi 3.0% of the total consideration as quality assurance fund without interest or (ii) return the quality assurance guarantee letter.

INTERNAL CONTROL MEASURES

The Company has a comprehensive internal control system to ensure that the terms of the continuing connected transactions are fair and reasonable, on normal commercial terms or better or better and in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

The Group prepared a detailed budget according to the contract requirements upon entering into the Distributed Photovoltaic EPC Contract. The detailed budgets are subject to the approval by the operational decision-making committee of the Company and will be used as the assessment standard for budget management. To further protect the Shareholders' interest in the future, the Group will assign specific staff to be responsible for the daily operations and the monitoring of the transactions contemplated under the Distributed Photovoltaic EPC Contract, with a view to ensuring that Shaanxi Boqi and Shengyu New Energy would carry out the transactions in accordance with the terms of the Distributed Photovoltaic EPC Contract. In addition, the Company will conduct yearly review against the transactions in order to consolidate experiences and eliminate any inadequacy.

BASIS FOR PRICING

The total consideration of the Distributed Photovoltaic EPC Contract was determined by arm's length negotiations between parties on normal commercial terms or better with reference to the following factors:

- (i) the scope of services under the Distributed Photovoltaic EPC Contract;
- (ii) the direct costs of equipment and materials quoted by the suppliers and the estimated costs of design and construction; and
- (iii) the target gross profit based on the total estimated costs of such EPC projects.

REASONS FOR AND BENEFITS OF THE DISTRIBUTED PHOTOVOLTAIC EPC CONTRACT

The Distributed Photovoltaic Power Generation Project in Jinwan District of Zhuhai is in line with the Group's strategic direction of developing new energy and will provide the Group with experience in planning, development, construction and operation and maintenance of subsequent photovoltaic projects. The Board is of the view that the Distributed Photovoltaic Power Generation Project in Jinwan District of Zhuhai would not only increase the installed capacity of the Group, but also facilitate the further development of the Group's business in photovoltaic projects. The Board is therefore of the view that the implementation of the Distributed Photovoltaic Power Generation Project in Jinwan District of Zhuhai is in line with the Group's long-term development strategy and the interests of the Shareholders as a whole.

Based on the reasons above, the Directors (including the independent non-executive Directors) are of the view that the Distributed Photovoltaic EPC Contract is in the ordinary and usual course of business of the Group and the terms of the Distributed Photovoltaic EPC Contract are on normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Upon the completion of the Capital Increase, Shengyu New Energy shall become a subsidiary of the Joint Venture Company, which is in turn a subsidiary of Richinfo Company. Richinfo Company is controlled by Mr. Zeng, the chairman of the Board, executive Director, chief executive officer and substantial shareholder of the Company as to more than 30.0% under an acting in concert party arrangement. Accordingly, Shengyu New Energy shall become an associate of Mr. Zeng and thus a connected person of the Company as defined under Chapter 14A of the Listing Rules. Therefore, the transactions contemplated under the Distributed Photovoltaic EPC Contract shall become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements (including publication of announcement and annual reporting) under Chapter 14A of the Listing Rules in respect of the Distributed Photovoltaic EPC Contract. If the Distributed Photovoltaic EPC Contract is renewed or its terms are amended, the Company will comply with all applicable reporting, announcement and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION ON THE PARTIES

Shengyu New Energy

Shengyu New Energy is a limited liability company established in the PRC and mainly engaged in technology services, technology development, and technology consulting.

The Group and Shaanxi Boqi

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, water treatment, and dual carbon new energy+, etc.

Shaanxi Boqi is a limited liability company established in the PRC, and an indirectly wholly-owned subsidiary of the Company. Its main business includes new energy power generation technology services, energy storage technology services, energy saving management services and engineering technology services.

DEFINITIONS

Unless the context requires otherwise, the following terms shall have the meanings set out below in this announcement:

“Beijing Boqi”	Beijing Boqi Electric Power SCI-TECH Co., Ltd.* (北京博奇電力科技有限公司), a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Boyu Times”	Boyu Times (Guangdong) Investment Holdings Co., Ltd.* (鉞禦時代(廣東)投資控股有限公司), a limited liability company incorporated in the PRC and a third part independent of the Company and its connected persons (as defined under the Listing Rules)
“Company”	China Boqi Environmental (Holding) Co., Ltd., a company incorporated in Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning as described under Rule 14A.06(7) of the Listing Rules
“Capital Increase”	the subscription of the increased registered capital of Shengyu New Energy by the Joint Venture Company pursuant to the Capital Increase Agreement which resulted in Shengyu New Energy being owned by the Joint Venture Company as to 51.0%
“Capital Increase Agreement”	the capital increase agreement entered into by the Joint Venture Company and Boyu Time on 22 March 2024 pursuant to which the Joint Venture Company agreed to subscribed for the increased registered capital of Shengyu New Energy so as to hold 51.0% of its equity interest
“Director(s)”	the director(s) of the Company
“Distributed Photovoltaic EPC Contract”	the engineering, procurement and construction contract entered into by Shengyu New Energy and Shaanxi Boqi on 4 January 2024 in relation to provision of the EPC services by Shaanxi Boqi for the Distributed Photovoltaic Power Generation Project in Jinwan District of Zhuhai
“Distributed Photovoltaic Power Generation Project in Jinwan District of Zhuhai”	the distributed photovoltaic power generation project located in Jinwan District of Zhuhai, Guangdong Province, the PRC that is to be designed, engineered, procured, constructed, installed, tested, commissioned, completed and rectified under the Distributed Photovoltaic EPC Contract

“EPC”	engineering, procurement and construction
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are not connected person(s) of the Company within the meaning of the Listing Rules
“Joint Venture Company”	Beijing Caiqi New Energy Technology Co., Ltd.* (北京彩奇新能源科技有限公司), a limited liability company incorporated in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“MW”	megawatt
“Main Board”	the Main Board of the Stock Exchange
“Mr. Zeng”	Mr. Zeng Zhijun (曾之俊), chairman of the Board, executive Director, chief executive officer and substantial shareholder of the Company
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Richinfo Company”	Richinfo Technology Co., Ltd. (彩訊科技股份有限公司), (formerly known as Shenzhen Richinfo Technology Co., Ltd.* (深圳市彩訊科技股份有限公司)), a listed company on the Shenzhen Stock Exchange since 23 March 2018 (stock code: 300634. SZ)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

“Shengyu New Energy”	Shengyu (Guangdong) New Energy Development Co., Ltd.* (盛禦(廣東)新能源發展有限公司), a limited liability company incorporated in the PRC
“Shaanxi Boqi”	Shaanxi Boqi Green Energy Technology Co., Ltd.* (陝西博奇綠能科技有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“substantial shareholder”	shall have the meaning as ascribed to it under the Listing Rules
“%”	percentage

* *for identification purpose only*

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

Beijing, PRC, 22 March 2024

As at the date of this announcement, the executive Directors are Mr. Zeng Zhijun, Mr. Liu Genyu and Ms. Qian Xiaoning; the non-executive Directors are Mr. Cheng Liquan Richard, Mr. Zheng Tony Tuo, Mr. Zhu Weihang and Mr. Chen Xue; and the independent non-executive Directors are Dr. Xie Guozhong, Mr. Lu Zhifang, Prof. Yu Wayne W. and Ms. Zhang Fan.