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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)

- (1) CONDITIONAL VOLUNTARY CASH OFFER
BY CLSA LIMITED ON BEHALF OF
THE COMPANY TO BUY-BACK UP TO 150,858,120 SHARES
AT A PRICE OF HK\$1.20 PER SHARE**
- (2) APPLICATION FOR WHITEWASH WAIVER
AND**
- (3) RESUMPTION OF TRADING**

Exclusive Financial Adviser to the Company



Independent Financial Adviser



THE OFFER

The Board announces that a conditional voluntary cash offer will be made by CLSA Limited on behalf of the Company to buy-back, subject to fulfilment of the Conditions, up to the Maximum Number, being 150,858,120 Shares, representing approximately 15.00% of the issued share capital of the Company as at the date of this announcement at a cash consideration of HK\$1.20 per Share.

The Offer will be made in full compliance with the Codes. The consideration for the Offer, being (a) a minimum of HK\$120,686,494.8 assuming only the Minimum Number of Shares has been tendered for acceptance; or (b) a maximum of HK\$181,029,744 assuming the Maximum Number of Shares has been tendered for acceptance, will be paid in cash and will be funded by internal resources of the Group.

The Offer Price of HK\$1.20 values the entire issued share capital of the Company as at the date of this announcement (being 1,005,720,799 Shares) at approximately HK\$1,206.86 million.

The Offer Price of HK\$1.20 in cash per Share represents:

- (a) a premium of approximately 16.50% over the closing price of HK\$1.03 per Share as quoted on the Stock Exchange on 4 October 2024 (being the Last Trading Day);
- (b) a premium of approximately 37.30% over HK\$0.87 which is the average closing price per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (c) a premium of approximately 52.67% over HK\$0.79 which is the average closing price per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (d) a premium of approximately 66.82% over HK\$0.72 which is the average closing price per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (e) a premium of approximately 69.97% over HK\$0.71 which is the average closing price per Share as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day;
- (f) a premium of approximately 71.28% over HK\$0.70 which is the average closing price per Share as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day;
- (g) a discount of approximately 65.01% to the consolidated and unaudited net asset value attributable to the owners of the parent of the Company as at 30 June 2024 of approximately RMB3.14 per Share (equivalent to approximately HK\$3.43 per Share based on the exchange rate of HK\$1:RMB0.9166) pursuant to the latest consolidated and unaudited financial statements of the Company.

CONDITIONS OF THE OFFER

The Offer will be conditional upon fulfilment of all of the following conditions on or before the Long Stop Date:

- (a) valid acceptances being received (and not, where permitted, withdrawn) in respect of the Minimum Number (i.e. 100,572,079 Shares) at or before 4:00 p.m. (Hong Kong time) on the First Closing Date, provided that CLSA Limited shall, on behalf of the Company, buy-back Shares as tendered by the Shareholders up to the Maximum Number (i.e. 150,858,120 Shares);
- (b) the approval by more than 50% of the votes cast by the Independent Shareholders in attendance either in person or by proxy by way of a poll having been obtained at the EGM in respect of the Offer;
- (c) the approval by at least 75% of the votes cast by the Independent Shareholders in attendance either in person or by proxy by way of a poll having been obtained at the EGM in respect of the Whitewash Waiver; and
- (d) the Executive granting the Whitewash Waiver and the satisfaction of any conditions attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn.

Save for the Condition (a) above, none of the Conditions can be waived. Accordingly, if any of the Conditions is not satisfied or waived on or before the Long Stop Date, the Offer will not proceed.

IMPLICATIONS UNDER THE CODES AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, Mr. Zeng Concert Parties are interested in 278,636,331 Shares, representing approximately 27.71% of the issued share capital of the Company.

Pursuant to Rule 32.1 of the Takeovers Code and Rule 6 of the Share Buy-backs Code, if as a result of a share buy-back, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

Subject to the level of acceptances received from the Accepting Shareholders pursuant to the Offer and assuming that no Options will be exercised by their holders prior to completion of the Offer, the aggregate interests of Mr. Zeng Concert Parties may increase from 27.71% to a maximum level of approximately 32.59% upon completion of the Offer. Accordingly, Mr. Zeng would be required to make a mandatory offer under Rule 26.1 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by Mr. Zeng Concert Parties unless the Whitewash Waiver is granted.

An application will be made by Mr. Zeng, the Shareholder having control over approximately 27.71% of the total issued share capital of the Company, to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be conditional upon, among others, (i) the approval by at least 75% of the Independent Shareholders in attendance either in person or by proxy at the EGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders in attendance either in person or by proxy at the EGM by way of poll in respect of the Offer.

IRREVOCABLE UNDERTAKINGS

As at the date of this announcement, (i) Mr. Zeng Concert Group was beneficially interested in 278,636,331 Shares, representing approximately 27.71% of the total issued Shares as at the date of this announcement; and (ii) Mr. Cheng, who held the entire issued share capital of World Hero, was beneficially interested in 168,534,580 Shares, representing approximately 16.76% of the total issued Shares as at the date of this announcement.

Mr. Zeng has irrevocably undertaken to the Company that (i) he will not accept the Offer for all of the Shares in which he is the registered holder, beneficial owner or deemed to be interested in by virtue of the SFO (the “**Zeng Concert Shares**”) respectively as at the date of this announcement; (ii) he will or procure the holder of the Zeng Concert Shares to execute all documents and take all necessary and appropriate actions not to accept the Offer; (iii) if any of the Zeng Concert Shares is held by a trustee or custodian, he will procure the trustee or custodian to perform in accordance with terms of the irrevocable undertaking; (iv) he will not, and will procure any party acting in concert with him not to, acquire any Share or other securities of the Company; and (v) without the prior consent of the Company, he shall not prior to the earlier of the completion of the Offer or lapsing or being withdrawn, other than usual brokers’ or bankers’ liens or assurances provided to the Hong Kong Securities Clearing Company Limited (HKSCC), directly or indirectly sell, transfer, charge, encumber, grant any option over or otherwise dispose of or permit any of the above actions over all or any of Zeng Concert Shares held or controlled by him, or enter into any arrangement to do any of the actions above.

Mr. Cheng has irrevocably undertaken to the Company that (i) he will accept the Offer for not less than 84,267,290 Shares, representing approximately 8.38% of the issued share capital of the Company as at the date of this announcement, in which he is the registered holder, beneficial owner or deemed to be interested in by virtue of the SFO (the “**Relevant Shares**”) as at the date of this announcement; (ii) he will or procure the holder of the Relevant Shares to execute all documents and take all necessary and appropriate actions to accept the Offer; (iii) he will exercise or procure the exercise of the voting rights attached to all of the Shares, i.e. 168,534,580 Shares, representing approximately 16.76% of the total issued Shares as at the date of this announcement, in which he is the registered holder, beneficial owner or deemed to be interested in by virtue of the SFO (the “**Cheng Concert Shares**”) to vote in person or by proxy in favour of any resolution (by way of poll) which is necessary to implement or otherwise relates to the Offer and the Whitewash Waiver (including any resolution that may impact on the fulfilment of any condition of the Offer and the Whitewash Waiver) at the EGM; (iv) if any of the Relevant Shares or the Cheng Concert Shares (as the case may be) is held by a trustee or custodian, he will procure the trustee or custodian to perform in accordance with terms of the irrevocable undertaking; (v) he will not, and will procure any party acting in concert with him not to, acquire any Share or other securities of the Company; and (vi) without the prior consent of the Company, he shall not prior to the earlier of the completion of the Offer or lapsing or being withdrawn, other than usual brokers’ or bankers’ liens or assurances provided to the Hong Kong Securities Clearing Company Limited (HKSCC), directly or indirectly sell, transfer, charge, encumber, grant any option over or otherwise dispose of or permit any of the above actions over all or any of Cheng Concert Shares held or controlled by him, or enter into any arrangement to do any of the actions above.

The Irrevocable Undertakings shall terminate immediately if the Offer close, lapse or are withdrawn.

GENERAL

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Offer and the Whitewash Waiver, at which only Independent Shareholders can vote. Mr. Zeng Concert Parties, including Best Dawn and Asia Environment, will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver at the EGM. In addition, Trustee will not vote on the resolutions in respect of the Offer and the Whitewash Waiver at the EGM. As such, save for Mr. Zeng Concert Parties who are Shareholders (i.e. Best Dawn and Asia Environment as at the date of this announcement) and Trustee, no Shareholder will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver at the EGM.

The Independent Board Committee comprising the three non-executive Directors who are not interested in the Offer, namely Mr. Zheng Tony Tuo, Mr. Zhu Weihang and Mr. Chen Xue, and all of the four independent non-executive Directors, namely Dr. Xie Guozhong, Mr. Li Tao, Prof. Yu Wayne W. and Ms. Zhang Fan, has been established to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver. Since Mr. Cheng Liquan Richard, the non-executive Director, has given the Irrevocable Undertakings in relation to, among others, voting in favour of the Offer and the Whitewash Waiver at the EGM, he is excluded from the Independent Board Committee. For details of the Irrevocable Undertakings, please refer to the section headed “Irrevocable Undertakings” in this announcement.

Gram Capital Limited has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders on the Offer and the Whitewash Waiver.

The Offer Document for the Offer containing, inter alia: (i) further details of the Offer; (ii) the expected timetable relating to the Offer; (iii) the recommendation from the Independent Board Committee with respect to the Offer and the Whitewash Waiver; (iv) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (v) a notice convening the EGM; and (vi) the Form of Acceptance and information relating to the procedures required for the acceptance of the Offer, will be despatched to the Shareholders no later than 21 days from the date of this announcement or such later date to which the Executive may consent.

WARNING

The Offer is subject to all of the Conditions being satisfied in full or waived on or before the Long Stop Date. If the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer or the Whitewash Waiver are not passed by the Independent Shareholders, the Offer will not proceed and will lapse immediately.

Shareholders are advised to consider the detailed terms of the Offer and the Whitewash Waiver and read, among other things, the letter from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders to be contained in the Offer Document before deciding whether to vote for or against the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM.

Shareholders should also note that whether or not they accept the Offer, they may vote on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM.

If Shareholders are in any doubt as to any aspect of the Offer and the Whitewash Waiver or as to the action to be taken, they should seek independent professional advice.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company and should consult their professional advisers when in doubt.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 7 October 2024 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 24 October 2024.

INTRODUCTION

The Board announces that a conditional voluntary cash offer will be made by CLSA Limited on behalf of the Company to buy-back, subject to fulfilment of the Conditions, up to the Maximum Number, being 150,858,120 Shares, representing approximately 15.00% of the issued share capital of the Company as at the date of this announcement at a cash consideration of HK\$1.20 per Share.

The Offer will be made in full compliance with the Codes. The consideration for the Offer, being (a) a minimum of HK\$120,686,494.8 assuming only the Minimum Number of Shares has been tendered for acceptance; or (b) a maximum of HK\$181,029,744 assuming the Maximum Number of Shares has been tendered for acceptance, will be paid in cash and will be funded by internal resources of the Group.

TERMS OF THE OFFER

The principal terms of the Offer are as follows:

- (a) CLSA Limited will make the Offer to the Shareholders on behalf of the Company to buy-back up to the Maximum Number of Shares at the Offer Price;
- (b) the Shareholders may accept the Offer in respect of any number of their Shares at the Offer Price up to their entire shareholding (subject to the procedures for scaling down as described under the section headed “Other Terms of the Offer” below);
- (c) the Offer is conditional upon valid acceptances being received (and not, where permitted, withdrawn) in respect of the Minimum Number (i.e. 100,572,079 Shares) at or before 4:00 p.m. (Hong Kong time) on the First Closing Date, provided that the Company shall buy-back Shares tendered by the Shareholders up to the Maximum Number (i.e. 150,858,120 Shares) subject to the fulfillment of the other Conditions;

- (d) all Shares validly tendered will be bought-back to the extent that the aggregate number of Shares repurchased pursuant to the Offer will not thereby exceed the Maximum Number. If the number of Shares validly tendered exceeds the Maximum Number, the number of Shares to be bought-back from each Accepting Shareholder will be reduced proportionally so that the number of Shares bought-back by the Company in aggregate is equal to the Maximum Number. Further details of the procedures for scaling down are described under the section headed “Other Terms of the Offer” below;
- (e) Form of Acceptance duly received by or on behalf of the Company will become irrevocable and cannot be withdrawn unless in accordance with the Takeovers Code;
- (f) Shares will be bought-back for cash, free of commission, levies and dealings charges, save that the amount of stamp duty due on the Shares bought-back attributable to the seller will be deducted from the amount payable to the Accepting Shareholders and will be paid by the Company on behalf of the Accepting Shareholders;
- (g) Shares bought-back will be cancelled and will not be entitled to any dividend declared for any record date set subsequent to the date of their cancellation. Accordingly, the issued share capital of the Company will be diminished by the nominal value of the Shares being bought-back in the event of cancellation of Shares bought-back; and
- (h) Shares will be bought-back free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of a Form of Acceptance by an Accepting Shareholder will be deemed to constitute a warranty by that Accepting Shareholder to CLSA Limited, CITICS HK and the Company that the Shares are being sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature.

In accordance with the Share Buy-backs Code, the Offer will be subject to the approval by the Independent Shareholders in a general meeting by a majority of votes by way of poll and will also be subject to the satisfaction of the other Conditions.

The full terms and details of the Offer will be set out in the Offer Document.

THE OFFER PRICE

The Offer Price of HK\$1.20 values the entire issued share capital of the Company as at the date of this announcement (being 1,005,720,799 Shares) at approximately HK\$1,206.86 million:

The Offer Price of HK\$1.20 in cash per Share represents:

- (a) a premium of approximately 16.05% over the closing price of HK\$1.03 per Share as quoted on the Stock Exchange on 4 October 2024 (being the Last Trading Day);
- (b) a premium of approximately 37.30% over HK\$0.87 which is the average closing price per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;

- (c) a premium of approximately 52.67% over HK\$0.79 which is the average closing price per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (d) a premium of approximately 66.82% over HK\$0.72 which is the average closing price per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (e) a premium of approximately 69.97% over HK\$0.71 which is the average closing price per Share as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day;
- (f) a premium of approximately 71.28% over HK\$0.70 which is the average closing price per Share as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day;
- (g) a discount of approximately 65.01% to the consolidated and unaudited net asset value attributable to the owners of the parent of the Company as at 30 June 2024 of approximately RMB3.14 per Share (equivalent to approximately HK\$3.43 per Share based on the exchange rate of HK\$1:RMB0.9166) pursuant to the latest consolidated and unaudited financial statements of the Company.

The Offer Price was determined after taking into account, among other things, the historical prices of the Shares traded on the Stock Exchange, historical financial information of the Group and the prevailing market conditions and sentiments, and with reference to the share buy-back transactions of companies listed on the Main Board of the Stock Exchange in recent years.

The Company will not increase the Offer Price. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Company will not be allowed to increase the Offer Price. The Company does not reserve the right to increase the Offer Price.

CONFIRMATION OF FINANCIAL RESOURCES

The consideration for the Offer being (a) a minimum of HK\$120,686,494.8 assuming only the Minimum Number of Shares has been tendered for acceptance; or (b) a maximum of HK\$181,029,744 assuming the Maximum Number of Shares has been tendered for acceptance, will be paid in cash and will be funded by internal resources of the Group. CITICS HK, being the financial adviser to the Company, is satisfied that sufficient financial resources are available to the Company to satisfy the consideration for the full acceptance of the Offer as described above.

CONDITIONS OF THE OFFER

The Offer will be conditional upon fulfilment of all of the following conditions on or before the Long Stop Date:

- (a) valid acceptances being received (and not, where permitted, withdrawn) in respect of the Minimum Number (i.e. 100,572,079 Shares) at or before 4:00 p.m. (Hong Kong time) on the First Closing Date, provided that the Company shall buy-back Shares as tendered by the Shareholders up to the Maximum Number (i.e. 150,858,120 Shares);
- (b) the approval by more than 50% of the votes cast by the Independent Shareholders in attendance either in person or by proxy by way of a poll having been obtained at the EGM in respect of the Offer;
- (c) the approval by at least 75% of the votes cast by the Independent Shareholders in attendance either in person or by proxy by way of a poll having been obtained at the EGM in respect of the Whitewash Waiver; and
- (d) the Executive granting the Whitewash Waiver and the satisfaction of any conditions attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn.

Save for the Condition (a) above, none of the Conditions can be waived. Accordingly, if any of the Conditions is not satisfied or waived on or before the Long Stop Date, the Offer will not proceed.

WARNING

The Offer is subject to all of the Conditions being satisfied in full or waived on or before the Long Stop Date. If the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer or the Whitewash Waiver are not passed by the Independent Shareholders, the Offer will not proceed and will lapse immediately.

Shareholders are advised to consider the detailed terms of the Offer and the Whitewash Waiver and read, among other things, the letter from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders to be contained in the Offer Document before deciding whether to vote for or against the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM.

Shareholders should also note that whether or not they accept the Offer, they may vote on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM.

If Shareholders are in any doubt as to any aspect of the Offer and the Whitewash Waiver or as to the action to be taken, they should seek independent professional advice.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company and should consult their professional advisers when in doubt.

Pursuant to Rule 5.1 of the Share Buy-backs Code and Rule 15.1 of the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date of despatch of the Offer Document.

Pursuant to Rule 5.1 of the Share Buy-backs Code and Rule 15.3 of the Takeovers Code, if the Offer is declared unconditional in all respects, Shareholders will be able to tender their Shares for acceptance under the Offer for a period of not less than 14 days thereafter.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the condition to the Offer in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Company can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the despatch of the Offer Document (or such later date to which the Executive may consent).

Acceptance duly received will become irrevocable and cannot be withdrawn, unless in accordance with the Takeovers Code. All Shares bought-back under the Offer will be cancelled.

In the event that valid acceptances are received:

- (a) for less than the Minimum Number by the First Closing Date, unless the First Closing Date is extended in accordance with the Takeovers Code or the relevant Condition is waived, the Offer will not proceed and will lapse immediately; or
- (b) for not less than the Minimum Number on or before the First Closing Date, the Company will declare the Offer unconditional as to acceptances on or before the First Closing Date.

Shares will be bought-back free of commissions and dealing charges, but the seller's ad valorem stamp duty payable by the Accepting Shareholders, calculated at a rate of HK\$1.00 for every HK\$1,000 or part thereof of the market value of the Shares to be bought-back under the Offer, or the consideration payable by the Company in respect of relevant acceptances of the Offer, whichever is the higher, will be deducted from the amount payable to the Accepting Shareholders. The Company will arrange for payment of the seller's ad valorem stamp duty on behalf of the Accepting Shareholders.

Acceptance of the Offer by any Accepting Shareholder will, subject to the Offer becoming unconditional, be deemed to constitute a warranty by such Shareholder that all Shares sold by such Shareholder under the Offer are free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature, and are sold together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date of their cancellation. For avoidance of doubt, the Company did not have any dividends or other distribution declared but remaining unpaid as at the date of this announcement, and the Company will not propose, declare or pay any dividend or other distribution during the Offer Period.

OTHER TERMS OF THE OFFER

Shareholders may accept the Offer in respect of some or all of their shareholding. Subject to the Offer becoming unconditional in all respects: (i) if valid acceptances are received for not less than the Minimum Number, but not more than the Maximum Number as at the Final Closing Date, all Shares validly accepted will be bought-back; and (ii) if valid acceptances received exceed the Maximum Number as at the Final Closing Date, the total number of Shares to be bought-back by the Company from each Accepting Shareholder will be determined in accordance with the following formula, save that the Company may in its absolute discretion round such figure up or down with the intention of avoiding (as far as practicable) Shares being held by Accepting Shareholders in fractional entitlements:

$$\frac{A}{B} \times C$$

- A = 150,858,120 Shares, being the Maximum Number;
- B = Total number of Shares tendered by all Accepting Shareholders under the Offer;
- C = Total number of Share tendered by the relevant individual Accepting Shareholder under the Offer

As a result, it is possible that not all of such Shares tendered by an Accepting Shareholder will ultimately be bought-back. The total number of Shares which will be bought-back by the Company under the Offer will not exceed the Maximum Number. The decision of the Company as to any scaling down of acceptances in accordance with the above formula and as to the treatment of fractions will be conclusive and binding on all Accepting Shareholders.

ODD LOTS

The Shares are currently traded in board lot of 1,000 Shares each. There is no intention to change the board lot size as a result of the Offer. Accepting Shareholders should note that acceptance of the Offer may result in their holding of odd lots of Shares. The Company will make arrangements to appoint a designated broker to match sales and purchases of odd lot holdings of Shares for a reasonable period after completion of the Offer in order to enable such Accepting Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. Details of such arrangements will be included in the Offer Document and will be disclosed by way of separate announcement as and when appropriate.

OVERSEAS SHAREHOLDERS

The making of the Offer to Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. The laws of the relevant jurisdictions may prohibit the making of the Offer to Overseas Shareholders or require compliance with certain filing, registration or other requirements in respect of the Offer. The Company reserves the right, subject to the consent of the Executive and the relevant legal requirements, to make special arrangements with respect to Overseas Shareholders whose receipt of the Offer Document and the Form of Acceptance is subject to the laws of the overseas jurisdictions. Details of the Offer in respect of Overseas Shareholders will be set out in the Offer Document. The Company will comply with the requirements under Rule 8 (subject to Note 3 to Rule 8) of the Takeovers Code in respect of Overseas Shareholders.

It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy itself or himself or herself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or compliance with other necessary formalities or legal requirements. Any acceptance of the Offer by any Shareholder shall be deemed to constitute a representation and warranty from such Shareholder to the Company that all applicable local laws and requirements have been observed and complied with. Shareholders should consult their professional advisers if in doubt.

The Company shall give notice of any matter in relation to the Offer to the Shareholders by issuing announcements or advertisements in accordance with the Codes and the Listing Rules and, if so given, shall be deemed to have been sufficient for all effective purposes, despite any failure by any Overseas Shareholders to receive the same.

As at the date of this announcement, save for Best Dawn, the addresses of all Shareholders shown in the register of members of the Company were inside Hong Kong.

NOMINEE REGISTRATION OF SHARES

To ensure equality of treatment of all Shareholders, those registered Shareholders who hold Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of the Shares, whose investments are registered in nominee names (including those whose interests in Shares are held through CCASS), to accept the Offer, it is essential that they provide instructions to their nominee agents of their intentions with regard to the Offer.

IMPLICATIONS UNDER THE CODES AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, Mr. Zeng Concert Parties are interested in 278,636,331 Shares, representing approximately 27.71% of the issued share capital of the Company.

Pursuant to Rule 32.1 of the Takeovers Code and Rule 6 of the Share Buy-backs Code, if as a result of a share buy-back, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

Subject to the level of acceptances received from the Accepting Shareholders pursuant to the Offer and assuming that no Options will be exercised by their holders prior to completion of the Offer, the aggregate interests of Mr. Zeng Concert Parties may increase from 27.71% to a maximum level of approximately 32.59% upon completion of the Offer. Accordingly, Mr. Zeng would be required to make a mandatory offer under Rule 26.1 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by Mr. Zeng Concert Parties unless the Whitewash Waiver is granted.

An application will be made by Mr. Zeng, the Shareholder having control over approximately 27.71% of the total issued share capital of the Company, to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be conditional upon, among others, (i) the approval by at least 75% of the Independent Shareholders in attendance either in person or by proxy at the EGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders in attendance either in person or by proxy at the EGM by way of poll in respect of the Offer.

The Offer will be conditional upon approval of the Offer by more than 50% of the Independent Shareholders voting in person or by proxy by way of poll at the EGM and the Whitewash Waiver being granted by the Executive, which would also be subject to the approval of the Whitewash Waiver by at least 75% of the Independent Shareholders voting in person or by proxy by way of poll at the EGM. Under Note 15 to Rule 26.1 of the Takeovers Code, the Shareholder shall be deemed to have a lowest percentage holding equal to its percentage holding immediately after completion of the Offer and is free to acquire and dispose of further voting rights in the Company within a band of 2% above such lowest percentage holding of voting rights in the Company in the 12-month period ending on the date of completion of the relevant acquisition without incurring an obligation to make a general offer. Within this band, dispositions of voting rights may be netted off against acquisitions thereof.

If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders, or if the latter is not granted by the Executive, the Offer will not proceed and will lapse immediately.

As at the date of this announcement, the Company does not believe that the transactions under the Offer and the Whitewash Waiver would give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Offer Document. The Company notes that the Executive may not grant the Whitewash Waiver if the transactions under the Offer and the Whitewash Waiver do not comply with other applicable rules and regulations.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the Company's shareholding structure (i) as at the date of this announcement; and (ii) immediately after completion of the Offer, (a) assuming the Minimum Number is tendered for acceptance by the Shareholders and no Options will be exercised from the date of this announcement up to and including the Final Closing Date; (b) assuming the Maximum Number is tendered for acceptance by the Shareholders and no Options will be exercised from the date of this announcement up to and including the Final Closing Date; (c) assuming the Minimum Number is tendered for acceptance by the Shareholders and all Options will be exercised from the date of this announcement up to and including the Final Closing Date; and (d) assuming the Maximum Number is tendered for acceptance by the Shareholders and all Options will be exercised from the date of this announcement up to and including the Final Closing Date, and in each case, assuming there are no other changes of the shareholding structure and issued share capital of the Company from the date of this announcement up to the Final Closing Date and assuming all Shares bought back are cancelled:

Shareholders	As at the date of this announcement		Immediately after completion of the Offer (assuming the Minimum Number is tendered for acceptance by the Shareholders and assuming no Options will be exercised from the date of this announcement up to and including the Final Closing Date)		Immediately after completion of the Offer (assuming the Maximum Number is tendered for acceptance by the Shareholders and assuming no Options will be exercised from the date of this announcement up to and including the Final Closing Date)		Immediately after completion of the Offer (assuming the Minimum Number is tendered for acceptance by the Shareholders and all Options will be exercised before the Final Closing Date)		Immediately after completion of the Offer (assuming the Maximum Number is tendered for acceptance by the Shareholders and all Options will be exercised before the Final Closing Date)	
	Number of Shares	Approximate%	Number of Shares	Approximate%	Number of Shares	Approximate%	Number of Shares	Approximate%	Number of Shares	Approximate%
		of shareholding ⁽¹⁾		of shareholding ⁽¹⁾		of shareholding ⁽¹⁾		of shareholding ⁽¹⁾		
Mr. Zeng Concert Parties⁽²⁾										
• Best Dawn Limited	255,695,143	25.42	255,695,143	28.25	255,695,143	29.91	255,695,143	28.05	255,695,143	29.68
• Asia Environment	22,941,188	2.28	22,941,188	2.53	22,941,188	2.68	22,941,188	2.52	22,941,188	2.66
Subtotal	278,636,331	27.71	278,636,331	30.78	278,636,331	32.59	278,636,331	30.56	278,636,331	32.35
Other core connected persons										
• Qian Xiaoning ⁽³⁾	-	-	-	-	-	-	3,270,000 ⁽⁸⁾	0.36	3,270,000 ⁽⁸⁾	0.38
• Cheng Liquan Richard ⁽⁴⁾	168,534,580	16.76	144,928,598	16.01	133,125,607	15.57	144,928,598	15.90	133,125,607	15.45
• Zhu Weihang ⁽⁵⁾	152,170,529	15.13	130,856,596	14.46	120,199,629	14.06	130,856,596	14.35	120,199,629	13.95
• Sinopec Overseas Investment Holding Limited ("Sinopec") ⁽⁶⁾	110,294,118	10.97	94,845,651	10.48	87,121,417	10.19	94,845,651	10.40	87,121,417	10.11
Other Shareholders										
• Trustee ⁽⁷⁾	9,051,500	0.90	9,051,500	1.00	9,051,500	1.06	9,051,500	0.99	9,051,500	1.05
• Public Shareholders	287,033,741	28.54	246,830,044	27.27	226,728,195	26.52	250,098,544 ⁽⁸⁾	27.43	229,996,695 ⁽⁸⁾	26.70
Total	1,005,720,799	100.00	905,148,720	100.0	854,862,679	100.00	911,687,220	100.00	861,401,179	100.00

Notes:

- All percentages rounded to two decimal places. The percentage figures included in this table have been subject to rounding adjustments.
- Mr. Zeng, the chairman of the Board, an executive Director and the chief executive officer, holds the entire issued share capital of Best Dawn and 47.2% of interests in Asia Environment. Therefore, Mr. Zeng is deemed to be interested in the Shares held by Best Dawn and Asia Environment under the SFO. The remaining 52.8% of interest in Asia Environment is held by Mr. Wang Rui, a longtime acquaintance of Mr. Zeng. Mr. Wang Rui is therefore deemed to be interested in the Shares held by Asia Environment under the SFO. Save for the Shares held by Asia Environment, Mr. Wang Rui does not hold or is not deemed to be interested in any other Shares as at the date of this announcement.
- Ms. Qian, an executive Director is entitled to receive up to (i) 1,576,000 Shares pursuant to the Pre-IPO Share Award Scheme, which are fully vested but not yet exercised and held by Trustee as at the date of this announcement; and (ii) 3,270,000 Shares pursuant to the share option scheme adopted by the Company on 29 December 2020.
- World Hero directly holds 168,134,580 Shares. Mr. Cheng, a non-executive Director, holds the entire issued share capital of World Hero. Therefore, Mr. Cheng is deemed to be interested in the Shares held by World Hero under the SFO. Mr. Cheng directly holds 400,000 Shares.

5. New Asia Limited (“**New Asia**”) directly holds 152,170,529 Shares. The entire issued share capital of New Asia is held by Great Origin Ventures Limited (“**Great Origin**”), whose entire issued share capital is in turn held by Mr. Zhu, a non-executive Director. Therefore, Mr. Zhu is deemed to be interested in the Shares held by New Asia under the SFO.
6. China Petroleum & Chemical Corporation holds the entire issued share capital of Sinopec. Therefore, China Petroleum & Chemical Corporation is deemed to be interested in the Shares held by Sinopec under the SFO. China Petroleum & Chemical Corporation is a PRC state-owned company, whose H shares are listed on the Main Board (stock code: 386).
7. Trustee, the trustee of the Pre-IPO Share Award Scheme, held 9,051,500 Shares, representing approximately 0.90% of the total issued share capital of the Company as at the date of this announcement, amongst which 1,576,000 Shares are to be used to satisfy the share awards granted to Ms. Qian, 4,204,250 Shares are to be used to satisfy the share awards granted to employees of the Group and the remaining 3,271,250 Shares are to be used to satisfy future grants of share awards under the Pre-IPO Share Award Scheme. Under the scheme rules of the Pre-IPO Share Award Scheme and relevant trust deed, Trustee shall not exercise the voting rights in respect of any Shares held under the Pre-IPO Share Award Scheme. Accordingly, such 9,051,500 Shares shall not be voted at the EGM. In accordance with the scheme rules of the Pre-IPO Share Award Scheme, the Board has instructed the Trustee not to accept the Offer. There has been no dealings in the securities of the Company by Trustee in the six months immediately prior to the date of this announcement.
8. Based on the assumptions that (i) all Options have been exercised before completion of the Offer; and (ii) no Shares will be tendered for acceptance under the Offer.
9. CITICS HK is the financial adviser to the Company in respect of the Offer. Accordingly, the CITICS Group (except entities of the CITICS Group that are exempt principal traders and exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code) are presumed to be acting in concert with the Company in relation to the Offer in accordance with Class (5) of the definition of “acting in concert” under the Takeovers Code.

As at the date of this announcement, CITICS HK does not have any holdings or borrowings or lendings of, and dealings in, Shares or derivatives in respect of Shares (except in respect of Shares held on behalf of non-discretionary investment clients of CITICS HK). Details of holdings or borrowings or lendings of, and dealings in, Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company by other parts of the CITICS Group will be obtained as soon as possible after this announcement in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made if the holdings, borrowings, lendings, or dealings of the other parts of the CITICS Group are significant. The statements in this announcement as to the holdings or borrowings or lendings of, or their dealings in, Shares or derivatives in respect of Shares by parties acting in concert with the Company are subject to the holdings, borrowings, lendings, or dealings (if any) of the other parts of the CITICS Group.

10. As at the date of this announcement, save as disclosed above, no other Director holds any Shares.
11. The percentage holding figures are subject to rounding adjustments and may or may not add up to 100%.

As at the date of this announcement, save as disclosed above, none of the Company or parties acting concert with it or Mr. Zeng Concert Parties holds, owns, controls or has direction over any Shares, voting rights, rights over Shares, outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares, voting rights, rights over Shares, or has entered into any outstanding derivatives in respect of securities in the Company.

INFORMATION ON THE COMPANY

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which were listed on the Stock Exchange (stock code: 2377) on 16 March 2018. The Group provides comprehensive one-stop environmental protection and new energy+ services to large-scale industrial customers in energy, chemical and manufacturing industries, by mainly engaging in the businesses of flue gas treatment, water treatment, hazardous and solid waste treatment/disposal, dual-carbon new energy+ in China. As of 30 June 2024, the Group's projects have a wide coverage in China, covering 31 provinces, municipalities and autonomous regions in China.

As at the date of this announcement, there are 1,005,720,799 Shares in issue. Save for the outstanding 6,538,500 share options granted under the share option scheme of the Company adopted on 29 December 2020, the Company does not have any outstanding derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares or other types of equity interest as at the date of this announcement.

The following table sets forth the revenue, net profit before taxation and profit after taxation attributable to owners of the Company as extracted from the consolidated audited financial statements of the Group for the two years ended 31 December 2022 and 2023 as set out in the annual report of the Company for the year ended 31 December 2022 and 2023:

	For the Year Ended December	
	2023	2022
	<i>RMB'million</i>	<i>RMB'million</i>
	(Audited)	(Audited)
Revenue	2,138	1,900
Net profit before taxation	275	176
Profit after taxation attributable to owners of the Company	<u>240</u>	<u>152</u>

According to the interim results announcement of the Company for the six months ended 30 June 2024, the unaudited consolidated net asset value of the Group amounted to RMB3,188.66 million as at 30 June 2024.

INFORMATION ON MR. ZENG CONCERT PARTIES

As at the date of this announcement, Best Dawn and Asia Environment held 255,695,143 Shares and 22,941,188 Shares respectively, representing approximately 25.42% and 2.28% of the issued share capital of the Company as at the date of this announcement, respectively. The principal activity of Best Dawn and Asia Environment is investment holding. Mr. Zeng, the chairman of the Board, an executive Director and the chief executive officer, holds the entire issued share capital of Best Dawn and 47.2% of interests in Asia Environment and thus are deemed to be interested in an aggregate of 278,636,331 Shares, representing 27.71% of the issued share capital of the Company as at the date of this announcement. The remaining 52.8% of interests in Asia Environment are held by Mr. Wang Rui, a longtime acquaintance of Mr. Zeng.

DEALINGS IN SHARES AND DERIVATIVES BY THE COMPANY AND MR. ZENG CONCERT PARTIES

The Company has not bought-back any Shares in the six-month period prior to the date of this announcement, and will not conduct any on-market share buy-back from the date of this announcement up to and including the date at which the Offer closes, lapses or is withdrawn, as the case may be.

Mr. Zeng has confirmed (for himself and parties acting in concert with him) that there has been no dealings in the securities of the Company by Mr. Zeng Concert Parties in the six months immediately prior to the date of this announcement.

OTHER ARRANGEMENTS

As at the date of this Announcement and save for the Irrevocable Undertakings, there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of Best Dawn or Asia Environment and other relevant securities of the Company or Best Dawn or Asia Environment which might be material to the Offer or the Whitewash Waiver.

As at the date of this announcement, save for the Irrevocable Undertakings, neither the Company, nor parties acting in concert with it, nor Mr. Zeng Concert Parties has received any irrevocable commitment to accept or not to accept the Offer and/or as to voting on the Offer and/or the Whitewash Waiver.

There is no agreement or arrangement, to which the Company or parties acting in concert with it or Mr. Zeng Concert Parties is a party, which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer or the Whitewash Waiver (save as those set out in the section headed “Conditions of the Offer” in this announcement above).

None of the Company or parties acting in concert with it or Mr. Zeng Concert Parties has borrowed or lent any relevant securities in the Company.

Apart from the Offer Price payable by the Company in respect of the Offer, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Company and any party acting in concert with it or Mr. Zeng Concert Parties to any Shareholder or any party acting in concert with any of them in connection with the Offer and/or the Whitewash Waiver.

As at the date of this Announcement and save for the Irrevocable Undertakings, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder, on the one hand, and (i) the Company, its subsidiaries or associated companies; or (ii) Mr. Zeng Concert Parties, on the other hand.

IRREVOCABLE UNDERTAKINGS

As at the date of this announcement, (i) Mr. Zeng Concert Group was beneficially interested in 278,636,331 Shares, representing approximately 27.71% of the total issued Shares as at the date of this announcement; and (ii) Mr. Cheng, who held the entire issued share capital of World Hero, was beneficially interested in 168,534,580 Shares, representing approximately 16.76% of the total issued Shares as at the date of this announcement.

Mr. Zeng has irrevocably undertaken to the Company that (i) he will not accept the Offer for all of the Shares in which he is the registered holder, beneficial owner or deemed to be interested in by virtue of the SFO (the “**Zeng Concert Shares**”) respectively as at the date of this announcement; (ii) he will or procure the holder of the Zeng Concert Shares to execute all documents and take all necessary and appropriate actions not to accept the Offer; (iii) if any of the Zeng Concert Shares is held by a trustee or custodian, he will procure the trustee or custodian to perform in accordance with terms of the irrevocable undertaking; (iv) he will not, and will procure any party acting in concert with him not to, acquire any Share or other securities of the Company; and (v) without the prior consent of the Company, he shall not prior to the earlier of the completion of the Offer or lapsing or being withdrawn, other than usual brokers’ or bankers’ liens or assurances provided to the Hong Kong Securities Clearing Company Limited (HKSCC), directly or indirectly sell, transfer, charge, encumber, grant any option over or otherwise dispose of or permit any of the above actions over all or any of Zeng Concert Shares held or controlled by him, or enter into any arrangement to do any of the actions above.

Mr. Cheng has irrevocably undertaken to the Company that (i) he will accept the Offer for not less than 84,267,290 Shares, representing approximately 8.38% of the issued share capital of the Company as at the date of this announcement, in which he is the registered holder, beneficial owner or deemed to be interested in by virtue of the SFO (the “**Relevant Shares**”) as at the date of this announcement; (ii) he will or procure the holder of the Relevant Shares to execute all documents and take all necessary and appropriate actions to accept the Offer; (iii) he will exercise or procure the exercise of the voting rights attached to all of the Shares, i.e. 168,534,580 Shares, representing approximately 16.76% of the total issued Shares as at the date of this announcement, in which he is the registered holder, beneficial owner or deemed to be interested in by virtue of the SFO (the “**Cheng Concert Shares**”) to vote in person or by proxy in favour of any resolution (by way of poll) which is necessary to implement or otherwise relates to the Offer and the Whitewash Waiver (including any resolution that may impact on the fulfilment of any condition of the Offer and the Whitewash Waiver) at the EGM; (iv) if any of the Relevant Shares or the Cheng Concert Shares (as the case may be) is held by a trustee or custodian, he will procure the trustee or custodian to perform in accordance with terms of the irrevocable undertaking; (v) he will not, and will procure any party acting in concert with him not to, acquire any Share or other securities of the Company; and (vi) without the prior consent of the Company, he shall not prior to the earlier of the completion of the Offer or lapsing or being withdrawn, other than usual brokers’ or bankers’ liens or assurances provided to the Hong Kong Securities Clearing Company Limited (HKSCC), directly or indirectly sell, transfer, charge, encumber, grant any option over or otherwise dispose of or permit any of the above actions over all or any of Cheng Concert Shares held or controlled by him, or enter into any arrangement to do any of the actions above.

The Irrevocable Undertakings shall terminate immediately if the Offer close, lapse or are withdrawn.

REASONS FOR AND BENEFITS OF THE OFFER

In considering to proceed with the Offer, the Company has taken into consideration the following:

(i) The Offer will serve as a good opportunity to enhance the earnings per Share and the rate of return on capital of the Company

The total dividend paid by the Company for the year ended 31 December 2023 amounted to approximately HK\$35.20 million. Assuming that the Offer had taken place on 31 December 2023 and the Shares bought back under the Offer amount to the Maximum Number (and no Options will be exercised from the date of this announcement up to and including the Final Closing Date), dividend yield ratio calculated by the closing price as at the trading day immediately preceding the date of this announcement and the dividend payout remains unchanged, the dividend yield ratio of the Company would have increased from approximately 3.40% to approximately 4.00%.

(ii) The Offer will result in an enhancement in the NAV per Share attributable to the owners of the Company

Assuming the Offer had taken place on 30 June 2024, the Shares bought back under the Offer amount to the Maximum Number and all Shares bought back under the Offer are to be cancelled, immediately upon the completion of the Offer and cancellation of the Shares bought back under the Offer, the number of issued Shares would decrease from 1,005,720,799 Shares to 854,862,679 Shares (assuming no Options will be exercised from the date of this announcement up to and including the date of completion of the Offer). Based on such assumptions, the unaudited consolidated NAV attributable to the owners of the parent of the Company per Share as at 30 June 2024 would have increased from approximately RMB3.14 to approximately RMB3.50.

(iii) The Offer will demonstrate the Group's confidence in future development

The Group has been recording satisfactory financial results recently. For the year ended 31 December 2023, the Group recorded revenue of approximately RMB2,138 million and net profit of approximately RMB237 million. For the six months ended 30 June 2024, the Group recorded revenue of approximately RMB949 million and net profit of approximately RMB116 million. In the future, taking advantage of the favourable policies in the industry, the Group will continue to promote the expansion of various business segments in an orderly manner. As such, the management of the Company has been considering conducting share repurchases to demonstrate the Group's confidence in future development.

(iv) The Offer provides the Shareholders an opportunity to either exit from their investment or enjoy the benefits of enhanced Shareholder value

The maximum Shares to be bought back under the Offer amounted to 150,858,120 Shares, which is comparable to the Company's yearly trading volume in 2022 or 2023.

The Directors believe that the Offer provides an opportunity for the Shareholders either to tender Shares to realise part of their investments in the Company at a premium to recent market prices, or to increase their proportionate equity interests in the Company by retaining their shareholdings and participating in the future prospects of the Group. Therefore, the Offer provides the Shareholders a mechanism which allows them to decide upon their preferred level of investment in the Company and allows the Shareholders who do not wish to exit from their investments in the Company to enjoy the benefits of enhanced Shareholder value.

In view of the above, the Directors (excluding Mr. Zeng who will be interested in the Offer and excluding the members of the Independent Board Committee, who will give their recommendations after taking advice from the Independent Financial Adviser) considered that: (i) the Offer is a good opportunity for the Company to buy back its Shares at a reasonable price at a substantial discount to the unaudited NAV per Share as at 30 June 2024; (ii) it is unlikely to be able to acquire such quantity of Shares on the market at an average price below the Offer Price; and (iii) the Offer Price to be fair and reasonable and the Offer is beneficial to the Company and the Shareholders as a whole.

INTENTION IN RELATION TO THE GROUP AND MR. ZENG CONCERT PARTIES

The Company is confident in the long-term prospects of the business of the Group. As at the date of this announcement, the Company has a public float of approximately 28.54% of the entire issued share capital of the Company. In the event that the Offer becomes unconditional, upon completion of the Offer and assuming full acceptances of the Offer by the Shareholders (other than Mr. Zeng Concert Parties), the Company will have a public float of 26.52% of the Shares in issue immediately following completion of the Offer (assuming there are no changes to issued share capital of the Company after the date of this announcement) and accordingly the number of Shares in public hands will continue to meet the public float requirement under Rule 8.08 of the Listing Rules.

It is the intention of the Company and Mr. Zeng Concert Parties to continue with the existing businesses of the Group upon completion of the Offer. As at the date of this announcement, the Company and Mr. Zeng Concert Parties do not intend to introduce any major changes to the existing operations and management structure of the Group, and the employment of the employees of the Group will be continued and the material fixed assets of the Group will not be redeployed.

GENERAL

Board meeting

Save and except for Mr. Zeng, none of the Directors was involved in the negotiation of or has material interest in the Offer and the Whitewash Waiver and hence no Director has abstained from voting on such Board resolutions in respect of the Offer and the Whitewash Waiver. Save for the solicitation of Irrevocable Undertakings and the consideration and approval of the Offer and the Whitewash Waiver at the Board meeting, none of the Directors, other than Mr. Zeng, was involved in any discussion with the Company or Mr. Zeng Concert Group in any way in respect of the Offer and the Whitewash Waiver.

The EGM

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Offer and the Whitewash Waiver, at which only Independent Shareholders can vote.

Mr. Zeng Concert Parties, including Best Dawn and Asia Environment, as at the date of the EGM will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver at the EGM. In addition, Trustee will not vote on the resolutions in respect of the Offer and the Whitewash Waiver at the EGM. As such, save for Mr. Zeng Concert Parties who are Shareholders (i.e. Best Dawn and Asia Environment as at the date of this announcement) and Trustee, no Shareholder will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver at the EGM.

Independent Board Committee and Independent Financial Adviser

The Independent Board Committee comprising the three non-executive Directors who are not interested in the Offer, namely Mr. Zheng Tony Tuo, Mr. Zhu Weihang and Mr. Chen Xue, and all of the four independent non-executive Directors, namely Dr. Xie Guozhong, Mr. Li Tao, Prof. Yu Wayne W. and Ms. Zhang Fan, has been established to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver. Since Mr. Cheng Liquan Richard, the non-executive Director, has given the Irrevocable Undertakings in relation to, among others, voting in favour of the Offer and the Whitewash Waiver at the EGM, he is excluded from the Independent Board Committee. For details of the Irrevocable Undertakings, please refer to the section headed “Irrevocable Undertakings” in this announcement.

Gram Capital Limited has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders on the Offer and the Whitewash Waiver.

Offer Document

The Offer Document for the Offer containing, inter alia: (i) further details of the Offer; (ii) the expected timetable relating to the Offer; (iii) the recommendation from the Independent Board Committee with respect to the Offer and the Whitewash Waiver; (iv) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (v) a notice convening the EGM; and (vi) the Form of Acceptance and information relating to the procedures required for the acceptance of the Offer, will be despatched to the Shareholders no later than 21 days from the date of this announcement or such later date to which the Executive may consent.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates (having the meaning given to it under the Takeovers Code, including persons holding 5% or more of a class of relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company) of the Company are hereby reminded to disclose their dealings in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 7 October 2024 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 24 October 2024.

WARNING: The Offer is conditional upon the satisfaction of the Conditions as described in this announcement in all aspects. Accordingly, the Offer may or may not become unconditional. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set out below:

“Accepting Shareholder(s)”	Shareholder(s) accepting the Offer
“acting in concert”	has the meaning ascribed thereto in the Codes, and “parties acting in concert” shall be construed accordingly
“associate(s)”	has the meaning ascribed thereto in the Codes

“Asia Environment”	Asia Environment Investment Limited, a company owned by Mr. Zeng as to 47.2% and Mr. Wang Rui as to 52.8%, and a direct Shareholder of the Company
“Best Dawn”	Best Dawn Limited, a company wholly-owned by Mr. Zeng and a direct Shareholder of the Company
“Board”	the board of Directors
“Business Day(s)”	a business day is a day on which the Stock Exchange is open for the transaction of business
“CITICS HK”	CITIC Securities (Hong Kong) Limited, the financial adviser to the Company in respect of the Offer and a corporation licensed to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being, an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030)
“CITICS Group”	CITICS HK and persons controlling, controlled by or under the same control (with the meanings ascribed to such terms in the Takeovers Code) as CITICS HK
“CLSA Limited”	CLSA Limited, a licensed corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (providing automated trading services) regulated activities under the SFO, being the agent making the Offer on behalf of the Company, an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030)
“Codes”	collectively, the Takeovers Code and the Share Buy-backs Code
“Company”	China Boqi Environmental (Holding) Co., Ltd., a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2377)
“Conditions”	the conditions of the Offer, as set out under the section headed “Conditions of the Offer” of this announcement and “Condition” means any of them
“core connected person”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“EGM”	an extraordinary general meeting to be convened by the Company for the Shareholders to consider and approve, if thought fit, among other things, the Offer, the Whitewash Waiver and the transactions contemplated thereunder
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Final Closing Date”	the date which is the 14th day after the date on which the Offer is declared unconditional in all respects, provided that the Offer will be open for acceptance for at least 21 days following the date of despatch of the Offer Document
“First Closing Date”	the date to be stated in the Offer Document as the first closing day of the Offer, which shall be at least 21 days following the date of despatch of the Offer Document, or such later date as may be extended by the Company in accordance with the Takeovers Code
“Form of Acceptance”	the form of acceptance to be issued with the Offer Document to the Shareholders for use by such persons in connection with the Offer
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising of three non-executive Directors that are not interested in the Offer and the Whitewash Waiver, namely Mr. Zheng Tony Tuo, Mr. Zhu Weihang and Mr. Chen Xue, and all of the four independent non-executive Directors, namely Dr. Xie Guozhong, Mr. Li Tao, Prof. Yu Wayne W. and Ms. Zhang Fan, who has no direct or indirect interest in the Offer and the Whitewash Waiver, which has been established to make recommendations to the Independent Shareholders in respect of the Offer and the Whitewash Waiver
“Independent Financial Adviser” or “Gram Capital Limited”	Gram Capital Limited, a licensed corporation to carry out Type 6 regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee in respect of the Offer and the Whitewash Waiver
“Independent Shareholders”	Shareholder(s) other than (i) Mr. Zeng Concert Parties; and (ii) Shareholders who are interested or involved in the Offer or the Whitewash Waiver

“Irrevocable Undertakings”	the irrevocable undertakings dated 23 October 2024 given by: <ul style="list-style-type: none"> (i) Mr. Zeng that, among others, he will not, and will procure the holders of the Zeng Concert Shares not to, accept the Offer; and (ii) Mr. Cheng that, among others, he will, and will procure the holders of the Relevant Shares to, accept the Offer and he will exercise or procure the exercise of the voting rights attached to the Cheng Concert Shares to vote in person or by proxy in favour of any resolution (by way of poll) which is necessary to implement or otherwise relates to the Offer and the Whitewash Waiver
“Last Trading Day”	4 October 2024, being the last full trading day in the Shares immediately prior to the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 June 2025
“Maximum Number”	150,858,120 Shares, being the maximum number of Shares to be bought-back pursuant to the Offer, representing approximately 15.00% of the entire issued share capital of the Company as at the date of this announcement
“Minimum Number”	100,572,079 Shares, being the minimum number of Shares to be bought-back pursuant to the Offer, representing approximately 10.00% of the entire issued share capital of the Company as at the date of this announcement
“Mr. Cheng”	Mr. Cheng Liquan Richard (程里全), a non-executive Director
“Mr. Zeng”	Mr. Zeng Zhijun (曾之俊), chairman of the Board, executive Director and chief executive officer
“Mr. Zeng Concert Parties”	Mr. Zeng, Best Dawn, Asia Environment and parties acting in concert with any of them
“NAV”	net asset value
“Offer”	a conditional voluntary cash offer to be made by CLSA Limited on behalf of the Company to buy-back Shares up to the Maximum Number at the Offer Price from the Shareholders

“Offer Document”	a circular to the Shareholders (comprising, amongst others, the document containing the Offer, a notice of the EGM, form of proxy for voting at the EGM and the Form of Acceptance) to be issued by the Company in connection with the Offer and the Whitewash Waiver
“Offer Period”	has the meaning ascribed thereto under the Codes and commencing from the date of this announcement
“Offer Price”	HK\$1.20 per Share
“Option(s)”	the share option(s), each relating to one Share, granted and outstanding under the Share Option Scheme from time to time
“Overseas Shareholder(s)”	Shareholder(s), whose addresses as shown on the register of members of the Company are outside Hong Kong
“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)
“Pre-IPO Share Award Scheme”	the Pre-IPO share award scheme adopted by the Company pursuant to a resolution passed by the Directors on 15 April 2016, through which a total of 25,000,000 shares at a par value of US\$0.00001 each were issued to Tricor, as the trustee, on 11 May 2016
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) in the share capital of the Company
“Share Buy-backs Code”	the Hong Kong Code on Share Buy-backs
“Share Option Scheme”	the share option scheme approved and adopted by the Company on 29 December 2020
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	shall have the meaning as ascribed to it under the Listing Rules

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trustee” or “Tricor”	Tricor Trust (Hong Kong) Limited, who hold the Shares granted under the Pre-IPO Share Award Scheme for the benefit of the eligible employees as a trustee
“Whitewash Waiver”	the whitewash waiver pursuant to Note 1 on dispensations to Rule 26.1 of the Takeovers Code of the obligations on the part of Mr. Zeng to make a general offer for all the Shares not already owned or agreed to be acquired by Mr. Zeng Concert Parties, which may otherwise arise as a result of the completion of the Offer
“World Hero”	World Hero International Limited, a company wholly-owned by Mr. Cheng
“%”	percentage

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

Beijing, PRC, 23 October 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. Li Tao, Prof. Yu Wayne W. and Ms. Zhang Fan.

All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.