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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in doubt as to any aspect of the Offer, this Offer Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

If you have sold or transferred all your shares in **China Boqi Environmental (Holding) Co., Ltd.**, you should at once hand this Offer Document and the accompanying Form of Acceptance to the purchaser or transferee or to the licensed securities dealer, registered institution in securities, bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This Offer Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Offer Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offer Document and the accompanying Form of Acceptance.

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**China Boqi Environmental (Holding) Co., Ltd.**  
**中國博奇環保(控股)有限公司**

*(Incorporated in 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) NOTICE OF EGM**

**Exclusive Financial Adviser to the Company**



**Independent Financial Adviser**



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Capitalised terms used on this cover page shall have the meanings given to them in the section headed "Definitions" in this Offer Document.

A letter from the Board is set out on pages 8 to 22 of this Offer Document. A letter from CLSA Limited containing, among other things, details of the terms of the Offer is set out on pages 23 to 35 of this Offer Document. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 36 to 37 of this Offer Document. A letter from Gram Capital containing its opinion and advice to the Independent Board Committee is set out on pages 38 to 58 of this Offer Document.

A notice convening the EGM to be held at the conference room of the Company at 10/F, CCT Center, No. 5 Laiguangying West Road, Chaoyang District, Beijing, the PRC on Friday, 20 December 2024 at 10:30 a.m. is set out on pages EGM-1 to EGM-3 of this Offer Document. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 10:30 a.m. on Wednesday, 18 December 2024. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

29 November 2024

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## EXPECTED TIMETABLE

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*The expected timetable set out below is indicative only and further announcement(s) by the Company will be made in the event of any changes as and when appropriate. All time and date references contained in this Offer Document and the Form of Acceptance refer to Hong Kong time and dates.*

<b>Event</b>	<b>Time &amp; Date</b>
Despatch date of this Offer Document and the notice of EGM, form of proxy, Form of Acceptance and Offer open for acceptance . . . . .	Friday, 29 November 2024
Latest time for lodging transfer of Shares to qualify for attendance at the EGM . . . . .	4:30 p.m. on Monday, 16 December 2024
Register of Members closes. . . . .	Tuesday, 17 December 2024 to Friday, 20 December 2024 (both dates inclusive)
Latest time for lodging form of proxy for the EGM . . . . .	10:30 a.m. on Wednesday, 18 December 2024
EGM . . . . .	10:30 a.m. on Friday, 20 December 2024
First Closing Date <sup>(Note 1)</sup> . . . . .	Friday, 20 December 2024
Latest time and date for the acceptance of the Offer on the First Closing Date <sup>(Note 1)</sup> . . . . .	4:00 p.m. on Friday, 20 December 2024
Announcement of the results of the Offer and the EGM as at the First Closing Date to be posted on the website of the Stock Exchange <sup>(Note 1)</sup> . . . . .	no later than 7:00 p.m. on Friday, 20 December 2024
Latest time and date for the acceptance of the Offer (assuming that the Offer becomes or is declared unconditional as to acceptances on the First Closing Date) (i.e. the Final Closing Date) <sup>(Note 2)</sup> . . . . .	4:00 p.m. on Friday, 3 January 2025

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## EXPECTED TIMETABLE

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Announcement of the results of the Offer as at the Final Closing Date to be posted on the website of the Stock Exchange <sup>(Note 3)</sup> .....	7:00 p.m. on Friday, 3 January 2025
Record Date.....	Friday, 3 January 2025
Designated agent starts to stand in the market to provide matching services for sale and purchase of odd lots holdings of Shares (assuming that the Offer becomes or is declared unconditional as to acceptances on the First Closing Date) .....	9:00 a.m. on Monday, 6 January 2025
Latest date for posting of remittances for amounts due in respect of valid acceptances received under the Offer at or before 4:00 p.m. on the Final Closing Date (assuming that the Offer becomes or is declared unconditional as to acceptances on the First Closing Date) <sup>(Note 4)</sup> .....	Tuesday, 14 January 2025
Latest date for despatch of share certificate(s) and/or any transfer receipt(s) and other document(s) of title for Shares tendered but not taken up or share certificate(s) in respect of the balance of such Shares (assuming that the Offer becomes or is declared unconditional as to acceptances on the First Closing Date) .....	Tuesday, 14 January 2025
Latest time and date by which the Offer can become or be declared unconditional as to acceptances <sup>(Note 2)</sup> .....	7:00 p.m. on Tuesday, 28 January 2025
Latest date for despatch of share certificate for those Shares tendered but not purchased under the Offer if the Offer has not become unconditional <sup>(Note 2)</sup> .....	Tuesday, 11 February 2025
Designated agent ceases to stand in the market to provide matching services for sale and purchase of odd lots holdings of Shares (assuming that the Offer becomes or is declared unconditional as to acceptances on the First Closing Date).....	4:00 p.m. on Monday, 17 February 2025

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## EXPECTED TIMETABLE

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*Notes:*

1. The Offer must remain open for at least 21 days following the Despatch Date. The Company will issue an announcement on the Stock Exchange's website by 7:00 p.m. on the First Closing Date, stating the results of the EGM and the Offer and whether the Offer has been revised or extended, has expired or has become or is declared unconditional. Where the Offer becomes or is declared unconditional in all respects, the Offer will remain open for acceptance for not less than 14 days thereafter in accordance with the Takeovers Code. If the Offer does not become, or is not declared, unconditional within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Share Registrar will be returned to the Shareholders who have accepted the Offer by ordinary post at the Shareholders' own risk as soon as possible but in any event no later than seven (7) business days after the Offer has lapsed.
2. Where the Offer becomes or is declared unconditional in all respects, the Offer will remain open for acceptance for 14 days in accordance with the Takeovers Code, but will not be further extended. Accordingly, if the Offer is declared unconditional in all respects on the First Closing Date, the Final Closing Date will be Friday, 3 January 2025. In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the Despatch Date.
3. The announcement of the results of the Offer will be issued by the Company and posted on the Stock Exchange's website by 7:00 p.m. on the Final Closing Date. Such announcement will comply with the disclosure requirements under Rule 19.1 of the Takeovers Code and will include, among other things, the results of the Offer and details of the way in which each accepting Shareholder's pro rata entitlement was determined.
4. Remittances in respect of the Shares tendered for acceptance and taken up by the Company under the Offer (after deducting the seller's ad valorem stamp duty arising therefrom and, if applicable, the fees payable to the Share Registrar in respect of lost or unavailable Share certificates) will be posted to the relevant Shareholders by ordinary post at their own risk as soon as possible, but in any event no later than seven business days following the Final Closing Date.
5. If there is a tropical cyclone warning signal number 8 or above or "extreme conditions" caused by super typhoon or a black rainstorm warning (collectively, "**severe weather conditions**") on any of the following deadlines ("**Key Deadlines**"):
  - a. the First Closing Date, the Final Closing Date, the latest time for acceptance of the Offer and the submission and publication deadline for a closing announcement;
  - b. the latest time and date by which the Offer can become or be declared unconditional;
  - c. the last day for the Company to despatch or post relevant share certificates or make the share certificates available for collection; and
  - d. the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances,
    - (i) in case any severe weather condition is in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon and/or thereafter on any Key Deadline, such Key Deadline will remain on the same Business Day; or
    - (ii) in case any severe weather condition is in force in Hong Kong at any local time at 12:00 noon and/or thereafter on any Key Deadline, such Key Deadline will be rescheduled to the following Business Day which does not have any of those warnings or conditions in force in Hong Kong at any time at 12:00 noon and/or thereafter or such other day as the Executive may approve in accordance with the Takeovers Code.

Save as mentioned above, if the latest time for acceptance of the Offer does not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Company will notify the Shareholders by way of announcement(s) in the event of any change to the expected timetable as and when appropriate.

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## DEFINITIONS

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*In this Offer Document, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings. Also, where terms are defined and used in only one section of this Offer Document, those defined terms are not included in the table 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
“Announcement”	the announcement of the Company dated 23 October 2024 in relation to, among other things, the Offer and the application for the Whitewash Waiver
“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
“associate(s)”	has the meaning ascribed thereto in the Codes
“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
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“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
“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, 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)

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## DEFINITIONS

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“CLSA Limited”	CLSA Limited, the agent making the Offer on behalf of the Company and a 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, 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 Offer Document 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 and held at the conference room of the Company at 10/F, CCT Center, No. 5 Laiguangying West Road, Chaoyang District, Beijing, the PRC on Friday, 20 December 2024 at 10:30 a.m., 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 this Offer Document

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## DEFINITIONS

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“First Closing Date”	20 December 2024, 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 this 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
“HKSCC”	HKSCC Nominees Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 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”	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



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## DEFINITIONS

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“Irrevocable Undertakings”	<p>the irrevocable undertakings dated 23 October 2024 given by:</p> <ul style="list-style-type: none"><li>(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</li><li>(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</li></ul>
“Last Trading Day”	<p>4 October 2024, being the last full trading day in the Shares immediately prior to the date of the Announcement</p>
“Latest Acceptance Time”	<p>the latest time for receipt by the Registrar of the Form of Acceptance (assuming that the Offer becomes or is declared unconditional as to acceptances on the First Closing Date on 20 December 2024) submitted by the Shareholders, being 4:00 p.m on 3 January 2025, or such later date as the Company may announce in accordance with the requirements of the Codes</p>
“Latest Practicable Date”	<p>26 November 2024, being the latest practicable date for the purpose of ascertaining certain information referred to in this Offer Document prior to its printing</p>
“Listing Rules”	<p>the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</p>
“Long Stop Date”	<p>30 June 2025</p>
“Maximum Number”	<p>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 Latest Practicable Date</p>

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## DEFINITIONS

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“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 Latest Practicable Date
“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
“Mr. Zhu”	Mr. Zhu Weihang (朱偉航), a non-executive Director
“NAV”	net asset value
“Offer”	a conditional voluntary cash offer 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”	this document 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) 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 the 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

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## DEFINITIONS

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“PRC”	the People’s Republic of China (for the purpose of this Offer Document, 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
“Record Date”	the record date for the Offer, i.e. 3 January 2025
“Registrar”	Tricor Investor Services Limited, the Company’s share registrar in Hong Kong
“Relevant Period”	the period from 23 April 2024 (being the date falling six months prior to 23 October 2024, the commencement date of the Offer Period) up to and including the Latest Practicable Date
“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

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## DEFINITIONS

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“Title Document(s)”	the relevant Share certificate(s), transfer receipt(s) and/or other document(s) of title with respect to ownership(s) of the Share(s) (and/or any satisfactory indemnity or indemnities required in respect thereof)
“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
“US\$”	United States dollars, the lawful currency of the United States
“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
“%”	per cent.

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LETTER FROM THE BOARD

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**China Boqi Environmental (Holding) Co., Ltd.**

**中國博奇環保(控股)有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 2377)**

*Executive Directors:*

Mr. Zeng Zhijun (*Chairman*)  
Mr. Liu Genyu  
Ms. Qian Xiaoning

*Registered Office:*

PO Box 309, Ugland House  
Grand Cayman KY1-1104  
Cayman Islands

*Non-executive Directors:*

Mr. Cheng Liquan Richard  
Mr. Zheng Tony Tuo  
Mr. Zhu Weihang  
Mr. Chen Xue

*Headquarters and Principal Place of*

*Business in Hong Kong:*  
40/F, Dah Sing Financial Centre  
248 Queen's Road East  
Wanchai, Hong Kong

*Independent non-executive Directors:*

Dr. Xie Guozhong  
Mr. Li Tao  
Prof. Yu Wayne W.  
Ms. Zhang Fan

*Headquarters in PRC:*

9-10/F, CCT Center  
No. 5 Laiguangying West Road  
Chaoyang District  
Beijing, the PRC

29 November 2024

*To the Shareholders:*

Dear Sir or Madam,

**(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) NOTICE OF EGM**

**1. INTRODUCTION**

On 23 October 2024, the Board announced that a conditional voluntary cash offer would 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 Latest Practicable Date at a cash consideration of HK\$1.20 per Share.

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## LETTER FROM THE BOARD

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CITICS HK has been appointed as the financial adviser to the Company in respect of the Offer, and Gram Capital has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee on the Offer and the Whitewash Waiver.

The purpose of this Offer Document is to provide you with, among other things, (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 Gram Capital 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.

### **2. THE OFFER**

The number of Shares to be bought-back by CLSA Limited on behalf of the Company at the price of HK\$1.20 per Share will not exceed the Maximum Number, being 150,858,120 Shares, representing approximately 15.00% of the issued share capital of the Company as at the Latest Practicable Date.

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.

### **3. THE OFFER PRICE**

The Offer Price of HK\$1.20 values the entire issued share capital of the Company as at the Latest Practicable Date (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;

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## LETTER FROM THE BOARD

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- (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 premium of approximately 36.36% over the closing price of HK\$0.88 per Share as quoted on the Stock Exchange on 26 November 2024 (being the Latest Practicable Date);
- (h) a premium of approximately 36.67% over HK\$0.88 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 Latest Practicable Date;
- (i) 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 10 consecutive trading days up to and including the Latest Practicable Date;
- (j) a premium of approximately 34.03% over HK\$0.90 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 Latest Practicable Date;
- (k) a premium of approximately 51.20% over HK\$0.79 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 Latest Practicable Date;
- (l) a premium of approximately 59.08% over HK\$0.75 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 Latest Practicable Date;
- (m) 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.

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## LETTER FROM THE BOARD

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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.**

#### 4. 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.

#### 5. CONDITIONS OF THE OFFER

The Offer is 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.



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## LETTER FROM THE BOARD

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### 6. IRREVOCABLE UNDERTAKINGS

As at the Latest Practicable Date, (i) Mr. Zeng Concert Parties was beneficially interested in 278,636,331 Shares, representing approximately 27.71% of the total issued Shares as at the Latest Practicable Date; 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 Latest Practicable Date.

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 the 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 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 the 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 the 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 the 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 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.

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## LETTER FROM THE BOARD

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### 7. IMPLICATIONS UNDER THE CODES AND APPLICATION FOR WHITEWASH WAIVER

As at the Latest Practicable Date, 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 has been 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 Executive has indicated that, subject to, among others, the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the EGM by way of poll, the Executive will grant the Whitewash Waiver to waive any obligation of Mr. Zeng, Best Dawn and Asia Environment to make a general offer which might result from completion of the Offer.

The Offer is 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 Latest Practicable Date, 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). 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.

## LETTER FROM THE BOARD

### 8. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the Company's shareholding structure (i) as at the Latest Practicable Date; 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 Latest Practicable Date 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 Latest Practicable Date 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 Latest Practicable Date 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 Latest Practicable Date 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 Latest Practicable Date to the Final Closing Date and assuming all Shares bought back are cancelled:

Shareholders	As at the Latest Practicable Date		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 Latest Practicable Date 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 % of shareholding <sup>(1)</sup>	Number of Shares	Approximate % of shareholding <sup>(1)</sup>	Number of Shares	Approximate % of shareholding <sup>(1)</sup>	Number of Shares	Approximate % of shareholding <sup>(1)</sup>
<b>Mr. Zeng Concert Parties<sup>(2)</sup></b>								
• Best Dawn Limited	255,695,143	25.42	255,695,143	28.25	255,695,143	29.91	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	2.66
<b>Subtotal</b>	<b>278,636,331</b>	<b>27.71</b>	<b>278,636,331</b>	<b>30.78</b>	<b>278,636,331</b>	<b>32.59</b>	<b>278,636,331</b>	<b>32.35</b>
<b>Other core connected persons</b>								
• Qian Xiaoning <sup>(3)</sup>	—	—	—	—	—	—	3,270,000 <sup>(8)</sup>	0.38
• Cheng Liqun Richard <sup>(4)</sup>	168,534,580	16.76	144,928,598	16.01	133,125,607	15.57	133,125,607	15.45
• Zhu Weihang <sup>(5)</sup>	152,170,529	15.13	130,856,596	14.46	120,199,629	14.06	120,199,629	13.95
• Sinopec Overseas Investment Holding Limited	—	—	—	—	—	—	—	—
<b>(“Sinopec”)<sup>(6)</sup></b>	110,294,118	10.97	94,845,651	10.48	87,121,417	10.19	87,121,417	10.11
<b>Other Shareholders</b>								
• Trustee <sup>(7)</sup>	9,051,500	0.90	9,051,500	1.00	9,051,500	1.06	9,051,500	1.05
• Public Shareholders	287,033,741	28.54	246,830,044	27.27	226,728,195	26.52	229,996,695 <sup>(8)</sup>	26.70
<b>Total</b>	<b>1,005,720,799</b>	<b>100.00</b>	<b>905,148,720</b>	<b>100.00</b>	<b>854,862,679</b>	<b>100.00</b>	<b>861,401,179</b>	<b>100.00</b>

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## LETTER FROM THE BOARD

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*Notes:*

1. All percentages rounded to two decimal places. The percentage figures included in this table have been subject to rounding adjustments.
2. 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 Latest Practicable Date.
3. 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 Latest Practicable Date; and (ii) 3,270,000 Shares pursuant to the share option scheme adopted by the Company on 29 December 2020.
4. 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 Latest Practicable Date, 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 Latest Practicable Date.
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 Latest Practicable Date, members of the CITICS Group (other than members of the CITICS Group acting in the capacity of exempt principal traders, exempt fund managers or Shares held on behalf of non-discretionary investment clients) did not hold any Shares.
10. As at the Latest Practicable Date, 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%.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, 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.

### 9. 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 Latest Practicable Date, 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 Latest Practicable Date.

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 reports of the Company for the years ended 31 December 2022 and 2023:

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

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.

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## LETTER FROM THE BOARD

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### 10. 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 Latest Practicable Date up to and including the Final Closing Date), dividend yield ratio calculated by the closing price as at the trading day immediately preceding the Latest Practicable Date 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 Latest Practicable Date 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.



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## LETTER FROM THE BOARD

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**(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, but including the members of the Independent Board Committee, whose views have been included in this Offer Document after taking advice from Gram Capital) 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.

### **11. FINANCIAL EFFECTS OF THE OFFER**

The unaudited pro forma financial information of the Group upon completion of the Offer illustrating the financial impact of the Offer on (i) the net assets per Share, (ii) earnings per Share (basic and diluted), (iii) liabilities and (iv) working capital (expressed as net current assets) of the Group is set out in Appendix III of this Offer Document.

Based on the unaudited pro forma financial information of the Group as set out in Appendix III of this Offer Document and assuming that the Offer had been completed on 30 June 2024, 1 January 2024 or at any future date and the Maximum Number of Shares have been bought-back, as a result of the completion, (i) the net asset value attributable to owners of the Company per Share as at 30 June 2024 would increase by approximately 11.21% from approximately HK\$3.48 per Share to approximately HK\$3.87 per Share; (ii) the basic earnings per Share for the six months ended 30 June 2024 would increase by approximately 17.85% from approximately HK\$12.55 cents to approximately HK\$14.79 cents and the diluted earnings per Share for the six months ended 30 June 2024 would increase by approximately 17.75% from approximately HK\$12.51 cents to approximately HK\$14.73 cents; (iii) the consolidated total liabilities of the Group as at 30 June 2024 will remain unchanged at approximately HK\$2,096,505,000; and (iv) the working capital (expressed as net current assets) of the Group as at 30 June 2024 will decrease by approximately 16.26% from approximately

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## LETTER FROM THE BOARD

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HK\$1,154,232,000 to approximately HK\$966,502,000 and the current ratio (computed from current assets divided by current liabilities) of the Group will decrease by approximately 6.24% from approximately 1.62 times to approximately 1.52 times.

Based on the above and having considered the funding of the Offer, the Company considers that there is no material adverse effect on the Group's net assets per Share, earnings per Share (basic and diluted), liabilities and working capital as a result of the Offer.

### **12. FURTHER INTENTION IN RELATION TO THE GROUP AND MR. ZENG CONCERT PARTIES**

Completion of the Offer will not result in a change in the businesses of the Group or in the composition of the Board. The Company intend to continue with the existing businesses of the Group and do not intend to introduce any major changes to the businesses of the Group nor conduct any redeployment of the fixed assets of the Group. Accordingly, there will be no material change to the existing businesses and employment of the existing employees of the Group as a result of the Offer.

The Company is confident in the long-term prospects of the business of the Group. As at the Latest Practicable Date, 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), it is expected that 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 Latest Practicable Date) 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 (being 25% of the Company's total number of issued Shares).

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 Latest Practicable Date, 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.

The Company has no intention to rely on sections 705, 711 to 716 and 718 to 721 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) or any comparable company law in the Cayman Islands in relation to right of compulsory acquisition of Shares held by minority Shareholders after the Offer.



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## LETTER FROM THE BOARD

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### 13. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Company intends to remain listed on the Stock Exchange. The Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

### 14. EXTRAORDINARY GENERAL MEETING

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 Latest Practicable Date) and Trustee, no Shareholder will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver at the EGM.

The EGM will be convened at 10/F, CCT Center, No. 5 Laiguangying West Road, Chaoyang District, Beijing, the PRC at 10:30 a.m. on Friday, 20 December 2024 for the Independent Shareholders to consider and, if thought fit, approve the resolutions in respect of the Offer and the Whitewash Waiver.

A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this Offer Document and a form of proxy for use at the EGM is also enclosed. Whether or not you intend to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Registrar not later than 48 hours before the time appointed for holding the EGM or any adjournment or postponement thereof (as the case may be). Such form of proxy for use at the EGM is also published on the respective websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinaboqi.com](http://www.chinaboqi.com)). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or at any adjournment or postponement thereof (as the case may be) in person should you so wish.

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## LETTER FROM THE BOARD

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The Independent Board Committee comprising the three non-executive Directors who are not interested in the Offer, namely Mr. Zheng Tony Tuo, Mr. Zhu 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.

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

### **WARNING:**

**Independent Shareholders should note that their decisions on how to vote on the resolutions to be proposed at the EGM to approve the Offer and the Whitewash Waiver shall not affect their decisions on whether to accept the Offer or not. Even if they vote in favour of or against the resolutions to be proposed at the EGM, they are free nonetheless to accept or not to accept the Offer.**

### **15. RECOMMENDATION**

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 36 to 37 of this Offer Document and to the letter from Gram Capital as set out on pages 38 to 58 of this Offer Document. The latter contains, among other things, the advice of Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the Offer and the Whitewash Waiver and the principal factors and reasons considered by it in arriving at such advice. Taking into account the letter from the Independent Board Committee and all other factors as stated under the section headed “Reasons for and benefits of the Offer” above as a whole, the Board is of the opinion that the terms of the Offer and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned. The Board therefore recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM approving the Offer and the Whitewash Waiver.

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## LETTER FROM THE BOARD

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### 16. ADDITIONAL INFORMATION

Your attention is also drawn to the terms of the Offer as set out in the letter from CLSA Limited on pages 23 to 35 and in Appendix I to this Offer Document, the financial information of the Group as set out in Appendix II to this Offer Document, the unaudited pro forma financial information of the Group as set out in Appendix III to this Offer Document, and the general information on the Group as set out in Appendix IV to this Offer Document.

**Shareholders and potential investors should note that the Offer is subject to all of the Conditions being satisfied in full or waived on or before the Long Stop Date and, therefore, may or may not become unconditional. 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.**

Yours faithfully,

On behalf of the Board

**China Boqi Environmental (Holding) Co., Ltd.**

**Zeng Zhijun**

*Chairman, Executive Director and Chief Executive Officer*

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## LETTER FROM CLSA LIMITED

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**CLSA LIMITED**  
18/F One Pacific Place  
88 Queensway  
Hong Kong

29 November 2024

*To the Shareholders:*

Dear Sir or Madam,

**(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) NOTICE OF EGM**

### **INTRODUCTION**

On 23 October 2024, the Board announced that a conditional voluntary cash offer would 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 Latest Practicable Date at a cash consideration of HK\$1.20 per Share.

The Shares to be bought-back by the Company will not exceed the Maximum Number and subject to the Minimum Number, being 100,572,079 Shares. If the Offer is fully accepted, it will result in the Company paying HK\$181,029,744 in aggregate to the Accepting Shareholders, which will be paid in cash.

This letter sets out details of the terms of the Offer. Further details of the terms and conditions of the Offer are set out in Appendix I to this Offer Document and the accompanying Form of Acceptance.

Your attention is drawn to the “Letter from the Board” as set out on pages 8 to 22 of this Offer Document. You are also strongly advised to read the “Letter from the Independent Board Committee” as set out on pages 36 to 37 of this Offer Document which contains its recommendation to the Independent Shareholders in respect of the Offer and the Whitewash Waiver, and the “Letter from Gram Capital” as set out on pages 38 to 58 of this Offer Document containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Offer and the Whitewash Waiver.

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## LETTER FROM CLSA LIMITED

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### TERMS OF THE OFFER

The Offer is being made by CLSA Limited on behalf of the Company subject to fulfilment of the Conditions to buy-back the Shares on the following basis up to the Maximum Number, being 150,858,120 Shares.

For every Share HK\$1.20 in cash

All Shareholders are entitled to accept the Offer by submitting the Forms of Acceptance for the sale of any number of their Shares to the Company.

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;

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## LETTER FROM CLSA LIMITED

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- (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. If the Offer is declared unconditional, the Shareholders will be able to tender their Shares for acceptance under the Offer for a period of 14 days thereafter.

### **THE OFFER PRICE**

The Offer Price of HK\$1.20 values the entire issued share capital of the Company as at the Latest Practicable Date (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;

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## LETTER FROM CLSA LIMITED

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- (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 premium of approximately 36.36% over the closing price of HK\$0.88 per Share as quoted on the Stock Exchange on 26 November 2024 (being the Latest Practicable Date);
- (h) a premium of approximately 36.67% over HK\$0.88 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 Latest Practicable Date;
- (i) 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 10 consecutive trading days up to and including the Latest Practicable Date;
- (j) a premium of approximately 34.03% over HK\$0.90 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 Latest Practicable Date;
- (k) a premium of approximately 51.20% over HK\$0.79 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 Latest Practicable Date;
- (l) a premium of approximately 59.08% over HK\$0.75 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 Latest Practicable Date;
- (m) 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.

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## LETTER FROM CLSA LIMITED

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### HIGHEST AND LOWEST SHARE PRICES

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.03 on 3 October 2024 and 4 October 2024, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.61 on 2 July 2024 and 5 July 2024.

### 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 is 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.



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## LETTER FROM CLSA LIMITED

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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.

### 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.

### IRREVOCABLE UNDERTAKINGS

As at the Latest Practicable Date, (i) Mr. Zeng Concert Parties was beneficially interested in 278,636,331 Shares, representing approximately 27.71% of the total issued Shares as at the Latest Practicable Date; 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 Latest Practicable Date.

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 the 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

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## LETTER FROM CLSA LIMITED

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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 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 the 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 the 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 the 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 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.

### **WHITEWASH WAIVER**

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

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## LETTER FROM CLSA LIMITED

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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 has been 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 Executive has indicated that, subject to, among others, the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the EGM by way of poll, the Executive will grant the Whitewash Waiver to waive any obligation of Mr. Zeng, Best Dawn and Asia Environment to make a general offer which might result from completion of the Offer.

The Offer is 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 Latest Practicable Date, 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). 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.

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## LETTER FROM CLSA LIMITED

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### PROCEDURES FOR ACCEPTANCE

The Offer is open for acceptance from the date of this Offer Document. If the Conditions are satisfied, the Offer will be open for acceptance for a period of 14 days after the Offer has become unconditional. However, payment of the Offer will only be made after the Final Closing Date. The cheques for the payment of consideration under the Offer will not be despatched until after the Form of Acceptance is completed in all respects and the Title Documents have been received by the Registrar. Assuming the Offer has become unconditional, Shares tendered under the Offer shall be paid for by the Company as soon as possible but in any event no later than 7 Business Days after the Final Closing Date.

In order to accept the Offer, Shareholders should complete and return the accompanying Form of Acceptance in accordance with the instructions set out in this Offer Document and the instructions printed on the Form of Acceptance. The instructions in this Offer Document should be read together with the instructions on the Form of Acceptance (which instructions form part of the terms and conditions of the Offer).

In order to be valid, the completed Form of Acceptance should be forwarded, together with the Title Documents for not less than the number of Shares in respect of which the relevant Shareholder wishes to accept the Offer, by post or by hand to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in an envelope marked “China Boqi Environmental (Holding) Co., Ltd. – 2024 Buy-back Offer” as soon as possible after receipt of the Form of Acceptance but in any event so as to reach the Registrar by no later than 4:00 p.m. on the First Closing Date or the Latest Acceptance Time (as the case may be), or such later time and/or date as the Company may, subject to the Takeovers Code, decide and announce.

Unless the Offer is extended or revised in accordance with the Takeovers Code, no Form of Acceptance received after 4:00 p.m. on the First Closing Date or the Latest Acceptance Time (as the case may be) will be accepted.

If the Form of Acceptance is executed by a person other than the registered holder, appropriate evidence of authority (e.g. a grant of probate or certified copy of a power of attorney) must be delivered to the Registrar with the completed Form of Acceptance.

No acknowledgement of receipt of any Form of Acceptance or Title Documents will be given.

The Company reserves the right, at its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in this Appendix I could have been properly given by the relevant Shareholder and, if such investigation is made and as a result the Company determines (for any reason) that any such representation and/or warranty could not have been properly given, such acceptance may be rejected as invalid.

Only one Form of Acceptance may be accepted from each Shareholder by the Registrar.

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## LETTER FROM CLSA LIMITED

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Acceptances duly received will become irrevocable and cannot be withdrawn after the Offer has been declared unconditional unless in accordance with Rule 19.2 of the Takeovers Code.

### 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 availability of the Offer to any Overseas Shareholders may be affected by the applicable laws, regulations and rules of their relevant jurisdictions of residence. The Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers in the relevant jurisdictions.

**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.**

As at the Latest Practicable Date, save for Best Dawn, the addresses of all Shareholders shown in the register of members of the Company were inside Hong Kong.

### 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.

For this purpose, Prudential Brokerage Limited, whose address is at Room 901-904, World-wide House, 19 Des Voeux Road C, Central, Hong Kong (telephone number: (852)21433808 during office hours (i.e. 9:30 a.m. to 4:00 p.m.)) has been appointed by the Company as the designated broker to match sales and purchases of odd lot holdings of Shares in the market for a reasonable period after the 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. Shareholders are recommended to make an appointment in advance by dialing the telephone number of (852)21433808 as indicated above to purchase/sell the odd lot Shares. Shareholders should note that the matching of odd lots is not guaranteed. Further details of the related arrangements will be announced after the Offer has become unconditional, as and if appropriate.

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## LETTER FROM CLSA LIMITED

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### **NOMINEE REGISTRATION OF SHARES**

Shareholders whose Shares are held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the Register of Members. To ensure equality of treatment of all Qualifying Shareholders, those registered holders of the Shares who hold the 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 the beneficial owners of the Shares whose investments are registered in nominee names (including those whose interests in the 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 on or before the deadline set by their nominee agents. Shareholders with their Shares held by a nominee company may consider whether they would like to arrange registration of the relevant Shares in the name of the beneficial owner(s).

### **RESPONSIBILITY FOR DOCUMENTS**

All communications, notices, Acceptance Forms, Title Documents and remittances to be delivered or sent by, to or from any Shareholder will be delivered or sent by, to or from them, or their designated agents, at their risk and none of the Company, CITICS HK, CLSA Limited, the Registrar or any of their respective directors or any other person involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may rise as a result.

### **SETTLEMENT**

Subject to the Offer becoming unconditional and provided that a duly completed Form of Acceptance, accompanied by the relevant Title Documents are received by the Registrar by not later than 4:00 p.m. on the First Closing Date or the Latest Acceptance Time (as the case may be) and are or are deemed to be in order, the Registrar will inform the relevant Accepting Shareholder by ordinary post of the buy-back of its/his/her Shares. At the same time, the Registrar will send, by ordinary post at that Accepting Shareholder's risk, a remittance for such total amount as is due to that Accepting Shareholder under the Offer, subject to deduction of seller's ad valorem stamp duty pursuant to paragraph 5(e) in the section headed "Terms and Conditions of the Offer" below, as soon as possible, but in any event within 7 Business Days after the close of the Offer.

If the Shares of an Accepting Shareholder have not been bought-back by the Company in full, the Title Documents in respect of the balance of such Shares or a replaced certificate therefor will be returned or sent to it/him/her by ordinary post at its/his/her own risk, as soon as possible, but in any event within 7 Business Days after the close of the Offer.

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## LETTER FROM CLSA LIMITED

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If the Offer does not become unconditional, the Title Documents will be returned and/or sent to each Accepting Shareholder (by ordinary post, at that Accepting Shareholder's own risk) after 7 Business Days of the lapse of the Offer. Where any Accepting Shareholder has sent one or more transfer receipt(s) and in the meantime one or more Share certificate(s) has/have been collected on that Shareholder's behalf in respect thereof, that Accepting Shareholder will be sent (by ordinary post, at that Accepting Shareholder's own risk) such Share certificate(s) in lieu of the transfer receipt(s).

### **TAX IMPLICATIONS**

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptances of the Offer. It is emphasized that none of the Company, its ultimate beneficial owners and parties acting in concert with any of them, CLSA Limited, CITICS HK, Gram Capital, the Registrar or any of their respective directors or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptances of the Offer.

### **PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Company intends to remain listed on the Stock Exchange. The Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

### **EGM**

The notice of EGM is set out on pages EGM-1 to EGM-3 of this Offer Document. At the EGM, resolutions will be proposed for the purposes of considering and, if thought fit, approving the Offer and the Whitewash Waiver respectively.

Further details on the terms and conditions of the Offer including, among other things, procedures for acceptance and settlement, acceptance period and taxation matters, are set out in Appendix I to this Offer Document and in the Form of Acceptance.

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## LETTER FROM CLSA LIMITED

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You are strongly advised to consider carefully the information as contained in the “Letter from the Board”, the recommendation as contained in the “Letter from the Independent Board Committee” and the advice of Gram Capital as contained in the “Letter from Gram Capital” in this Offer Document, and to consult their professional advisers as they see fit.

Your attention is also drawn to the information as set out in the appendices to this Offer Document which form part of this Offer Document.

**It should be noted that dealings in the Shares will continue notwithstanding that any of the Conditions may remain unfulfilled, and that persons dealing in the Shares will bear the risk that the Offer may lapse.**

Yours faithfully,  
For and on behalf of  
**CLSA Limited**  
**Edmund Chan**



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter from the Independent Board Committee to the Independent Shareholders in respect of the Offer and the Whitewash Waiver for inclusion in this Offer Document.*



### **China Boqi Environmental (Holding) Co., Ltd.**

### **中國博奇環保(控股)有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 2377)**

29 November 2024

*To the Independent Shareholders:*

Dear Sir or Madam,

**(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  
AND  
(2) APPLICATION FOR WHITEWASH WAIVER**

We have been appointed as members of the Independent Board Committee to advise you in respect of the Offer and the Whitewash Waiver, details of which are set out in the “Letter from the Board” in the document of the Company dated 29 November 2024 (the “**Offer Document**”), of which this letter forms part. Gram Capital has been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser to advise it in relation to the Offer and the Whitewash Waiver. Capitalised terms used in this letter shall have the same meanings as defined in the Offer Document unless the context requires otherwise.

Your attention is drawn to the “Letter from CLSA Limited” as set out on pages 23 to 35 of the Offer Document and Appendix I of this Offer Document containing the principal terms of the Offer, and the “Letter from Gram Capital” as set out on pages 38 to 58 of the Offer Document, which contains its advice and recommendation to us in respect of the Offer and the Whitewash Waiver, as well as the principal factors and reasons for its advice and recommendation.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the factors and reasons considered by, and the opinion of, Gram Capital as stated in the aforementioned letter of advice, we are of the opinion that the terms of the Offer and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and that the Offer and the granting of the Whitewash Waiver, which is one of the Conditions, are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolutions to approve the Offer and the Whitewash Waiver at the EGM.

We also concur with the advice of Gram Capital and recommend the Independent Shareholders to accept the Offer. Notwithstanding our recommendations, the Independent Shareholders are advised to monitor the market price of the Shares carefully during the Offer Period. If any Independent Shareholder is able to identify any opportunity to sell his/her/its Shares in the open market where the net proceeds from such sale will exceed the net proceeds by accepting the Offer, such Independent Shareholder should consider not to accept the Offer and should seek to sell his/her/its Shares if he/she/it wishes to and is able to do so.

Yours faithfully,

For and on behalf of

**The Independent Board Committee**

**Mr. Zheng Tony Tuo**

*Non-executive Director*

**Mr. Zhu Weihang**

*Non-executive Director*

**Mr. Chen Xue**

*Non-executive Director*

**Dr. Xie Guozhong**

*Independent  
Non-executive  
Director*

**Mr. Li Tao**

*Independent  
Non-executive  
Director*

**Prof. Yu Wayne W.**

*Independent  
Non-executive  
Director*

**Ms. Zhang Fan**

*Independent  
Non-executive  
Director*

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## LETTER FROM GRAM CAPITAL

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Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee in respect of the Offer and the Whitewash Waiver for the purpose of inclusion in the Offer Document.



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

29 November 2024

To: *The independent board committee of  
China Boqi Environmental (Holding) Co., Ltd.*

Dear Sir/Madam,

**(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;  
AND  
(2) APPLICATION FOR WHITEWASH WAIVER**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and the Whitewash Waiver, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the Offer Document dated 29 November 2024 issued by the Company to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Offer Document unless the context requires otherwise.

On 23 October 2024 (the “**Announcement Date**”), the Board announced that a conditional voluntary cash offer would 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 the 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 approximately HK\$120.69 million assuming only the Minimum Number of Shares has been tendered for acceptance; or (b) a maximum of approximately HK\$181.03 million 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.

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## LETTER FROM GRAM CAPITAL

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As at the Latest Practicable Date, 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 has been 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 Executive has indicated that, subject to, among others, the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the EGM by way of poll, the Executive will grant the Whitewash Waiver to waive any obligation of Mr. Zeng, Best Dawn and Asia Environment to make a general offer which might result from completion of the Offer.

The Offer is 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.

The Independent Board Committee comprising the three non-executive Directors who are not interested in the Offer and the Whitewash Waiver, namely Mr. Zheng Tony Tuo, Mr. Zhu Weihang and Mr. Chen Xue (Mr. Cheng Liquan Richard, a non-executive Director, has given the Irrevocable Undertaking in relation to, among others, voting in favour of the Offer and the Whitewash Waiver at the EGM, and thus he is excluded from the Independent Board Committee), 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 formed to advise the Independent Shareholders on whether the Offer and the Whitewash Waiver are fair and reasonable and as to the acceptance and voting respectively. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer and the Whitewash Waiver pursuant to Rule 2.1 of the Takeovers Code. The appointment of Gram Capital as the Independent Financial Adviser has been approved by the Independent Board Committee.

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## LETTER FROM GRAM CAPITAL

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### INDEPENDENCE

Gram Capital was engaged as the independent financial adviser to the independent board committee and independent shareholders of the Company in relation to discloseable and connected transaction and continuing connected transactions of the Company, details of which are set out in the Company's circular dated 12 December 2023 (the "**Previous Acquisition and CCTs**"). Save for the aforesaid engagement, there was no other service provided by Gram Capital to the Company during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid engagement, we were not aware of any relationships or interests between Gram Capital and the Company, or any of the parties as prescribed under Rule 2.6 of the Takeovers Code during the past two years immediately preceding the commencement of the Offer Period up to and including the Latest Practicable Date that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

Besides, apart from the advisory fee payable to us in connection with this engagement as the Independent Financial Adviser and the aforesaid engagement in relation to the Previous Acquisition and CCTs, there is no arrangement whereby we shall be entitled to receive other fees or benefits from the Company, their subsidiaries and/or associates.

Having considered the above, in particular (i) none of the circumstances as set out under Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date; (ii) there were no relationships or interests between Gram Capital and the Company, or any of the parties as prescribed under Rule 2.6 of the Takeovers Code during the past two years immediately preceding the commencement of the Offer Period up to and including the Latest Practicable Date; and (iii) the aforesaid engagement in relation to the Previous Acquisition and CCTs was only independent financial advisory engagement, we are of the view that we are independent to act as the Independent Financial Adviser pursuant to Rule 13.84 of the Listing Rules and Rule 2.6 of the Takeovers Code.

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Offer Document and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Offer Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and

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## LETTER FROM GRAM CAPITAL

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facts contained in the Offer Document, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Offer and the Whitewash Waiver. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules and Rule 2 of the Takeovers Code.

Your attention is drawn to the responsibility statements as set out in the section headed "1. RESPONSIBILITY STATEMENT" of Appendix IV to the Offer Document. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Offer Document, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Mr. Zeng or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Offer and the Whitewash Waiver.

Our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the Offer and the Whitewash Waiver, we have taken into consideration the following principal factors and reasons:

#### **1. Background and terms of the Offer**

On 23 October 2024, the Board announced that a conditional voluntary cash offer would 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 Latest Practicable Date at a cash consideration of HK\$1.20 per Share.

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The Offer will be made in full compliance with the Codes. The consideration for the Offer, being (a) a minimum of approximately HK\$120.69 million assuming only the Minimum Number of Shares has been tendered for acceptance; or (b) a maximum of approximately HK\$181.03 million 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.

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 (i.e. the Zeng Concert Shares) respectively as at the Announcement Date; (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 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 in which he is the registered holder, beneficial owner or deemed to be interested in by virtue of the SFO (i.e. the Relevant Shares) as at the Announcement Date; (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 in which he is the registered holder, beneficial owner or deemed to be interested in by virtue of the SFO (i.e. 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 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.

Further details of the Offer are set out in Appendix I to the Offer Document.



## LETTER FROM GRAM CAPITAL

### 2. Background of the Group

#### 2.1 Financial information of the Group

With reference to the Board Letter, 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<sup>+</sup> in China.

As at the Latest Practicable Date, there are 1,005,720,799 Shares in issue. Save for the outstanding 6,538,500 share options granted under the Share Option Scheme, 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 Latest Practicable Date.

Set out below are the consolidated financial information of the Group for the two years ended 31 December 2023 and the six months ended 30 June 2024 (together with comparative figures) as extracted from the Company's annual report for the year ended 31 December 2023 (the "2023 Annual Report") and the Company's interim report for the six months ended 30 June 2024 (the "2024 Interim Report"):

	For the six months ended 30 June 2024 ("1H2024") RMB'000 (unaudited)	For the six months ended 30 June 2023 RMB'000 (unaudited)	Year-on- year change %	For the year ended 31 December 2023 ("FY2023") RMB'000 (audited)	For the year ended 31 December 2022 ("FY2022") RMB'000 (audited)	Year-on- year change %
Revenue	949,415	1,000,686	(5.12)	2,138,199	1,900,248	12.52
– Flue gas treatment	741,566	780,256	(4.96)	1,703,875	1,510,016	12.84
– Water treatment	89,849	162,432	(44.69)	317,583	270,878	17.24
– Hazardous and solid waste treatment/disposal	22,146	13,766	60.87	48,965	11,717	317.90
– Dual-carbon new energy <sup>+</sup>	95,854	44,232	116.71	67,776	107,637	(37.03)
Gross profit	199,270	202,105	(1.40)	436,100	390,778	11.60
Profit for the period/year attributable to owners of the parent	113,665	133,733	(15.01)	240,184	151,749	58.28



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## LETTER FROM GRAM CAPITAL

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### *FY2023*

According to the table above, the Group recorded revenue of approximately RMB2.14 billion for FY2023, representing an increase of approximately 12.52% as compared with that for FY2022. With reference to the 2023 Annual Report, such increase was mainly due to (i) the increase in the number of newly operated projects in certain business sectors; and (ii) the year-on-year increase in power generation of certain operation and maintenance (“O&M”) projects.

In addition, the Group recorded increases in gross profit and profit attributable to owners of the parent for FY2023 of approximately 11.60% and 58.28% respectively, as compared to those for FY2022. With reference to the 2023 Annual Report:

- (i) the aforesaid increase in gross profit for FY2023 was mainly due to (a) additional contracts were signed for certain environmental protection facility engineering (“EPC”) projects; and (b) the increase in the number of EPC projects and O&M projects in operation during FY2023 resulted in the increase in gross profit as compared with FY2022; and
- (ii) the aforesaid increase in profit attributable to owners of the parent for FY2023 was mainly due to (a) the aforesaid increases in revenue and gross profit; and (b) the decrease in other expense and losses for FY2023.

### *1H2024*

According to the table above, the Group’s revenue was approximately RMB949.42 million for 1H2024, representing a decrease of approximately 5.12% as compared to that for the corresponding period in 2023. With reference to the 2024 Interim Report, such decrease was mainly due to (i) certain existing projects were basically completed or entering the final stage of construction; and (ii) new projects were mostly concentrated in the power industry, which have long construction cycles and revenue recognition is relatively slow.

In addition, the Group also recorded decreases in gross profit and profit for 1H2024 attributable to owners of the parent of approximately 1.40% and 15.01% respectively, as compared to those for the corresponding period in 2023. With reference to the 2024 Interim Report:

- (i) the aforesaid decrease in gross profit for 1H2024 was mainly due to (a) certain existing projects were completed or entering the final stage of construction and revenue to be generated from final stage of construction normally represent a small portion to revenue generated for the whole project; (b) new projects were mostly concentrated in the power industry, which have long construction cycles and revenue and cost recognition is relatively slow; and (c) newly added O&M projects had lower gross profit margins with increased labor costs; and

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## LETTER FROM GRAM CAPITAL

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- (ii) the aforesaid decrease in profit for the period attributable to owners of the parent for 1H2024 was mainly due to (a) the aforesaid decreases in revenue and gross profit; and (b) the decrease in other income and gains, which was mainly due to the decrease in government grants, foreign exchanges gains and investment income of financial assets at fair value through profit or loss.

### 2.2 Industry overview

As advised by the Directors, the Group's core business (i.e. flue gas treatment business, representing approximately 79.46%, 79.69% and 78.11% of the Group's revenue for FY2022, FY2023 and 1H2024 respectively) is closely related to the thermal power generation (in particular coal-fired power generation) industry in the PRC. Hence, we searched for certain relevant indicators regarding the power generation industry in the PRC.

Set out below are the total installed power generation capacity in the PRC (together with the installed capacity of thermal power) as at the end of 2019, 2020, 2021, 2022 and 2023, as published by the National Energy Administration of the PRC:

	2019	2020	2021	2022	2023
<b>Total installed electric power generation capacity in the PRC (MW)</b>	2,010,660	2,200,580	2,376,920	2,564,050	2,919,650
<i>Year-on-year change (%)</i>	5.84	9.45	8.01	7.87	13.87
<b>– Installed capacity of thermal power in the PRC (MW)</b>	1,190,550	1,245,170	1,296,780	1,332,390	1,390,320
<i>Year-on-year change (%)</i>	4.10	4.59	4.14	2.75	4.35

According to the table above, the national installed capacity for electric power generation of the PRC grew continuously during the last five full years from 2019 to 2023, and reached approximately 2,919,650 MW in 2023, representing a compound annual growth rate (“CAGR”) of approximately 9.77%. In line with the continuous growth of the national installed capacity for electric power generation of the PRC, the installed capacity of thermal power also recorded year-on-year increase for each of the years 2020, 2021, 2022 and 2023 and remained as the largest power generation units in terms of installed capacity.

In addition, the PRC government also issued various policies regarding the PRC environmental protection industry, as summarised below:

On 19 July 2023, an article titled Opinion of the State Council of the PRC on Promoting the Development and Growth of the Private Economy\* (《中共中央國務院關於促進民營經濟發展壯大的意見》) was published on the official website of the State Council of the PRC, indicated that the state should support private enterprises to participate in promoting carbon peaking and carbon neutrality, provide carbon reduction technologies and services, increase investment in renewable energy power generation and energy storage, and participate in the trading of carbon emissions credits and energy consumption quota.

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## LETTER FROM GRAM CAPITAL

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On 30 November 2023, the State Council of the PRC issued the Action Plan for Continuous Improvement of Air Quality\* (《空氣質量持續改善行動計劃》), which stated that the PRC government need to strengthen multi-pollutant emission reduction, lower emission intensity effectively, steadily advance atmospheric ammonia pollution control, and enhance control of ammonia escape during industrial flue gas desulfurization and denitrification.

On 12 December 2023, the National Development and Reform Commission of the PRC, the Ministry of Housing and Urban-Rural Development of the PRC and the Ministry of Ecology and Environment of the PRC jointly issued the Implementation Opinions on Promoting Synergistic Efficiency in Pollution Reduction and Carbon Reduction in Sewage Treatment\* (《關於推進污水處理減污降碳協同增效的實施意見》), which stated that the PRC government should strengthen energy-saving and carbon-reduction in sewage treatment, increase financial support for upgrading projects to reduce pollution and carbon emissions, and promote the construction of green low-carbon benchmark plants for efficient energy and resource recycling in sewage treatment.

On 9 February 2024, the General Office of the State Council of the PRC issued the Opinions of the General Office of the State Council on Accelerating the Establishment of Waste Recycling System\* (《國務院辦公廳關於加快構建廢棄物循環利用體系的意見》), which stated that the PRC government should strengthen energy-saving and carbon-reduction efforts in sewage treatment, increase financial support for upgrading projects aimed at reducing pollution and carbon emissions in sewage treatment, and promote the construction of a series of green low-carbon benchmark plants for efficient energy and resource recycling.

On 18 March 2024, the National Energy Administration of the PRC issued the Guiding Opinions on Energy Work in 2024\* (《2024年能源工作指導意見》), which indicated that the PRC government should deepen the implementation of carbon peaking and carbon neutrality goals, take multiple measures to increase the proportion of non-fossil energy, optimize industry development policies to support the construction of a beautiful China through green energy development, consolidate and expand the positive development trend of wind and solar power and steadily advance the construction of large wind and solar power bases, and orderly promote the completion and commissioning of relevant projects.

On 29 May 2024, the State Council of the PRC issued the 2024-2025 Energy Conservation and Carbon Reduction Action Plan\* (《2024-2025年節能降碳行動方案》), which indicated that the PRC government should strictly and reasonably control coal consumption, strengthen clean and efficient coal use, promote low-carbon transformation and construction of coal power.

Having considered (i) the total installed power generation capacity in the PRC and the installed capacity of thermal power in the PRC grew continuously during the latest five years (2019 to 2023), which illustrated the demands for flue gas treatment; and (ii) the relevant PRC government-issued policies to stipulate and promote carbon reduction, low-carbon transformation and clean energy development, we are of the view that the prospects of the PRC environmental protection industry is generally positive.

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## LETTER FROM GRAM CAPITAL

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### 3. Intention in relation to the Group and Mr. Zeng Concert Parties

With reference to the Offer Document, 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 Latest Practicable Date, 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.

### 4. Reasons for and the benefits of the Offer

With reference to the Offer Document, the Company considered that (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; (ii) the Offer will result in an enhancement in the NAV per Share attributable to the owners of the Company; (iii) the Offer will demonstrate the Group's confidence in future development; and (iv) the Offer provides the Shareholders an opportunity to either exit from their investment or enjoy the benefits of enhanced Shareholder value.

The price of the Shares has historically been traded at significant discount ranged from approximately 58.09% to approximately 81.55% to the Group's net asset value attributable to owners of the Company per Share from 3 October 2022 (being approximately two years prior to the Last Trading Day) up to the Latest Practicable Date. During the period from 3 October 2023 (being approximately one year prior to the Last Trading Day) up to and including the Latest Practicable Date (the "**Shares Review Period**"), the highest closing price per Share as quoted on the Stock Exchange was HK\$1.03 on 3 October 2024 and 4 October 2024 (i.e. the date immediately prior to the Last Trading Day and the Last Trading Day) and the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.61 on 2 July 2024 and 5 July 2024. The closing price of HK\$1.03 per Share on the Last Trading Day (being the highest closing price per Share during the Shares Review Period) represents a discount of approximately 69.97% to the Group's net asset value attributable to owners of the parent of the Company of approximately RMB3.14 (equivalent to HK\$3.43) per Share as at 30 June 2024. Please refer to the section headed "5. The Offer Price" below for our further analysis.

Based on the unaudited pro forma financial information of the Group as set out in Appendix III to the Offer Document and assuming that the Offer had been completed on 30 June 2024, 1 January 2024 or at any future date and the Maximum Number of Shares have been bought-back, as a result of the completion of the Offer:

- (i) the net asset value attributable to owners of the Company per Share as at 30 June 2024 would increase by approximately 11.21% from approximately HK\$3.48 per Share to approximately HK\$3.87 per Share;

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## LETTER FROM GRAM CAPITAL

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- (ii) the basic earnings per Share for 1H2024 would increase by approximately 17.85% from approximately HK12.55 cents to approximately HK14.79 cents and the diluted earnings per Share for 1H2024 would increase by approximately 17.75% from approximately HK12.51 cents to approximately HK14.73 cents;
- (iii) the consolidated total liabilities of the Group as at 30 June 2024 will remain unchanged at approximately HK\$2,096.51 million; and
- (iv) the working capital (expressed as net current assets) of the Group as at 30 June 2024 will decrease by approximately 16.26% from approximately HK\$1,154.23 million to approximately HK\$966.51 million and the current ratio (computed from current assets divided by current liabilities) of the Group will decrease by approximately 6.24% from approximately 1.62 times to approximately 1.52 times.

Details of the calculation and the underlying assumptions are set out in Appendix III to the Offer Document.

In light of the above, we concur with the Directors that the Offer will:

- (i) provide an opportunity for the Shareholders either to tender Shares to realise 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; and
- (ii) have the effect of increasing the earning per Share, the rate of return on capital of the Company and the NAV per Share attributable to the owners of the Company upon completion of the Offer.

Although the Shareholders can increase their proportionate equity interests in the Company by retaining their shareholdings and participating in the future prospects of the Group with enhanced Shareholder value, the Offer Price of HK\$1.20 represents a premium over the closing price of the Shares on the Last Trading Day and a substantial premium over the average closing price of the Shares for the five, 10, 30, 60, 90 consecutive trading days up to and including the Last Trading Day, indicating that the Offer provides an excellent opportunity for the Shareholders to realize their investments in the Company.

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## LETTER FROM GRAM CAPITAL

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### 5. Offer Price

#### 5.1 Offer Price comparison

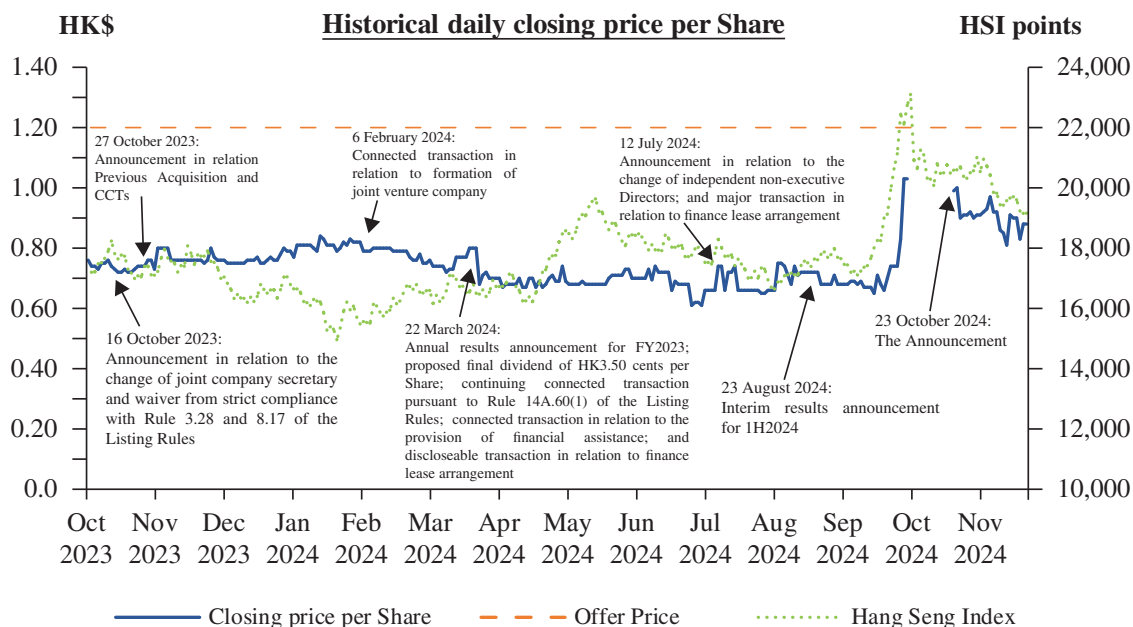
The Offer Price of HK\$1.20 in cash per Share represents:

- (a) a premium of approximately 36.36% over the closing price of HK\$0.88 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) 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) (the “**LTD Premium**”);
- (c) 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 five consecutive trading days up to and including the Last Trading Day;
- (d) 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;
- (e) 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 (the “**30 Days Premium**”);
- (f) 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 (the “**60 Days Premium**”);
- (g) 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 (the “**90 Days Premium**”); and
- (h) a discount of approximately 65.01% to the unaudited consolidated net asset value attributable to 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 “**NAV Discount**”).

## LETTER FROM GRAM CAPITAL

### 5.2 Historical price performance of the Shares

Set out below is a chart showing the movement of the closing prices of the Shares during the Shares Review Period, to illustrate the general trend and level of movement of the closing prices of the Shares.



Source: the Stock Exchange's website

Note: Trading in Shares was halted with effect from 9:00 a.m. on 7 October 2024 and resumed at 9:00 a.m. on 24 October 2024.

During the Shares Review Period, the lowest and highest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.61 recorded on 2 July 2024 and 5 July 2024 and HK\$1.03 recorded on 3 October 2024 and 4 October 2024 respectively. The Offer Price of HK\$1.20 is above the range of the lowest and highest closing prices of the Shares during the Shares Review Period.

From the start of the Shares Review Period, the closing price of Shares followed an upward trend, increasing from HK\$0.76 as recorded on 3 October 2023 to HK\$0.80 as recorded on 22 March 2024. Subsequently, the closing price of the Shares followed a downward trend and hit the lowest at HK\$0.61 on 2 July 2024 and 5 July 2024. Since then, the closing price of the Shares rebounded and recorded HK\$0.74 on 30 September 2024 (being the last trading day before the surge of the closing price of the Shares). Thereafter, the closing price of the Shares increased sharply and reached the highest at HK\$1.03 on 3 October 2024 and 4 October 2024.

Following the publication of the Announcement and up to the Latest Practicable Date, the closing price of Shares fluctuated between HK\$0.81 and HK\$1.00.

Save as the recent boost in the PRC stock market due to favourable policies promulgated by the PRC regulators/government and except for the surge in closing prices of Shares prior to the Last Trading Day which are in line with the movement of Hang Seng Index, we did not identify any specific reason which caused the aforesaid fluctuation of the closing price of the Shares.



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## LETTER FROM GRAM CAPITAL

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### 5.3 Historical trading liquidity of the Shares

Set out below is a table showing the average daily number of the Shares traded per month, and the respective percentages of the Shares' monthly trading volume as compared to (i) the total number of issued Shares held by the public; and (ii) the total number of issued Shares as at the Latest Practicable Date, to illustrate the trading liquidity of Shares during the Shares Review Period:

Month	Number of trading days in each month	Average daily trading volume <i>Number of Shares</i>	% of the Average Volume to total number of issued Shares held by the public Shareholders <i>(Note 1)</i> %	% of the Average Volume to total number of issued Shares <i>(Note 2)</i> %
<b>2023</b>				
October	20	36,100	0.013	0.004
November	22	52,591	0.018	0.005
December	19	41,895	0.015	0.004
<b>2024</b>				
January	22	36,955	0.013	0.004
February	19	9,737	0.003	0.001
March	20	22,450	0.008	0.002
April	20	62,100	0.022	0.006
May	21	12,429	0.004	0.001
June	19	21,368	0.007	0.002
July	22	2,207,045	0.769	0.219
August	22	24,955	0.009	0.002
September	19	763,985	0.266	0.076
October <i>(Note 3)</i>	9	445,183	0.155	0.044
– 2 October 2024 to the Last Trading Day	3	828,548	0.289	0.082
– 24 October 2024 to 31 October 2024	6	253,500	0.088	0.025
November (up to and including the Latest Practicable Date)	18	51,278	0.018	0.005

Source: the Stock Exchange website

Notes:

- Based on 287,033,741 Shares held by the public Shareholders as at the Latest Practicable Date.
- Based on 1,005,720,799 Shares in issue as at the Latest Practicable Date.
- Trading in Shares was halted with effect from 9:00 a.m. on 7 October 2024 and resumed at 9:00 a.m. on 24 October 2024.



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We noted from the above table that the average daily trading volume of the Shares was thin during the Shares Review Period. During the Shares Review Period, the average daily trading volume of the Shares was below 1% of the total number of issued Shares held by the public and the total number of issued Shares as at the Latest Practicable Date.

Given the thin liquidity in the Shares, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Shareholders to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price level of the Shares.

#### *5.4 Comparison with other comparable companies*

To assess the fairness and reasonableness of the Offer Price, we attempted to perform trading multiple analysis (including price-to-earnings ratio (“**PER**”) and price-to-book ratio (“**PBR**”)), which we considered to be a commonly adopted method for valuation of companies. In this regard, we searched for listed companies in Hong Kong which are principally engaged in similar line of business as the Group, being primarily engaged in flue gas treatment business (including EPC engineering and O&M service for desulfurization and denitrification facilities and dust removal facilities) in the PRC, and derived more than 50% of their revenue from such business in aggregate, based on their respective latest published financial information, for comparison. However, we could only identify two listed companies which met the aforesaid criteria and they are exhaustive (the “**Comparable Companies**”). Given the insufficient number of Comparable Companies identified based on the aforesaid criteria, we consider the trading multiple analysis is impracticable in this case.

Nevertheless, we set out the PER and PBR of the Comparable Companies based on their closing prices and their latest published financial information as at the Announcement Date, for Shareholders’ information:

Company name (Stock code)	Principal activities	Market capitalisation as at the Announcement Date <i>HK\$ million</i>	PER (Note 1)	PBR (Note 1)
Datang Environment Industry Group Co., Ltd (1272)	Environmental protection facility concession operation, denitrification catalysts, environmental protection facilities engineering, water treatment business, energy conservation business and renewable energy engineering business	2,492.7	4.37	0.30

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## LETTER FROM GRAM CAPITAL

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Company name (Stock code)	Principal activities	Market capitalisation as at the Announcement Date <i>HK\$ million</i>	PER <i>(Note 1)</i>	PBR <i>(Note 1)</i>
Zhejiang Tengy Environmental Technology Co., Ltd (1527)	Design, development, manufacturing, installation and sale of environmental pollution prevention equipment and electronic products	241.7	5.19	0.25
<b>Average</b>			4.78	0.27
<b>The Company</b>		1,035.9 <i>(Note 2)</i>	4.61 <i>(Note 3)</i>	0.35 <i>(Note 4)</i>

*Source: the Stock Exchange's website*

*Notes:*

1. The PER and the PBR of the Comparable Companies were calculated based on their respective latest published financial information and their respective closing prices as quoted on the Stock Exchange and total issued shares as at the Announcement Date.
2. The market capitalisation of the Company was calculated based on the closing price of Shares and the number of Shares as at the Last Trading Day.
3. The implied PER of the Company was calculated based on the Offer Price, the profit attributable to owners of the parent for FY2023 and the number of Shares in issue as at the Latest Practicable Date.
4. The implied PBR of the Company was calculated based on the Offer Price, the equity attributable to owners of the Company as at 30 June 2024 and the number of Shares in issue as at the Latest Practicable Date.

### **5.5 Comparison with other share buy-back cases**

To assess the fairness and reasonableness of the Offer Price, we also searched for comparable share buy-back transactions by way of a partial offer conducted by other listed companies in Hong Kong which involved the application for whitewash waiver, announced on the Stock Exchange from 1 October 2021 (being approximately three years prior to and up to the Announcement Date), that were not lapsed up to the Latest Practicable Date (the “**Buy-back Cases**”). We consider the review period covering approximately three years prior to the Announcement Date is appropriate as it would allow us to identify sufficient number of Buy-back Cases to assess the market practice of share buy-back transactions that involves application of whitewash waiver. To the best of our knowledge and as far as we are aware of, we found five Buy-back Cases which meet the aforesaid criteria for comparison and they are exhaustive. Although the business and operation of the Group are not the same as those of the companies of the Buy-back Cases, the Buy-back Cases can demonstrate the market practices of share buy-back by way of partial offer conducted by other Hong Kong listed companies.

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Company name (stock code)	Date of initial announcement	Premium of the offer price over the average closing price of shares for 30 consecutive trading days up to and including the last full trading day %	Premium of the offer price over the average closing price of shares for 60 consecutive trading days up to and including the last full trading day %	Premium/ (discount) of the offer price over/(to) the average closing price of shares for 60 consecutive trading days up to and including the last full trading day %	Premium/ (discount) of the offer price over/(to) the average closing price of shares for 90 consecutive trading days up to and including the last full trading day %	Premium/ (discount) of offer price over/to the respective then net asset value per share attributable to owners of the company (Note 1) %
Skyworth Group Limited (751)	23 December 2022	39.28 (Note 2)	19.77 (Note 2)	12.13 (Note 2)	25.79 (Note 2)	(35.40) (Note 2)
SciClone Pharmaceuticals (Holdings) Limited (6600)	6 January 2023	13.93	25.05	39.96	43.54	131.26
Shougang Fushan Resources Group Limited (639)	11 July 2023	17.65	9.59	(1.04)	(2.53)	(27.71)
Hong Kong Technology Venture Company Limited (1137)	22 May 2024	20.79	33.21	23.69	17.28	(10.79)
Zhihu Inc. (2390 & NYSE: ZH)	19 July 2024	7.18 (Note 3)	14.90 (Note 3)	3.17 (Note 3)	(4.88) (Note 3)	(43.56)
	<b>Maximum:</b>	39.28	33.21	39.96	43.54	131.26
	<b>Minimum:</b>	7.18	9.59	(1.04)	(4.88)	(43.56)
	<b>Average:</b>	19.76	20.50	15.58	15.84	2.76
	<b>Median:</b>	17.65	19.77	12.13	17.28	(27.71)
<b>The Company</b>	23 October 2024	16.50	66.82	69.97	71.28	(65.02)

Source: the Stock Exchange's website

Notes:

- Based on the then latest net asset value per share attributable to shareholders of the subject companies as disclosed in the relevant offer documents.
- The offer price of the relevant transaction was subsequently revised on 28 March 2023 and thus the last full trading day of 28 March 2023 was adopted in the calculation of the premium/(discount) of the revised offer price.
- Calculated based on the share price as quoted on the Stock Exchange.

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As depicted in the above table, (i) the LTD Premium is within the relevant range of the Buy-back Cases; (ii) the 30 Days Premium, the 60 Days Premium and the 90 Days Premium are above the relevant ranges of the Buy-back Cases; and (iii) the NAV Discount is below the relevant range of the Buy-back Cases.

Taking into account that:

- (i) the Offer Price of HK\$1.20 is above the closing prices of the Shares as quoted on the Stock Exchange during the entire Shares Review Period;
- (ii) it is uncertain as to whether there would be sufficient liquidity in the Shares for the Shareholders to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price level of the Shares given the thin trading liquidity of Shares during the Shares Review Period;
- (iii) the LTD Premium is within the relevant range of the Buy-back Cases, but below the relevant average and median of the Buy-back Cases;
- (iv) the 30 Days Premium, the 60 Days Premium and the 90 Days Premium are above the relevant ranges of the Buy-back Cases; and
- (v) although the NAV Discount is below relevant range of the Buy-back Cases, the closing prices of Shares have been traded at prices substantially lower than the then prevailing NAV per Share attributable to the owners of the Company from 3 October 2022 to the Latest Practicable Date,

we consider the Offer Price to be fair and reasonable and we are of the view that the Offer provides an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares.

### **6. Whitewash Waiver**

As at the Latest Practicable Date, 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.

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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 has been 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 Executive has indicated that, subject to, among others, the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the EGM by way of poll, the Executive will grant the Whitewash Waiver to waive any obligation of Mr. Zeng, Best Dawn and Asia Environment to make a general offer which might result from completion of the Offer.

The Offer will be conditional upon fulfilment of, among others, the grant of the Whitewash Waiver by the Executive and the approval of the Whitewash Waiver by the Independent Shareholders at the EGM, both of which are not waivable. Accordingly, if, among others, the Whitewash Waiver is not granted by the Executive and the Whitewash Waiver is not approved by the Independent Shareholders at the EGM, the Offer will not proceed.

### RECOMMENDATION

#### In respect of the Offer

Having considered the principal factors and reasons as discussed above, in particular:

- (i) the Offer will return part of the Company's funds to the Shareholders;
- (ii) the Offer will provide 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;
- (iii) have the effect of increasing the earning per Share, the rate of return on capital of the Company and the NAV per Share attributable to the owners of the Company upon completion of the Offer;

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## LETTER FROM GRAM CAPITAL

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- (iv) although the Shareholders can increase their proportionate equity interests in the Company by retaining their shareholdings and participating in the future prospects of the Group with enhanced Shareholder value, the Offer Price of HK\$1.20 represents a premium over the closing price of the Shares on the Last Trading Day and a substantial premium over the average closing price of the Shares for each of the five, 10, 30, 60, 90 consecutive trading days up to and including the Last Trading Day, indicating that the Offer provides an excellent opportunity for the Shareholders to realize their investments in the Company;
- (v) the Offer Price of HK\$1.20 is above the closing prices of the Shares as quoted on the Stock Exchange during the entire Review Period;
- (vi) it is uncertain as to whether there would be sufficient liquidity in the Shares for the Shareholders to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price level of the Shares given the thin trading liquidity of Shares during the Shares Review Period;
- (vii) the LTD Premium is within the relevant range as represented by the Buy-back Cases;
- (viii) the 30 Days Premium, the 60 Days Premium and the 90 Days Premium are above the relevant ranges of the Buy-back Cases; and
- (ix) although the NAV Discount is below the relevant range of the Buy-back Cases, the closing prices of Shares have been traded at prices substantially lower than the then prevailing NAV per Share attributable to the owners of the Company from 3 October 2022 to the Latest Practicable Date,

we consider that the terms of the Offer (including the Offer Price) are fair and reasonable and in the interest of the Independent Shareholders. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution with respect to the approval of the Offer and to accept the Offer.

### **In respect of the Whitewash Waiver**

As aforementioned, the Offer will not proceed if the Whitewash Waiver are not granted by the Executive or the Offer as well as the Whitewash Waiver is not approved by the Independent Shareholders at the EGM.

In view of (i) the aforesaid reasons for and benefits of the Offer; and (ii) that the terms of the Offer are fair and reasonable, we are of the opinion that the approval of the Whitewash Waiver, which is a prerequisite for proceeding with the Offer, is (a) in the interests of the Company and the Shareholders (including the Independent Shareholders); and (b) is fair and reasonable for the purpose of proceeding with the Offer.

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Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Whitewash Waiver.

**As different Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Shareholders who may require advice in relation to any aspect of the Offer Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.**

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note:* Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has around 30 years of experience in investment banking industry.

\* *For identification purpose only*

CLSA Limited is making the Offer to the Shareholders on behalf of the Company to buy-back Shares, on the terms and subject to the conditions set out in this Offer Document. The principal terms and conditions of the Offer are set out below.

## TERMS AND CONDITIONS OF THE OFFER

### 1. The Offer

The Company will buy-back Shares up to the Maximum Number, being 150,858,120 Shares, at the Offer Price of HK\$1.20 per Share.

### 2. Conditions

The Offer is 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.

**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.**



### 3. Maximum Number and Minimum Number of Shares

The Maximum Number which will be bought-back by the Company pursuant to the Offer is 150,858,120 Shares, representing approximately 15.00% of the issued Shares as at the Latest Practicable Date. The Minimum Number which will be bought-back by the Company pursuant to the Offer is 100,572,079 Shares, representing approximately 10.00% of the issued Shares as at the Latest Practicable Date.

### 4. Shareholders

The Offer is available to all the Shareholders whose names appear on the Register as at the Latest Acceptance Time.

### 5. Acceptance

- (a) Every Shareholder may accept the Offer for the buy-back by the Company of any number of his/her/its Shares at the Offer Price up to his/her/its entire shareholding as at the Latest Acceptance Time by submitting to the Registrar a duly completed Form of Acceptance, accompanied by the Title Documents. Each Share may only be accepted for buy-back by the Company once.
- (b) 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.

- (c) The Offer Price will be paid in cash;
- (d) 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;
- (e) 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, calculated at a rate of 0.1% of the market value of the Shares to be bought-back under the Offer will be deducted from the amount payable to the Accepting Shareholders and will be paid by the Company on behalf of the Accepting Shareholders;
- (f) 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
- (g) 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.

## 6. 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.

For this purpose, Prudential Brokerage Limited, whose address is at Room 901-904, World-wide House, 19 Des Voeux Road C, Central, Hong Kong (telephone number: (852)21433808 during office hours (i.e. 9:30 a.m. to 4:00 p.m.)) has been appointed by the Company as the designated broker to match sales and purchases of odd lot holdings of Shares in the market for a reasonable period after the 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. Shareholders are recommended to make an appointment in advance by dialing the telephone number of (852)21433808 as indicated above to purchase/sell the odd lot Shares. Shareholders should note that the matching of odd lots is not guaranteed. Further details of the related arrangements will be announced after the Offer has become unconditional, as and if appropriate.

**7. Acceptance Period**

- (a) The Offer is open for acceptance from the date of this Offer Document. If the Conditions are satisfied, the Offer will be open for acceptance for a period of 14 days after the Offer has become unconditional. In order to be valid, an Acceptance Form must be duly completed, together with the Title Documents for not less than the number of Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Offer, delivered to and received by the Registrar at or before 4:00 p.m. on the First Closing Date or the Latest Acceptance Time (as the case may be), or such later date as the Company may, with the prior consent of the Executive, decide and announce.
- (b) The date when the last one of the Conditions is expected to be satisfied is 20 December 2024. Such date may be postponed by the Company, subject to receiving the prior consent of the Executive.

**8. Right of Withdrawal**

The Offer is conditional upon fulfillment of the Conditions. Acceptance of the Offer will be irrevocable and will not be capable of being withdrawn, except in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offer shall be entitled to withdraw its/his/her acceptance after twenty-one (21) days from 20 December 2024 (being the date stated as the First Closing Date in this Offer Document), if the Offer has not by then become unconditional as to acceptances.

If the Company is unable to comply with the requirements set out in paragraph headed “Announcements” in this Appendix I, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the holders of the Shares who have tendered acceptance of the Offer, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19 of the Takeovers Code can be met.

In such case, when the holders of the Shares withdraw their acceptance(s), the Company shall, as soon as possible but in any event no later than seven (7) Business Days thereafter, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant holder(s) of the Shares at his/her/its own risk.

## 9. Irrevocable Acceptances

Acceptance duly received will become irrevocable and cannot be withdrawn, unless in accordance with the Takeovers Code.

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.

## 10. General

- (a) 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 Latest Practicable Date, and the Company will not propose, declare or pay any dividend or other distribution during the Offer Period.
- (b) The Shareholders may accept the Offer by completing and returning the Form of Acceptance in accordance with the instructions as set out in this Offer Document and printed on the Form of Acceptance (which constitute part of the terms and conditions of the Offer). A Form of Acceptance may be rejected as invalid if the procedures contained in this Offer Document and in the Form of Acceptance are not complied with.
- (c) The Offer and all acceptances of it, the Form of Acceptances, and all actions taken or made or deemed to be taken or made pursuant to these terms will be governed by and construed in accordance with Hong Kong laws. Delivery of a Form of Acceptance will constitute submission to the non-exclusive jurisdiction of the Hong Kong courts.

- (d) Failure of any person to receive an Offer Document and/or a Form of Acceptance will not invalidate any aspect of the Offer. Extra prints of these documents will be available to any Shareholder at the office of the Registrar during office hours from the date of despatch of this Offer Document to 4:00 p.m. on the First Closing Date or the Latest Acceptance Time (as the case may be) (both days inclusive), between 9:00 a.m. to 4:00 p.m. (Hong Kong time) from Mondays to Fridays (other than public holidays), and on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and on the Company's website at [www.chinaboqi.com](http://www.chinaboqi.com).
- (e) In the event of amendment of the terms of the Offer (which will not, for the avoidance of doubt, include an alteration of the Maximum Number), a supplemental document and new Form of Acceptances will be despatched to the Shareholders. Any revised offer will be kept open for at least 14 days following the date on which the revised offer document is posted. If in the course of the Offer, the Company revises the terms of the Offer, all Shareholders, whether they have accepted the Offer or not, will be entitled to the revised terms. The right of acceptance of the Offer is personal to each Shareholder and is not capable of being assigned or renounced in favour of others or otherwise transferred by the Shareholders.
- (f) All questions as to the number of Shares bought-back, the price to be paid therefor, or any alteration of such price in accordance with the terms contained herein, and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any acceptance will be determined by the Company in its sole discretion, which determination will be final and binding on all of the parties (except as otherwise required under the applicable law or by the Codes). The Company reserves the absolute right to reject any or all acceptances it determines not to be in proper form or the acceptance or payment therefor which may, in the opinion of the Company, be unlawful. The Company also reserves the absolute right (provided that this is exercised consistently with the requirements of the Codes or otherwise with the Executive's consent) to waive any of the terms of the Offer, except the Conditions, either generally or in a particular case and any defect or irregularity in the acceptance of any particular Share or any particular holder thereof. An acceptance may be rejected as invalid unless all defects or irregularities have been cured or waived. In the event of a waiver, cheques for the payment of consideration under the Offer will not be despatched until after the Form of Acceptance is completed in all respects and the Title Documents satisfactory to the Company have been received before the Latest Acceptance Time. None of the Company, CLSA Limited, CITICS HK, the Registrar or any of their respective directors or any other person involved in the Offer is or will be obliged to give notice of any defects or irregularities in acceptances, and none of them will incur any liability for failure to give any such notice.

- (g) All communications, notices, Form of Acceptance(s), Title Documents and remittances to be delivered or sent by, to or from any Shareholder will be delivered or sent by, to and from them, or their designated agents, at their own risks and none of the Company, CLSA Limited, CITICS HK, the Registrar or any of their respective directors or any other person involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.
- (h) Should any Shareholder require any assistance in completing the Form of Acceptance or have any enquiries regarding the procedures for tendering and settlement or any other similar aspect of the Offer, the Shareholder may contact the Registrar at its hotline at (852) 2980 1333 during the period from 29 November 2024 to the day before the Final Closing Date (both days inclusive) between 9:00 a.m. and 6:00 p.m. (Hong Kong time) from Mondays to Fridays (other than public holidays) and on the Final Closing Date between 9:00 a.m. and 4:00 p.m. (Hong Kong time).

## PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

### 1. General Procedures for Acceptance

- (a) In order to accept the Offer, Shareholders should complete and return the accompanying Form of Acceptance in accordance with the instructions set out in this Offer Document and the instructions printed on the Form of Acceptance. The instructions in this Offer Document should be read together with the instructions on the Form of Acceptance (which instructions form part of the terms and conditions of the Offer).
- (b) In order to be valid, the completed Form of Acceptance should be forwarded, together with the Title Documents for not less than the number of Shares in respect of which the relevant Shareholder wishes to accept the Offer, by post or by hand to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in an envelope marked “China Boqi Environmental (Holding) Co., Ltd. – 2024 Buy-back Offer” as soon as possible after receipt of the Form of Acceptance but in any event so as to reach the Registrar by no later than 4:00 p.m. on the First Closing Date or the Latest Acceptance Time (as the case may be), or such later time and/or date as the Company may, subject to the Takeovers Code, decide and announce.
- (c) Unless the Offer is extended or revised in accordance with the Takeovers Code, no Form of Acceptance received after 4:00 p.m. on the First Closing Date or the Latest Acceptance Time (as the case may be) will be accepted.
- (d) If the Form of Acceptance is executed by a person other than the registered holder, appropriate evidence of authority (e.g. a grant of probate or certified copy of a power of attorney) must be delivered to the Registrar with the completed Form of Acceptance.

- (e) No acknowledgement of receipt of any Form of Acceptance or Title Documents will be given.
- (f) The Company reserves the right, at its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in this Appendix I could have been properly given by the relevant Shareholder and, if such investigation is made and as a result the Company determines (for any reason) that any such representation and/or warranty could not have been properly given, such acceptance may be rejected as invalid.
- (g) Only one Form of Acceptance may be accepted from each Shareholder by the Registrar.

## 2. Nominee Holdings

- (a) If the Title Document(s) in respect of a beneficial owners' Shares is/are in the name of a nominee company (including those Shares held in CCASS) or some name other than its/his/her own, and such beneficial owner wishes to accept the Offer (either in full or in respect of part of his/her holding(s) of Shares), it/he/she must either:
  - (i) lodge the Title Documents with the nominee company, or other nominee, with instructions authorising it to accept the Offer on its/his/her behalf and requesting it to deliver the Form of Acceptance duly completed together with the Title Documents to the Registrar, on or before such deadline (which may be earlier than the deadline specified for the Offer) as may be stipulated by the nominee; or
  - (ii) arrange for the Shares to be registered in its/his/her name by the Company through the Registrar, and send the Form of Acceptance duly completed together with the Title Documents to the Registrar; or
  - (iii) where its/his/her Shares have been maintained with its/his/her licensed securities dealer/custodian bank through CCASS, instruct its/his/her broker/custodian bank to authorise HKSCC to accept the Offer on its/his/her behalf on or before the deadline set by HKSCC. In order to meet the deadline set by HKSCC, that Shareholder should check with its/his/her broker/custodian bank for the timing on processing of its/his/her instruction, and submit such instruction to its/his/her broker/custodian bank as required by them; or
  - (iv) if that beneficial owner's Shares have been lodged with its/his/her Investor Participant Account with CCASS, authorise its/his/her instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC.

- (b) Beneficial owners with such a nominee holding of Shares should ensure that they undertake the above applicable course of action promptly so as to allow their nominee(s) sufficient time to complete the acceptance procedure on their behalf by the Latest Acceptance Time.

### **3. Recent Transfers**

If a Shareholder has lodged transfer(s) of Shares for registration in its/his/her name and has not yet received the Share certificate(s) and wishes to accept the Offer, it/he/she should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by it/him/her at or before 4:00 p.m. on the First Closing Date or the Latest Acceptance Time (as the case may be). Such action will be deemed to be an irrevocable authority to the Company, CLSA Limited and/or CITICS HK and/or their respective agent(s) to collect from the Company or the Registrar on its/his/her behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s), subject to the terms of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

### **4. Lost or Unavailable Share Certificates**

- (a) If the Title Documents are not readily available and/or are lost and a Shareholder wishes to accept the Offer, the Form of Acceptance should nevertheless be completed and delivered to the Registrar so as to reach the Registrar not later than 4:00 p.m. on the First Closing Date or the Latest Acceptance Time (as the case may be) and the Title Documents should be forwarded to the Registrar as soon as possible thereafter and in any event before 4:00 p.m. on the First Closing Date or the Latest Acceptance Time (as the case may be).
- (b) Acceptances of the Offer may, at the discretion of the Company, be treated as valid even if not accompanied by the Title Documents but, in such cases, the cash consideration due will not be despatched until the relevant Title Documents have been received by the Registrar before 4:00 p.m. on the First Closing Date or the Latest Acceptance Time (as the case may be) or in the case of loss of Title Documents, such Title Documents have been cancelled and the Register has been updated.
- (c) If a Shareholder has lost its/his/her Title Documents, it/he/she should write to the Registrar and request a form of letter of indemnity in respect of the lost Title Documents (as the case may be) which, when completed by it/him/her in accordance with the instructions given, should be returned, together with the Form of Acceptance and any Title Documents which are available, to the Registrar either by post or by hand, so as to arrive not later than 4:00 p.m. on the First Closing Date or the Latest Acceptance Time (as the case may be). In such cases, the Shareholder will be informed of the fees payable to the Registrar for which it/he/she will be



responsible. If the Shareholder subsequently find such Title Documents or if they subsequently become available, it/he/she should forward the relevant Title Documents to the Registrar as soon as possible thereafter.

## 5. Additional Form of Acceptances

If a Shareholder has lost the accompanying Form of Acceptance or such original has become unusable, and requires a replacement of such form, it/he/she should write to the Registrar or visit the Registrar at its office and request an additional Form of Acceptance for completion by such Shareholder. Alternatively, its/he/she could download the Form of Acceptance from the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) or the Company's website at [www.chinaboqi.com](http://www.chinaboqi.com).

## 6. Settlement

- (a) Subject to the Offer becoming unconditional and provided that a duly completed Form of Acceptance, accompanied by the relevant Title Documents are received by the Registrar by not later than 4:00 p.m. on the First Closing Date or the Latest Acceptance Time (as the case may be) and are or are deemed to be in order, the Registrar will inform the relevant Accepting Shareholder by ordinary post of the buy-back of its/his/her Shares. At the same time, the Registrar will send, by ordinary post at that Accepting Shareholder's risk, a remittance for such total amount as is due to that Accepting Shareholder under the Offer, subject to deduction of seller's ad valorem stamp duty pursuant to paragraph 5(e) in the section headed "Terms and Conditions of the Offer" above, as soon as possible, but in any event within 7 Business Days after the close of the Offer.
- (b) If the Shares of an Accepting Shareholder have not been bought-back by the Company in full, the Title Documents in respect of the balance of such Shares or a replaced certificate therefor will be returned or sent to it/him/her by ordinary post at its/his/her own risk, as soon as possible, but in any event within 7 Business Days after the close of the Offer.
- (c) If the Offer does not become unconditional, the Title Documents will be returned and/or sent to each Accepting Shareholder (by ordinary post, at that Accepting Shareholder's own risk) after 7 Business Days of the lapse of the Offer. Where any Accepting Shareholder has sent one or more transfer receipt(s) and in the meantime one or more Share certificate(s) has/have been collected on that Shareholder's behalf in respect thereof, that Accepting Shareholder will be sent (by ordinary post, at that Accepting Shareholder's own risk) such Share certificate(s) in lieu of the transfer receipt(s).

**7. New Shareholders**

Any new Shareholder may collect a copy of this Offer Document, together with the form of proxy and Form of Acceptance from the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, during business hours from 29 November 2024 to the Final Closing Date (both days inclusive). Such Shareholder may also contact the Registrar (through the enquiry general telephone line referred to in paragraph 9(h) under the section headed “Terms and Conditions of the Offer” above) and request a copy of this Offer Document, the accompanying form of proxy and Form of Acceptance (as appropriate) to be sent to its/his/her registered address as recorded in the Register.

**OVERSEAS SHAREHOLDERS**

According to the Register, as at the Latest Practicable Date, save for Best Dawn, the addresses of all Shareholders shown in the register of members of the Company were inside Hong Kong.

**EFFECT OF ACCEPTANCE OF THE OFFER BY SHAREHOLDERS**

Each Shareholder by whom, or on whose behalf, an Form of Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with the Company, CLSA Limited and CITICS HK (so as to bind it/him/her, its/his/her personal representatives, heirs, successors and assigns) to the effect:

**1. Representations and Warranties**

That by delivery to the Registrar a duly completed Form of Acceptance with the Title Documents, the Accepting Shareholder represents and warrants to the Company, CLSA Limited and CITICS HK:

- (a) that it/he/she has full power and authority to tender, sell, assign and transfer all the Shares specified in such Form of Acceptance for buy-back and that the Shares are fully paid, free from all liens, charges, encumbrances, equitable claims or adverse interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching or accruing thereto; and

- (b) that if it/he/she is an Overseas Shareholder, it/he/she has fully observed and is permitted under all applicable laws and regulations to which such Overseas Shareholder is subject to receive and accept the Offer and any revision thereof, and that it/he/she has obtained all requisite governmental, exchange control or other consents and made all registrations or filings required in compliance with all necessary formalities and regulatory or legal requirements, and all requirements for the payment by the Accepting Shareholder of any transfer or other taxes due from such Accepting Shareholder in respect of its acceptance, and that it/he/she has not taken or omitted to take any action which will or may result in the Company, CLSA Limited and CITICS HK, or any other person acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Offer or its/his/her acceptance thereof and such acceptance shall be valid and binding in accordance with all applicable laws and regulations.

## 2. Appointment and Authority

That the execution of the Form of Acceptance by any Accepting Shareholder constitutes:

- (a) the irrevocable appointment of any director or officer of the Company, CLSA Limited or CITICS HK or such other person as any of them may direct, as such Shareholder's agent (the "Agent"); and
- (b) an irrevocable instruction to the Agent to complete and execute the Form of Acceptance and/or any other document at the Agent's discretion on behalf of such Accepting Shareholder and to do any other acts or things as may in the opinion of the Agent be necessary, expedient or desirable for the purpose of the Company buying-back some or all of the Shares (as the Company may in its absolute discretion determine in accordance with the procedures for scaling down excess acceptances and treatment of fractions as described under paragraph 5(b) under the section headed "Terms and Conditions of the Offer" above) in respect of which such Accepting Shareholder has accepted the Offer.

## 3. Undertakings

That by executing the Form of Acceptance, it/he/she:

- (a) undertakes and agrees to ratify and confirm each and every act or thing which may be done or effected by the Company, CLSA Limited, CITICS HK or any Agent in the proper exercise of its or its/his/her powers and/or authorities under the terms of the Offer;

- (b) undertakes to deliver to the Registrar the Title Documents in respect of the Shares for which the Offer is accepted, or an indemnity or indemnities acceptable to the Company in lieu thereof, or to procure the delivery of such document(s) to the Registrar as soon as possible thereafter and, in any event, no later than 4:00 p.m. on the First Closing Date or the Latest Acceptance Time (as the case may be);
- (c) accepts that the provisions of the Form of Acceptance and the other terms and conditions in this Offer Document are deemed to be incorporated into the terms and conditions of the Offer;
- (d) undertakes to execute any further documents, take any further action and give any further assurances which may be required in connection with its/his/her acceptance of the Offer as the Company or any Agent may consider to be necessary, expedient or desirable, including without limitation, to complete the buy-back of any Shares in respect of which it/he/she has accepted the Offer free from all liens, charges, encumbrances, equitable claims or adverse interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching or accruing thereto and/or to perfect any of the authorities expressed to be given hereunder;
- (e) authorises the Company or the Agent to procure the despatch by ordinary post of the consideration to which it/he/she is entitled at its/his/her own risk to the first-named holder at its/his/her registered address in Box 4 of the Form of Acceptance; and
- (f) submits to the jurisdiction of the courts of Hong Kong in relation to all matters arising out of or in connection with the Offer or the Form of Acceptance.

## **TAXATION**

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptances of the Offer. It is emphasized that none of the Company, its ultimate beneficial owners and parties acting in concert with any of them, CLSA Limited, CITICS HK, Gram Capital, the Registrar or any of their respective directors or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptances of the Offer.

## **ANNOUNCEMENTS**

- (1) Following the EGM (or any adjournment or postponement thereof, as the case may be) at which the Offer and the Whitewash Waiver are to be approved by the Independent Shareholders, the Company will announce through the Stock Exchange's website the results of the EGM and whether or not the Offer has become unconditional.

- (2) By 6:00 p.m. (or such later time as the Executive may permit) on the closing date of the Offer, the Company shall inform the Executive and the Stock Exchange of its decision in relation to the closing and the results of the Offer and shall publish an announcement through the Stock Exchange's website by 7:00 p.m. on such date stating that the Offer has been closed. A draft of such announcement must be submitted to the Executive and the Stock Exchange by 6:00 p.m. for clearance and publication through the website of the Stock Exchange by 7:00 p.m. on the same day. The announcement shall, among others (except in the case of lapse of the Offer), specify the details as required under Rule 19.1 of the Takeovers Code.
- (3) In calculating the number of the Shares represented by a Form of Acceptance, acceptances which are not in all respects in order or are still subject to verification by 4:00 p.m. on the First Closing Date or the Latest Acceptance Time (as the case may be) will not be counted as valid acceptances.

### **INTERPRETATION**

- (1) A reference in this Offer Document to a Shareholder includes a reference to a person(s) who, by reason of an acquisition or transfer of Shares, is entitled to execute a Form of Acceptance and in the event of more than one person executing an Form of Acceptance, the provisions of this Offer Document apply to them jointly and severally.
- (2) A reference in this Offer Document and the Form of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.
- (3) Reference to the Offer in this Offer Document and in the Form of Acceptance shall include any revision thereof (as applicable).
- (4) In making their decision with regard to the Offer, the Shareholders should rely on their own examination of the Company and the terms of the Offer, including the merits and risks involved. The contents of this Offer Document, including any general advice or recommendation contained herein, together with the Form of Acceptance shall not be construed as any legal or business advice on the part of the Company, CLSA Limited, CITICS HK, Gram Capital, the Registrar nor any of their respective directors or any persons involved in the Offer. The Shareholders should consult their own professional advisers for professional advice.

## 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited consolidated financial results of the Group for each of three financial years ended 31 December 2021, 2022 and 2023 and the unaudited consolidated financial results of the Group for the six months ended 30 June 2024, as extracted from the relevant published financial statements of the Group for the relevant years/period.

	<b>For the six months ended 30 June 2024</b>	<b>For the year ended 31 December</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	949,415	2,138,199	1,900,248	2,092,172
Cost of sales and services	<u>(750,145)</u>	<u>(1,702,099)</u>	<u>(1,509,470)</u>	<u>(1,704,613)</u>
Gross profit	199,270	436,100	390,778	387,559
Other income and gains and other expense and losses	10,515	50,651	(32,231)	136,563
Selling and distribution expenses	(10,039)	(25,390)	(19,910)	(30,189)
Administrative expenses	(48,409)	(101,642)	(89,726)	(89,546)
Research and development expenses	(23,595)	(55,888)	(58,662)	(40,040)
(Reversal of)/impairment losses on financial and contract assets	2,922	(26,232)	(15,078)	892
Share of profits of associates	5,647	11,437	14,395	30,601
Finance costs	<u>(7,944)</u>	<u>(14,449)</u>	<u>(13,667)</u>	<u>(9,786)</u>
Profit before tax	128,367	274,587	175,899	386,054
Income tax expense	<u>(12,470)</u>	<u>(37,243)</u>	<u>(20,241)</u>	<u>(37,652)</u>
Profit for the year/period	<u>115,897</u>	<u>237,344</u>	<u>155,658</u>	<u>348,402</u>
Profit/(loss) attributable to:				
Owners of the parent	113,665	240,184	151,749	348,239
Non-controlling interests	<u>2,232</u>	<u>(2,840)</u>	<u>3,909</u>	<u>163</u>

	<b>For the</b>			
	<b>six months</b>			
	<b>ended</b>			
<b>30 June</b>	<b>For the year ended 31 December</b>			
<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Other comprehensive income/(loss)				
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>				
Equity investment at fair value through other comprehensive income:				
Changes in fair value	–	7	916	–
Income tax effect	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>–</u>	<u>7</u>	<u>916</u>	<u>–</u>
Total comprehensive income/(loss) for the year/period	<u>115,897</u>	<u>237,351</u>	<u>156,574</u>	<u>348,402</u>
Total comprehensive income/(loss) for the year attributable to:				
Owners of the parent	113,665	240,191	152,665	348,239
Non-controlling interests	2,232	(2,840)	3,909	163
	<u>115,897</u>	<u>237,351</u>	<u>156,574</u>	<u>348,402</u>
Earnings/(loss) per share attributable to ordinary equity holders of the parent				
– Basic (RMB)	<u>0.11</u>	<u>0.24</u>	<u>0.15</u>	<u>0.35</u>
– Diluted (RMB)	<u>0.11</u>	<u>0.24</u>	<u>0.15</u>	<u>0.35</u>

	<b>For the</b>			
	<b>six months</b>			
	<b>ended</b>			
	<b>30 June</b>	<b>For the year ended 31 December</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Dividend</b>				
Dividend per share				
– Interim (HK cents)	–	–	–	–
– Final (HK cents)	–	3.50	3.00	7.40
Amount of dividend				
distributed to owners of the				
Company	–	31,969	27,652	63,821

Saved as disclosed above, there are no other items of income or expenses which are material for each of the three years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024. The auditor of the Company for the years ended 31 December 2021, 2022 and 2023, Ernst & Young, did not issue any qualified or modified opinion (including emphasis of matter, adverse opinion, disclaimer of opinion and material uncertainty related to going concern) on the consolidated financial statements of the Group for each of the years ended 31 December 2021, 2022 and 2023.

There was no change in the Group's accounting policy during the three years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 which would result in the figures in its consolidated financial statements being not comparable to a material extent.

## 2. CONSOLIDATED FINANCIAL STATEMENT

The Company is required to set out or refer to the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2023 (the “**2023 Financial Statements**”), (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2022 (the “**2022 Financial Statements**”), (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2021 (the “**2021 Financial Statements**”) and (iv) the unaudited consolidated financial results of the Group for the six months ended 30 June 2024 (the “**2024 Interim Financial Statements**”), together with the significant accounting policies and the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.



The 2023 Financial Statements are set out from page 245 to page 448 in the annual report for the year ended 31 December 2023, which was published on 24 April 2024. The annual report for the year ended 31 December 2023 is posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinaboqi.com](http://www.chinaboqi.com)), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042400620.pdf>

The 2022 Financial Statements are set out from page 209 to page 412 in the annual report for the year ended 31 December 2022, which was published on 26 April 2023. The annual report for the year ended 31 December 2022 is posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinaboqi.com](http://www.chinaboqi.com)), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042601615.pdf>

The 2021 Financial Statements are set out from page 210 to page 416 in the annual report for the year ended 31 December 2021, which was published on 26 April 2022. The annual report for the year ended 31 December 2021 is posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinaboqi.com](http://www.chinaboqi.com)), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0426/2022042601245.pdf>

The 2024 Interim Financial Statements are set out from page 81 to page 126 in the interim report for the six months ended 30 June 2024, which was published on 19 September 2024. The interim report for the six months ended 30 June 2024 is posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinaboqi.com](http://www.chinaboqi.com)), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0919/2024091900609.pdf>

The 2023 Financial Statements, 2022 Financial Statements, 2021 Financial Statements and 2024 Interim Financial Statements (but not any other parts of the annual reports of the Company for the years ended 31 December 2022 and 2023 and interim report for the six months ended 30 June 2024 in which they respectively appear) are incorporated by reference into this Offer Document and form part of this Offer Document.

### **3. INDEBTEDNESS**

As at 30 September 2024, being the latest practicable date for the purpose of this statement of indebtedness, the Group's indebtedness includes secured loans and borrowings amounted to approximately RMB258,935,000, unsecured loans and borrowings amounted to approximately RMB69,037,000 and lease liabilities amounted to approximately RMB21,930,000.

Save as aforesaid or otherwise mentioned herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, none of the companies comprising the Group had any outstanding indebtedness in respect of any loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance lease or hire purchases commitments, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, guarantees or other material contingent liabilities as at 30 September 2024, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Offer Document.

#### 4. MATERIAL CHANGE

The Directors confirm that, save as and except for the below, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date:

- (i) The Group's property, plant and equipment increased from approximately RMB680.2 million as at 31 December 2023 to approximately RMB889.4 million as at 30 September 2024, representing an increase of approximately 30.76%, which was mainly due to the completion of the acquisition of no. 1-2 Yangxi desulfurization and denitrification facilities.
- (ii) The Group's long-term receivables increased from approximately RMB35.8 million as at 31 December 2023 to approximately RMB156.9 million as at 30 September 2024, representing an increase of approximately 338.86%, which was mainly due to the payment of performance security deposits payable by the Group for one of the Group's operation and maintenance projects.
- (iii) As certain of the Group's projects were entering the beginning stage or the final stage of construction, causing less demand on the Group's procurement amounts for these projects and the corresponding decrease in value-added tax payable, (a) the Group's trade and notes payables decreased from approximately RMB1,117.4 million as at 31 December 2023 to approximately RMB944.1 million as at 30 September 2024, representing a decrease of approximately 15.50%; and (b) the Group's other payables, deposits received and accrued expenses decreased from approximately RMB373.8 million as at 31 December 2023 to approximately RMB329.7 million as at 30 September 2024, representing a decrease of approximately 11.81%.
- (iv) The Group's non-current bank loans and other borrowings increased from approximately RMB97.3 million as at 31 December 2023 to approximately RMB189.6 million as at 30 September 2024, representing an increase of approximately 94.80%, which was mainly due to the finance lease arrangements entered into by the Group in 2024 in respect of certain desulfurization, denitrification, dust removal and sewage treatment equipment.

## 5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group has long been pursuing further business development in the environmental governance industry and is committed to becoming a comprehensive environmental protection industry group and intelligent environmental protection housekeeper. The Group recorded a continuing increase in its operating income with good asset structure and stable financial capital. In 2023, under the guidance of strategic transformation, the Group continued to develop its principal business and successfully opened up new businesses through active exploration with the courage to break new ground. In order to seize market development opportunities, the Group will adjust and optimize its business based on the flue gas treatment business to vigorously develop the industrial wastewater treatment, hazardous solid waste treatment and dual-carbon new energy+ businesses.

Based on the annual report for the year ended 31 December 2023, the revenue of the Group amounted to RMB2,138 million, representing an increase of 12.5% as compared to that of last year. The Group currently has a stable source of income generated from a diversified portfolio of projects.

Looking ahead, the Directors expect that the competition will be intensified in the environmental protection industry in which the challenges and opportunities coexist. The Group will strategically explore new business opportunities in the environmental protection industry and strive to expand the market size. The Group will also obtain sufficient funds through financial products of capital market to provide momentum for the Group's business development.

## 1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

For illustrative purposes, the financial information prepared in accordance with Rule 4.29 of the Listing Rules is set out here to provide further information about how the financial information of the Group might be affected by the assumption of the completion of the Offer as if the Offer had been completed as at 30 June 2024, 1 January 2024 or at any future date.

The following illustrative and unaudited pro forma statements of adjusted consolidated net assets per Share and adjusted earnings per Share (the “Unaudited Pro Forma Financial Information”) of the Group attributable to owners of the Company which have been prepared on the basis of the notes set out below, for the purpose of illustrating the effect of the Offer as if it had taken place on 30 June 2024 for the unaudited pro forma adjusted consolidated net assets per Share attributable to owners of the Company after completion of the Offer or 1 January 2024 for the unaudited pro forma adjusted earnings per Share attributable to owners of the Company after completion of the Offer. This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position or financial results of the Group had the Offer been completed as at 30 June 2024, 1 January 2024 or any future date.

## Unaudited pro forma statement of adjusted consolidated net assets per Share

	Unaudited net assets attributable to owners of the Company as at 30 June 2024 HK\$'000 (Note 1)	Pro forma adjustments HK\$'000 (Note 2)	Unaudited pro forma adjusted net assets attributable to owners of the Company as at 30 June 2024 HK\$'000
Non-current assets	2,580,227	–	2,580,227
Current assets*	3,010,012	(187,730)	2,822,282
Current liabilities (Note 3)	(1,855,780)	–	(1,855,780)
Net current assets (Note 3)	1,154,232	(187,730)	966,502
Non-current liabilities (Note 3)	(240,725)	–	(240,725)
Net assets	<u>3,493,734</u>	(187,730)	<u>3,306,004</u>
Net assets attributable to the owners of the Company	<u>3,464,016</u>	(187,730)	<u>3,276,286</u>
*Including:			
– Cash and cash equivalents	379,135	(187,730)	191,405
	HK\$ (Note 4)		HK\$ (Note 5)
Net assets per Share attributable to the owners of the Company	<u>3.48</u>		<u>3.87</u>

## Unaudited pro forma statement of adjusted earnings per Share

	Unaudited profit attributable to owners of the Company for the six months ended 30 June 2024 <i>HK\$'000</i> <i>(Note 1)</i>	Pro forma adjustments <i>HK\$'000</i>	Unaudited pro Forma adjusted profit attributable to owners of the Company for the six months ended 30 June 2024 <i>HK\$'000</i>
Profit attributable to owners of the Company	<u>125,081</u>	–	<u>125,081</u>
	<i>HK cents</i> <i>(Note 6)</i>		<i>HK cents</i> <i>(Note 7)</i>
Earnings per Share			
– Basic	<u>12.55</u>		<u>14.79</u>
– Diluted	<u>12.51</u>		<u>14.73</u>

*Notes:*

- (1) The unaudited consolidated net assets of the Group attributable to the owners of the Company as at 30 June 2024 and unaudited consolidated profit attributable to the owners of the Company for the six months ended 30 June 2024 are extracted from the published interim report of the Group for the six months ended 30 June 2024.
- (2) The pro forma adjustment represents cash of HK\$187,730,000 used to buy back 150,858,120 Shares at HK\$1.20 per Share assuming that the Maximum Number of Shares are bought-back pursuant to the Offer, and estimated transaction fees including stamp duty, legal fees, financial advisory fees and other professional fees incurred. The transaction fees are incurred for an equity transaction and are accounted for as a reduction from equity.
- (3) The estimated expenditure to be incurred under the Offer will be settled by cash and therefore the Offer will not have any effect on the liabilities of the Group, and the working capital (expressed as net current assets) as at 30 June 2024 would decrease by approximately HK\$187,730,000 from approximately HK\$1,154,232,000 to approximately HK\$966,502,000.
- (4) The consolidated net assets per Share attributable to the owners of the Company as at 30 June 2024 was approximately HK\$3.48, which was based on the unaudited consolidated net assets of the Group attributable to the owners of the Company as at 30 June 2024 of approximately HK\$3,464,016,000 and on the basis that 1,005,720,799 Shares were in issue deducted by 9,052,000 treasury shares as at 30 June 2024, resulting in 996,668,799 Shares.

- (5) The unaudited pro forma adjusted consolidated net assets per share attributable to the owners of the Company after completion of the Offer is arrived at after taking into account of the following (i) the unaudited consolidated net assets of the Group attributable to the owners of the Company as at 30 June 2024 of approximately HK\$3,464,016,000 (Note 1) deducted by the estimated expenditure from the Offer of approximately HK\$187,730,000 (Note 2) and (ii) on the basis that 996,668,799 Shares calculated based on 1,005,720,799 Shares in issue deducted by 9,052,000 treasury shares as at 30 June 2024, and 150,858,120 shares were bought-back under the Offer, resulting in 845,810,679 Shares, assuming the Offer had been completed on 30 June 2024 and that there is full acceptance of the Offer up to the Maximum Number of Shares.
- (6) The unaudited basic and diluted earnings per Share for the six months ended 30 June 2024 is calculated based on the unaudited profit attributable to owners of the Company for the six months ended 30 June 2024 of HK\$125,081,000 and weighted average number of ordinary shares of 996,668,799 and 999,779,931 for the six months ended 30 June 2024, respectively.
- (7) The unaudited pro forma adjusted basic and diluted earnings per Share for the six months ended 30 June 2024 is calculated based on the unaudited pro forma adjusted profit attributable to owners of the Company of HK\$125,081,000 and the adjusted number of 845,810,679 and 848,921,811 pro forma weighted average number of ordinary shares used in the calculation of basic and diluted earnings per Share, respectively, which are the weighted average number of ordinary shares of 996,668,799 and 999,779,931 used in the calculation of basic and diluted earnings per Share for the six months ended 30 June 2024, each reduced by 150,858,120 Shares bought back as if the completion of the Offer had taken place at 1 January 2024 and assuming that the Maximum Number of Shares are bought back pursuant to the Offer.

**2. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

*The following is the text of a report on the unaudited pro forma financial information of the Group received from Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Offer Document.*



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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of CHINA BOQI ENVIRONMENTAL (HOLDING) CO., LTD.**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of CHINA BOQI ENVIRONMENTAL (HOLDING) CO., LTD. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of unaudited pro forma statement of adjusted consolidated net assets per share attributable to owners of the Company as at 30 June 2024, the unaudited pro forma statement of adjusted earnings per share attributable to owners of the Company for the six months ended 30 June 2024, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages III-1 to III-3 of the Company's offer document dated 29 November 2024 (the "Offer Document") in connection with the proposed conditional voluntary cash offer by CLSA Limited on behalf of the Company to buy-back up to 150,858,120 shares at the offer price of HK\$1.20 per share (the "Offer"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-3 of the Offer Document.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Offer on the Group's financial position as at 30 June 2024 and the Group's earnings per share for the six months ended 30 June 2024 as if the Offer had taken place at 30 June 2024 and 1 January 2024, respectively. As part of this process, information about the Group's financial position, and Group's financial result have been extracted by the Directors from the Group's financial statements for the six months ended 30 June 2024.

**Directors' responsibility for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

**Our independence and quality management**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting accountants' responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Offer Document is solely to illustrate the impact of the Offer on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Offer at 30 June 2024 or 1 January 2024 would have been as presented.



A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the offer, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

*Ernst & Young*  
*Certified Public Accountants*  
Hong Kong

29 November 2024

## 1. RESPONSIBILITY STATEMENT

This Offer Document, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules and the Codes for the purpose of giving information with regard to the Group.

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

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and upon completion of the Offer, assuming a maximum of 150,858,120 Shares are bought back under the Offer and no Options have been exercised, were and will be as follows:

	Number of Shares	Nominal value <i>USD</i>
<b>Authorised</b>		
As at the Latest Practicable Date	5,000,000,000	50,000.00
<b>Issued and fully paid:</b>		
As at the Latest Practicable Date	1,005,720,799	10,057.21
Maximum number of Shares to be bought back under the Offer	(150,858,120)	(1,508.58)
Upon completion of the Offer	854,862,679	8,548.63

All the issued Shares rank pari passu with each other in all respects including the rights as to voting, dividends and capital.

As at the Latest Practicable Date, save for 1,005,720,799 Shares in issue and the 6,538,500 outstanding Options, the Company does not have other class of securities, outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares, or any conversion rights affecting Shares. The details of the Options are set out below:

<b>Participants</b>	<b>Date of grant</b>	<b>Exercise price per Share (HK\$)</b>	<b>Balance as at the Latest Practicable Date</b>	<b>Exercise Period</b>
<b>Director</b>				
Qian Xiaoning	7 April 2021	1.51	1,840,000	7 April 2022 – 6 April 2031
	28 June 2021	1.88	1,430,000	28 June 2022 – 27 June 2031
<b>Employees</b>				
	7 April 2021	1.51	656,000	7 April 2022 – 6 April 2031
	28 June 2021	1.88	2,612,500	28 June 2022 – 27 June 2031

No Shares have been issued or bought-back by the Company since the end of the last financial year of the Company ended 31 December 2023 and up to the Latest Practicable Date.

No Shares have been issued or bought-back by the Company during the 12-month period immediately preceding the date of this Offer Document.

There has been no re-organisation of capital of the Company during the two financial years immediately preceding the commencement of the Offer Period.

### 3. DIVIDENDS DECLARED/PAID

During the two-year period immediately preceding the date of this Offer Document, the Company declared/paid dividends as follows:

<b>Date of payment</b>	<b>Period</b>	<b>Amount (HK cents per Share)</b>
10 July 2024	2023 Final	3.50
12 July 2023	2022 Final	3.00

According to the dividend policy that resolved to adopt by the Board (the “**Dividend Policy**”) on 18 May 2018, the Company may declare and distribute dividends to the shareholders of the Company, provided that the Group records a profit and that the declaration and distribution of dividends does not affect the Group’s normal operations. According to the Dividend Policy, the Company takes priority to distributing dividends in cash and shares its profits with the Shareholders. It is expected that the amount of dividends distributed will be in the range of 30% to 50% of the Group’s net profit for the current year, subject to the following requirements. The remaining profit will be used for the development and operation of the Group. The Company’s ability to distribute dividends will depend on, among others, the operating results, cash flow, financial condition and capital requirements of the Group and the interests of the Shareholders. The Company’s distribution of dividends shall also comply with any restrictions under the Companies Law of the Cayman Islands and the articles of association of the Company.

The Directors do not have any plan or intention to declare any additional dividend or to alter the dividend policy of the Company as at the Latest Practicable Date.

#### **4. DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange; or (iv) were required to be disclosed under the Codes, were as follows:

##### **Interests in Shares**

<b>Name of Director</b>	<b>Nature of Interest</b>	<b>Number and class of Shares</b>	<b>Approximate percentage of shareholding</b>
Mr. Zeng	Interest of a controlled corporation (Note 1)	278,636,331 (Long Position)	27.71%
Ms. Qian Xiaoning	Beneficial owner (Note 2)	4,846,000 (Long Position)	0.48%

Name of Director	Nature of Interest	Number and class of Shares	Approximate percentage of shareholding
Mr. Cheng	Interest of a controlled corporation ( <i>Note 3</i> ); and beneficial owner ( <i>Note 4</i> )	168,534,580 (Long Position)	16.76%
Mr. Zhu	Interest of a controlled corporation ( <i>Note 5</i> )	152,170,529 (Long Position)	15.13%

*Notes:*

- (1) Mr. Zeng holds the entire issued share capital of Best Dawn Limited (“**Best Dawn**”) and 47.2% of interests in Asia Environment Investment Limited (“**Asia Environment**”). Therefore, Mr. Zeng is deemed to be interested in the Shares held by Best Dawn and Asia Environment under the SFO.
- (2) As at the Latest Practicable Date, Ms. Qian Xiaoning is entitled to receive up to (i) 1,576,000 Shares pursuant to the Pre-IPO Share Award Scheme; and (ii) 3,270,000 Shares pursuant to the share option scheme adopted by the Company on 29 December 2020.
- (3) Mr. Cheng holds the entire issued share capital of World Hero International Limited (“**World Hero**”). Therefore, Mr. Cheng is deemed to be interested in the Shares held by World Hero under the SFO.
- (4) Mr. Cheng directly holds 400,000 Shares.
- (5) The entire issued share capital of New Asia Limited (“**New Asia**”) is held by Great Origin Ventures Limited (“**Great Origin**”), whose entire issued share capital is in turn held by Mr. Zhu. Therefore, Mr. Zhu is deemed to be interested in the Shares held by New Asia under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company hold any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange; or (iv) were required to be disclosed under the Codes.

## 5. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, the following persons (other than Directors and chief executive of the Company) had interests or short positions in Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Capacity/Nature of interests	Number of Shares/ underlying Shares held or deemed to be held	Percentage of the total number of Shares of the Company
Best Dawn	Beneficial owner	255,695,143 (Long Position)	25.42%
Ms. Ge Tong	Interest of spouse (Note 1)	278,636,331 (Long Position)	27.71%
World Hero	Beneficial owner	168,134,580 (Long Position)	16.72%
Ms. Zhou Xuan	Interest of spouse (Note 2)	168,534,580 (Long Position)	16.76%
New Asia	Beneficial owner	152,170,529 (Long Position)	15.13%
Great Origin	Interest of a controlled corporation (Note 3)	152,170,529 (Long Position)	15.13%
Sinopec Overseas Investment Holding Limited (“Sinopec”)	Beneficial owner	110,294,118 (Long Position)	10.97%
China Petroleum & Chemical Corporation	Interest of a controlled corporation (Note 4)	110,294,118 (Long Position)	10.97%

*Notes:*

- (1) Ms. Ge Tong is the spouse of Mr. Zeng. Under the SFO, Ms. Ge Tong is deemed to be interested in the same number of Shares in which Mr. Zeng is interested.
- (2) Ms. Zhou Xuan is the spouse of Mr. Cheng. Under the SFO, Ms. Zhou Xuan is deemed to be interested in the same number of Shares in which Mr. Cheng is interested.
- (3) The entire issued share capital of New Asia is held by Great Origin. Therefore, Great Origin is deemed to be interested in the Shares held by New Asia under the SFO.

- (4) 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).

Save as disclosed above, and as at the Latest Practicable Date, the Directors were not aware of any persons (who were not directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

## 6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, saved as disclosed below, (a) none of the Directors had any existing or proposed service contract with any member of the Group which is not terminable by the Company within one year without payment of compensation (other than statutory compensation); and (b) none of the Directors had entered into a service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) has been entered into or amended within six (6) months before the commencement of the Offer Period; (ii) is a continuous contract with a notice period of twelve (12) months or more; or (iii) is a fixed term contract with more than twelve (12) months to run irrespective of the notice period:

- (1). Mr. Zeng has entered into a service agreement with the Company for an initial term of three years commencing from 28 February 2024 unless terminated by not less than three months' notice in writing served by him or the Company. Mr. Zeng is entitled to a remuneration of RMB850,000 per annum or such higher sum as the Board may from time to time decide.
- (2). As disclosed in the circular made by the Company on 25 April 2024, Mr. Liu Genyu ("**Mr. Liu**") has entered into a service agreement with the Company for an initial term of three years commencing from 1 July 2023 unless terminated by not less than three months' notice in writing served by him or the Company. Mr. Liu is entitled to a remuneration of RMB850,000 per annum or such higher sum as the Board may from time to time decide.
- (3). As disclosed in the circular made by the Company on 25 April 2024, Ms. Qian Xiaoning ("**Ms. Qian**") has entered into a service agreement with the Company for an initial term of three years commencing from 1 July 2023 unless terminated by not less than three months' notice in writing served by her or the Company. Ms. Qian is entitled to a remuneration of RMB850,000 per annum or such higher sum as the Board may from time to time decide.

- (4). Mr. Cheng has signed appointment letter with the Company for a term of three years with effect from 24 March 2023, which may be terminated by not less than one month's notice in writing served by him or the Company. Mr. Cheng is not entitled to any director's fees.
- (5). Mr. Zheng Tony Tuo ("**Mr. Zheng**") has signed appointment letter with the Company for a term of three years with effect from 28 February 2024, which may be terminated by not less than one month's notice in writing served by him or the Company. Mr. Zheng is not entitled to any director's fees.
- (6). As disclosed in the circular made by the Company on 25 April 2024, Mr. Zhu has signed appointment letter with the Company for a term of three years with effect from 28 February 2024, which may be terminated by not less than one month's notice in writing served by him or the Company. Mr. Zhu is not entitled to any director's fees.
- (7). Mr. Chen Xue ("**Mr. Chen**") has signed appointment letter with the Company for a term of three years with effect from 28 February 2024, which may be terminated by not less than one month's notice in writing served by him or the Company. Mr. Chen is not entitled to any director's fees.
- (8). As disclosed in the circular made by the Company on 25 April 2024, Dr. Xie Guozhong ("**Dr. Xie**") has signed appointment letter with the Company for a term of three years with effect from 28 February 2024. Dr. Xie is entitled to a fixed director's fee of RMB200,000 per annum.
- (9). As disclosed in the announcement made by the Company on 12 July 2024, Mr. Li Tao ("**Mr. Li**") entered into an appointment letter with the Company on 12 July 2024. He shall hold office as an independent non-executive Director for the initial term of three years commencing from 12 July 2024. Mr. Li shall receive a Director's fee payable by the Company of RMB200,000 per annum, subject to determination by the Board from time to time with reference to his duties and responsibilities and the Company's performance and profitability. The remunerations payable to him were determined having regard to the current level of the Director's fee payable by the Company to the independent non-executive Directors as well as his duties and responsibilities.
- (10). As disclosed in the circular made by the Company on 25 April 2024, Prof. Yu Wayne W. ("**Prof. Yu**") has signed appointment letter with the Company for an initial term of three years commencing from 1 July 2023. Prof. Yu is entitled to a fixed director's fee of RMB200,000 per annum.



- (11). As disclosed in the circular made by the Company on 25 April 2024, Ms. Zhang Fan (“**Ms. Zhang**”) has signed appointment letter with the Company for an initial term of three years commencing from 1 July 2023. Ms. Zhang is entitled to a fixed director’s fee of RMB200,000 per annum.

Save as disclosed above, as at the Latest Practicable Date, none of the aforementioned Director had entered into any other service contracts/appointment letters with the Group, no earlier service contracts or appointment letters have been replaced or amended within 6 months before the Offer Period up to and including the Latest Practicable Date, and none of them are entitled to variable remuneration (such as commission on profits) under their respective service contract.

## 7. SHARE BUY-BACK AND ISSUES

The Company has not bought-back or issued any Shares in the two-year period preceding the date of this Offer Document. None of the Shares to be bought-back were issued during the 2 years immediately preceding the Offer Period.

## 8. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

<b>Date</b>	<b>Closing Price per Share HK\$</b>
30 April 2024	0.69
31 May 2024	0.73
28 June 2024	0.68
31 July 2024	0.65
30 August 2024	0.71
30 September 2024	0.74
4 October 2024 (being the Last Trading Day)	1.03
31 October 2024	0.92
26 November 2024 (being the Latest Practicable Date)	0.88

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.03 on 3 October 2024 and 4 October 2024, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.61 on 2 July 2024 and 5 July 2024.

**9. ARRANGEMENTS AFFECTING DIRECTORS**

As at the Latest Practicable Date and save as the Irrevocable Undertakings, there was no agreement, arrangement or understanding (including any compensation arrangement) that existed between Mr. Zeng Concert Parties and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer and/or the Whitewash Waiver.

No benefit has been or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer and the Whitewash Waiver.

As at the Latest Practicable Date and save as the Irrevocable Undertakings, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer and the Whitewash Waiver.

As at the Latest Practicable Date and save as the Irrevocable Undertakings, there was no material contract entered into by Mr. Zeng Concert Parties in which any Director has a material personal interest.

**10. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS PURSUANT TO THE TAKEOVERS CODE**

As at the Latest Practicable Date:

- (a) Mr. Zeng Concert Parties are interested in 278,636,331 Shares, representing approximately 27.71% of the issued share capital of the Company;
- (b) Save as disclosed in the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures”, respectively, none of the directors of Best Dawn or Asia Environment was interested in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Codes), convertible securities, warrants, options or derivatives in the Company;
- (c) Save as disclosed in clause (a) above, none of Mr. Zeng Concert Parties owned, controlled or had directions on any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Codes), convertible securities, warrants, options and derivatives in the Company;
- (d) Save for the Offer and the transactions contemplated thereunder (and in particular the Irrevocable Undertakings), none of Mr. Zeng Concert Parties had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person;

- (e) None of Mr. Zeng Concert Parties had borrowed or lent any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Codes), convertible securities, warrants, options and derivatives in the Company;
- (f) The Company had no shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Codes), convertible securities, warrants, options and derivatives in Mr. Zeng Concert Parties;
- (g) Save as disclosed in the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures”, none of the Directors and parties acting in concert with any of them was interested in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Codes), convertible securities, warrants, options or derivatives in the Company, or any shareholdings (as defined under Note 1 to paragraph 4 of Schedule 1 of the Codes), convertible securities, warrants, options and derivatives in Mr. Zeng Concert Parties;
- (h) No shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Codes), convertible securities, warrants, options and derivatives in the Company was owned or controlled by any subsidiary of the Company or by any pension fund of any member of the Group or by any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of class (2) of the definition of “associate” but excluding any exempt principal trader or exempt fund manager or any shareholdings held by members of the CITICS Group on behalf of its non-discretionary investment clients;
- (i) Save for the Irrevocable Undertakings, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert”, or who is the Company’s associates by virtue of classes (2), (3) or (4) of the definition of “associate” under the Codes;
- (j) No shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Codes), convertible securities, warrants, options and derivatives in the Company were managed on a discretionary basis by fund managers and/or principal traders (other than exempt fund managers and exempt principal traders or any shareholdings held by members of the CITICS Group on behalf of its non-discretionary investment clients) connected with the Company;
- (k) There were no shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Codes), convertible securities, warrants, options and derivatives in the Company which the Company or any Directors or any parties acting in concert with

any of them (other than, for the avoidance of doubt, exempt fund managers and exempt principal traders or any lendings or borrowings by members of the CITICS Group on behalf of its non-discretionary investment clients) has/have borrowed or lent; and

- (l) Save for the Irrevocable Undertakings, there was no understanding, arrangement, agreement or special deal between (i) any Shareholder of the Company and (ii) either (a) the Company, its subsidiaries or its associated companies; or (b) Mr. Zeng Concert Parties.

## 11. DEALINGS IN SHARES

During the Relevant Period,

- (a) None of the members of Mr. Zeng Concert Parties had dealt for value in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Codes), convertible securities, warrants, options and derivatives in the Company;
- (b) None of the directors of Best Dawn or Asia Environment had dealt for value in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Codes), convertible securities, warrants, options and derivatives in the Company;
- (c) The Company had not dealt for value in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Codes), convertible securities, warrants, options and derivatives in Mr. Zeng Concert Parties;
- (d) None of the Directors and parties acting in concert with any of them had dealt for value in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Codes), convertible securities, warrants, options and derivatives in Mr. Zeng Concert Parties or any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Codes), convertible securities, warrants, options and derivatives in the Company;
- (e) None of the subsidiaries of the Company or any pension fund of any member of the Group or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of class (2) of the definition of “associate” (but excluding any exempt principal trader or exempt fund manager or any dealings by members of the CITICS Group on behalf of non-discretionary investment clients) had dealt for value in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Codes), convertible securities, warrants, options and derivatives in the Company and Mr. Zeng Concert Parties;

- (f) There has been no dealings for value in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Codes), convertible securities, warrants, options and derivatives in the Company, which is managed on a discretionary basis by any fund manager and/or principal trader (other than exempt fund managers and exempt principal traders) connected with the Company;

As at the Latest Practicable Date,

- (a) The Company had no agreement, arrangement or understanding to transfer, charge or pledge any of the Shares acquired pursuant to the Offer to any other persons;
- (b) Save for the Irrevocable Undertakings, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company and Mr. Zeng Concert Parties;
- (c) Other than the Irrevocable Undertakings, Mr. Zhu has expressed his intention, in respect of his own beneficial shareholdings, to accept the Offer in whole or in part for the time being, but may change subject to future market development; and the remaining Directors did not own any beneficial shareholding in the Company;
- (d) The Directors (other than Mr. Zeng who is required to abstain from voting at the EGM), in respect of their own beneficial shareholdings (i.e., 168,534,580 Shares held by Mr. Cheng and 152,170,529 Shares held by Mr. Zhu), intend to vote in favour of the resolutions in relation to the Offer and the Whitewash Waiver to be proposed at the EGM; and
- (e) Save for the Irrevocable Undertakings, no other person has irrevocably committed themselves to accept or reject the Offer or to vote in favour or against the Offer and the Whitewash Waiver.

## 12. MATERIAL CONTRACTS

As at the Latest Practicable Date, saved as disclosed below, no contracts (not being contracts in the ordinary course of business of the Group) have been entered into by members of the Group within the two years immediately preceding the date of the Announcement and up to the Latest Practicable Date which are or may be material:

- (a) On 12 July 2024 (after trading hours), 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, and Changzhi Boqi Environmental Technology Co., Ltd.\* (長治市博奇環保科技有限公司), a wholly-owned subsidiary of the Company, (as Lessees) and CITIC Financial Leasing Co. Ltd.\* (中信金融租賃有限公司) (“**CITIC Leasing**”), a company established in the PRC with limited liability and a third party independent of the Company and its connected persons (as defined under the Listing Rules), (as lessor) entered into the finance lease agreement, pursuant to which (i) CITIC Leasing agreed to purchase and the Lessees agreed to dispose the equipment at the

consideration of RMB120,000,000.00; and (ii) CITIC Leasing agreed to lease the equipment to the Lessees for a term of five years, at an estimated total amount of RMB137,195,952.60, being the sum of lease principal and lease interest. For more details, please refer to the Company's announcement dated 12 July 2024 and the Company's circular dated 23 August 2024.

### 13. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any material litigation or claim of material importance and no material litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group or to which any member of the Group may become a party.

### 14. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following is the qualification of the experts who have given its opinions or advices which are contained in this Offer Document:

<b>Name</b>	<b>Qualification</b>
CITICS HK	a corporation licensed to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
CLSA Limited	a 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
Gram Capital Limited	a licensed corporation to carry out Type 6 regulated activity under the SFO
Ernst & Young	certified public accountants and registered public interest entity auditor

As at the Latest Practicable Date, each of the above experts has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion of its letter or opinion and reference to its name in the form and context in which they respectively appear.

### 15. MISCELLANEOUS

- (a) The registered office of the Company is PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands, and the principal place of business in Hong Kong is at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong.
- (b) The branch share registrar of the Company is Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

- (c) The joint company secretaries are Mr. Hu Nan and Ms. Wong Wai Ling. Mr. Hu Nan obtained a bachelor's degree of management majoring in accounting from Zhejiang University, a master degree of business administration from Graduate School of Chinese Academy of Sciences and a master degree of law from China University of Political Science and Law. Ms. Wong Wai Ling graduated from Hong Kong Polytechnic University and was admitted as an associate of The Hong Kong Institute of Chartered Secretaries.
- (d) The principal members of the concert group of the Company, being Mr. Zeng Concert Parties:
  - (i) Mr. Zeng, whose correspondence address is 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong;
  - (ii) Best Dawn, whose registered address is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands and correspondence address is 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong; and
  - (iii) Asia Environment, whose registered address is OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands and correspondence address is 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong.
- (e) The registered office of each of (i) CLSA Limited, the agent making the Offer on behalf of the Company; and (ii) CITICS HK, is at 18/F One Pacific Place, 88 Queensway, Hong Kong.
- (f) The registered office of Gram Capital, the Independent Financial Adviser, is at Room 1209, 12/F, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong.
- (g) The English texts of this Offer Document, the form of proxy for the EGM and the Form of Acceptance shall prevail over the Chinese text.

**16. DOCUMENTS AVAILABLE ON DISPLAY**

Copies of the following documents are on display and are published on the website of the SFC at <https://www.sfc.hk> and the website of the Company ([www.chinaboqi.com](http://www.chinaboqi.com)) for so long as the Offer remains open for acceptance:

- (a) the articles of association of the Company;

- (b) the annual reports of the Company for the three years ended 31 December 2021, 2022 and 2023;
- (c) the interim report of the Company for the six months ended 30 June 2024;
- (d) the letter from the Board, the text of which is set out on pages 8 to 22 of this Offer Document;
- (e) the letter from CLSA Limited, the text of which is set out on pages 23 to 35 of this Offer Document;
- (f) the letter from the Independent Board Committee, the text of which is set out on pages 36 to 37 of this Offer Document;
- (g) the letter from Gram Capital, the text of which is set out on pages 38 to 58 of this Offer Document;
- (h) the report from Ernst & Young in respect of the unaudited pro forma financial information of the Group, the text of which is set out in Appendix III to this Offer Document;
- (i) the Irrevocable Undertakings;
- (j) the Directors' service contracts as set out in the section headed "DIRECTORS' SERVICE CONTRACTS" in this Appendix;
- (k) the material contracts as set out in the section headed "MATERIAL CONTRACTS" in this Appendix; and
- (l) the written consents as referred to in the paragraph headed "Qualifications and Consents of Experts" in this Appendix.

\* *for identification purpose only*



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## NOTICE OF EGM

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### China Boqi Environmental (Holding) Co., Ltd.

### 中國博奇環保(控股)有限公司

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 2377)**

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (“**EGM**”) of China Boqi Environmental (Holding) Co., Ltd. (the “**Company**”) will be held at the conference room of the Company at 10/F, CCT Center, No. 5 Laiguangying West Road, Chaoyang District, Beijing, the PRC on Friday, 20 December 2024 at 10:30 a.m. (the “**Meeting**”) to consider and, if thought fit, pass the following resolutions, as an ordinary resolution and a special resolution of the Company, respectively:

Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the offer document of the Company dated 29 November 2024 (the “**Offer Document**”).

#### **ORDINARY RESOLUTION**

The following resolution (a) will be proposed to be considered and if thought appropriate passed as an ordinary resolution of the Company:

- (a) “**THAT**, the conditional voluntary cash offer (the “**Offer**”) by CLSA Limited on behalf of the Company to buy-back up to 150,858,120 ordinary shares (the “**Share(s)**”) at a price of HK\$1.20 per Share and subject to the terms and conditions as set out in the Offer Document together with the accompanying Form of Acceptance (copies of which marked “A” have been produced to the EGM and initialed by the chairman of the EGM for the purpose of identification) be approved, without prejudice and in addition to the existing authority of the Company under the general mandate to buy-back Shares granted at the annual general meeting of the Company held on 31 May 2024, and that the director(s) of the Company be authorised to execute all such documents (and, where necessary, to affix the seal of the Company thereon in accordance with the amended and restated memorandum and articles of association of the Company (the “**Articles of Association**”) and do all such acts as such director(s) consider desirable, necessary or expedient to give effect to or otherwise in connection with the Offer, including, without limitation, completion of the buy-back of Shares pursuant to the Offer.”

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## NOTICE OF EGM

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### SPECIAL RESOLUTION

The following resolution (b) will be proposed to be considered and if thought appropriate passed as a special resolution of the Company:

- (b) “**THAT**, the waiver (the “**Whitewash Waiver**”) in respect of any obligation under the Codes 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, but for such Whitewash Waiver, arise upon completion of the Offer be and is hereby approved, and that any one of the Directors be and is hereby authorised to execute all such documents (and, where necessary, to affix the seal of the Company thereon in accordance with the Articles of Association) with or without amendments and do all such things as he/she considers desirable, necessary or expedient in connection with or to give effect to any matters relating to or in connection with the Whitewash Waiver.”

By order of the Board

**China Boqi Environmental (Holding) Co., Ltd.**

**Zeng Zhijun**

*Chairman, Executive Director and Chief Executive Officer*

Beijing, PRC, 29 November 2024

*As at the date of this notice, 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.*

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## NOTICE OF EGM

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*Notes:*

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A member who is a recognized clearinghouse within the meaning of the Securities and Futures Ordinance is entitled to appoint one or more proxies to attend and vote on its behalf. A proxy need not be a member of the Company.
2. In the case of joint holders of any shares in the Company, any one of such joint holders may vote at the above Meeting, either personally or by proxy, in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the Meeting, either personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.
3. In order to be valid, a form of proxy must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above Meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above Meeting (or any adjourned meeting thereof) if they so wish.
4. The register of members of the Company will be closed from Tuesday, 17 December 2024 to Friday, 20 December 2024 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending the Meeting, all share certificates with completed transfer forms must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 16 December 2024 for registration of share transfer.
5. As required under the Listing Rules, the votes at the Meeting will be taken by poll.