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China Boqi Environmental (Holding) Co., Ltd.
中國博奇環保（控股）有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2377)

**SUPPLEMENTAL AGREEMENT AND
PERFORMANCE OF PROFIT GUARANTEE**

Reference is made to the announcement of China Boqi Environmental (Holding) Co., Ltd. (the “**Company**”) dated 30 November 2021 and the supplemental announcement dated 28 February 2022 in relation to acquisition of the entire equity interest of the Target Company (the “**Announcements**”). Unless otherwise defined herein, capitalized terms shall have the same meanings as given to them in the Announcements.

Supplemental Agreement and Acting in Concert Agreement

On 16 December 2021, the Purchaser, the Sellers and Hainan Boyuan Zhongying Enterprise Management Partnership (Limited Partnership)(海南博源眾盈企業管理合夥企業(有限合夥)), being a following co-investor designated by the Purchaser and established by the relevant management (as defined below), (the “**Following Co-investor**”) entered into a supplemental agreement to the Share Transfer Agreement, pursuant to which the parties thereto agreed that (i) the Purchaser shall purchase an aggregate of 95% of the equity interests in the Target Company for a total consideration of RMB218.5 million (the “**Revised Consideration**”); (ii) the Following Co-investor shall purchase an aggregate of 5% of the equity interests in the Target Company for a total consideration of RMB11.5 million; and (iii) payment terms stated in the Share Transfer Agreement shall be amended on a pro rata basis with payment schedule remained unchanged (the “**Supplemental Agreement**”). On the same date, the Purchaser and the Following Co-investor entered into an acting in concert agreement (the “**Acting in Concert Agreement**”, together with the Supplemental Agreement, the “**Arrangement**”), pursuant to which the parties agreed that, for a term of three years, (i) they shall act in concert in respect of making proposals to and exercising voting rights at the general meetings and board meetings of the Target Company; and (ii) upon completion of acquisition of an aggregate of 100% of the equity interests in the Target Company, the Purchaser shall be entitled to nominate two directors of Target Company, while the Following Co-investor shall be entitled to nominate one director of the Target Company.

The Following Co-investor is a special vehicle established in the PRC for the acquisition of 5% of the equity interests in the Target Company. Save for the fact that the owners of the Following Co-investor comprised two senior management of the Group and two employees of the Group (the “**relevant management**”), to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Following Co-investor and its ultimate beneficial owners are third parties independent of the Company and its connected persons as defined under the Listing Rules.

The purpose of the Arrangement is to achieve benefits and risks sharing between the Purchaser and the Following Co-investor and to align the interests of the relevant management, who are employees of the Group primarily responsible for overseeing the operation of the Target Company, with the long-term success of the Target Company, which in turn affects the success of the Group. In addition, the Arrangement aims at driving the achievement of strategic objectives of the Group (including the Target Company). Having considered the above reasons, the Directors consider that the Arrangement is in line with the strategic development and management of the Target Company and believe that it will bring long-term and strategic benefits to the Group. The Directors (including the independent non-executive Directors) consider that the terms of the Arrangement (including the amended consideration) are fair and reasonable, and the transaction contemplated thereunder is on normal commercial terms, in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

Performance of Profit Guarantee

The following disclosure is made by the Company pursuant to Rule 14.36B(2) of the Listing Rules.

As disclosed in the Announcements, the Sellers have irrevocably guarantee to the Purchaser that the net profit after tax of the Target Company for each of the financial years ended 31 December 2021, 2022 and 2023 shall not be less than RMB45 million, respectively (the “**Profit Guarantee**”) and if the Target Company shall fail to meet Profit Guarantee, the shortfall shall be (i) deducted from the next tranche of the Consideration payment by the Purchaser, an indirect wholly-owned subsidiary of the Company; or (ii) made up by the Sellers directly. Where the shortfall exceeds the next tranche of the Consideration payment, the Sellers shall make up the shortfall by cash (wire transfer) within 30 days of the issuance of the accountants’ report for that relevant financial year.

The Company has received the audited accountants' report of the Target Company for the financial year ended 31 December 2021, pursuant to which the Target Company recorded net profit after tax of approximately RMB21.4 million for the financial year ended 31 December 2021, which did not meet the Profit Guarantee. Pursuant to the Share Transfer Agreement and the Supplemental Agreement, RMB22.4 million, being 95% of the shortfall, will be deducted from the next tranche of the Revised Consideration payment by the Purchaser, namely 17% of the Revised Consideration (i.e. RMB37.1 million) which shall be payable within 30 days of the issuance of the audited accountants' report of the Target Company for the financial year ended 31 December 2022. After adjustment, the next tranche of the Revised Consideration payment shall be approximately RMB14.7 million (the "**Adjusted Consideration Payment**") and the total Revised Consideration shall be approximately RMB196.1 million (the "**Adjusted Total Consideration**") as illustrated below:

Adjusted Consideration Payment	=	RMB37.1 million	-	RMB22.4 million	=	RMB14.7 million
Adjusted Total Consideration	=	RMB218.5 million	-	RMB22.4 million	=	RMB196.1 million

Further disclosure will be made by the Company in relation to the above in its 2021 annual report, which will be despatched to the Shareholders on or around 27 April 2022. Saved as disclosed above, there is no other information relating to the Profit Guarantee which needs to be disclosed by the Company under Rule 14.36B(2) of the Listing Rules.

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

Beijing, the PRC, 25 March 2022

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