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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 ANNOUNCEMENT TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Reference is made to the Group's annual report published on 26 April 2023 for the year ended 31 December 2022 (the "2022 Annual Report"). Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the 2022 Annual Report.

PRE-IPO SHARE AWARD SCHEME AND SUPPLEMENTARY SCHEME

In addition to the information disclosed in the 2022 Annual Report, the following sets out certain supplemental information under Rule 17.12(1) of the Listing Rules:

1. Purpose

The Pre-IPO Share Award Scheme (as amended by the Supplementary Scheme) aims to build up a medium to long term incentive mechanism, attract and cultivate talent, maintain steady development of our Group and management team and align the interests of our management team with those of our Shareholders.

2. Participants of the Pre-IPO Share Award Scheme

Persons eligible to receive Awarded Shares under the Pre-IPO Share Award Scheme include any employee of member of the Group, including the senior management of the Group, general managers and deputy managers of the subsidiaries of the Group and department executives of the Group, excluding directors, chief executives and any employee who has resigned or fulfilling the notice period before termination of their employment in accordance with their employment contracts or other requirements at the relevant time.

3. Total number of Awarded Shares available for issue

The Pre-IPO Share Award Scheme does not involve any subscription and issue of new shares.

As at the date of the 2022 Annual Report, the remaining number of Awarded Shares held by the Trust for the purpose of the Pre-IPO Share Award Scheme (as amended by the Supplementary Scheme) was 2,361,875, representing approximately 0.23% of the total issued Shares as at the date of the 2022 Annual Report.

4. The maximum entitlement of each participant

Despite that the terms of the Pre-IPO Share Award Scheme (as amended by the Supplementary Scheme) has no limit on the maximum entitlement of each participant, the Company shall comply with the relevant requirements of Chapter 17 of the Listing Rules to ensure that the total number of Awarded Shares issued and to be issued under the Pre-IPO Share Award Scheme and any other share schemes of the Group (excluding any options and awards lapsed in accordance with the terms of the Pre-IPO Share Award Scheme or any other share schemes of the Group) to each participant in any 12-month period may not exceed 1% of the issued Shares from time to time. Where any further grant of the Awarded Shares to a participant under the Pre-IPO Share Award Scheme would result in the Shares issued or to be issued in respect of all options and awards granted and to be granted to such person (including exercised, cancelled and outstanding Awarded Shares) under the Pre-IPO Share Award Scheme and any other share schemes of the Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the issued Shares, such further grant must be separately approved by the Shareholders at general meeting with such participant and his close associates (or associates if the participant is a connected person) abstaining from voting.

5. Vesting of the Awarded Shares

The vesting principles of the Pre-IPO Share Award Scheme are summarized as follows:

- (a) A Selected Employee is not entitled to enjoy the rights to the Awarded Shares before such Awarded Shares are vested to him.
- (b) Subject to the terms of the Pre-IPO Share Award Scheme and the specific terms and conditions set out in the grant letter to each Selected Employee, the Awarded Shares shall vest on such Selected Employee in three tranches on the following vesting dates provided that the vesting conditions applicable to such Selected Employee are satisfied:
 - (i) 50% on the Listing Date (the “**First Vested Shares**”);
 - (ii) 25% on the first trading day following the first anniversary of the Listing Date; and
 - (iii) 25% on the first trading day following the second anniversary of the Listing Date.
- (c) In relation to the receipt of net sale proceeds of First Vested Shares (the “**Net Sale Proceeds**”), the Selected Employees are subject to certain service period requirements. Under the instructions of the Board, the Trustee may dispose the First Vested Shares within a reasonable period of time after the Listing Date, from which the Net Sale Proceeds derived will be held by the Trustee. The Trustee will distribute 80% of the Net Sale Proceeds to the respective Selected Employees upon the receipt of instructions from the Board. The Board will instruct the Trustee to distribute the remaining 20% of the Net Sale Proceeds to the respective Selected Employees, provided that such Selected Employee continues to serve the Company for one year after the Listing Date. If such Selected Employee terminates its employment with the Company during the one-year period after the Listing Date, such Selected Employee will be deemed to have automatically and irrevocably surrender the Net Sale Proceeds and the Company will be entitled to obtain the Net Sale Proceeds.

- (d) Except for the First Vested Shares, the Awarded Shares which are vested in other two tranches are not subject to such service period requirements.
- (e) The Board has absolute discretion in determining whether the vesting conditions applicable to a Selected Employee are satisfied. The vesting conditions include:
 - (i) the Selected Employee shall remain an employee of our Group on the relevant vesting dates;
 - (ii) there shall be no occurrence of triggering events for surrendering the Awarded Shares;
 - (iii) the Selected Employee and his associate(s) shall not be employed by or operate any entity, during the period from the award date to the relevant vesting dates and the two years after the last vesting date, the business of which competes with the core business of our Group; and
 - (iv) the Selected Employee and his associate(s) shall not invest in any entity, during the period from the award date to the relevant vesting dates and the two years after the vesting dates, the business of which competes with the core business of our Group.

6. Basis of determining the purchase price of the Awarded Shares

The Board has absolute discretion to determine the purchase price, which would be stated in the grant letter, at the time of the grant.

7. Remaining life of the scheme

Subject to any early termination determined by the Board in accordance with the rules of the Pre-IPO Share Award Scheme (as amended by the Supplementary Scheme), the Pre-IPO Share Award Scheme is valid and effective for a period of ten (10) years commencing on the date of its adoption (i.e. 15 April 2016 to 14 April 2026).

8. Grant of Awarded Shares

Grantee	Date of grant	Number of Awarded Shares granted	Vesting period	Purchase price (HK\$) ⁽³⁾	Granted but unvested as at 1 January 2022	Granted during the Reporting Period	Vested during the Reporting Period	Weighted average closing price of the Shares immediately before the Awarded Shares were vested	Cancelled during the Reporting Period	Forfeited during the Reporting Period	Granted but unvested as at 31 December 2022
Employees	7 September 2016	21,170,000	16 March 2018 to 19 March 2020 ⁽¹⁾	0.85	-	-	-	-	-	-	-
	24 February 2021	1,600,000	30 June 2021 to 30 June 2022 ⁽²⁾	-	440,000	-	440,000	HK\$0.80 per Share	-	-	-
	31 March 2021	380,000	30 June 2021 to 30 June 2022 ⁽²⁾	-	152,000	-	152,000	HK\$0.80 per Share	-	-	-
Three of the five highest paid individuals ⁽⁴⁾	7 September 2016	2,000,000	16 March 2018 to 19 March 2020 ⁽¹⁾	0.85	-	-	-	-	-	-	-
	24 February 2021	1,500,000	30 June 2021 to 30 June 2022 ⁽²⁾	-	600,000	-	600,000	HK\$0.80 per Share	-	-	-
	7 September 2016	660,000	30 June 2021 to 30 June 2022 ⁽²⁾	-	264,000	-	264,000	HK\$0.80 per Share	-	-	-
Total		27,310,000			1,456,000		1,456,000		-	-	-

Notes:

- (1) 50% of the Awarded Shares shall vest on the Listing Date provided the Selected Employees remain in service until the first trading day following the first anniversary of the Listing Date; 25% of the Awarded Shares shall vest on the first trading date following the first anniversary of the Listing Date; and 25% of the Awarded Shares shall vest on the first trading date following the second anniversary of the Listing Date.
- (2) 60% of the Awarded Shares shall vest on 30 June 2021, provided the Selected Employees remain in service until 30 June 2022; and (ii) 40% of the Awarded Shares shall vest on 30 June 2022.
- (3) The grant price, being HK\$0.85 per Share, in respect of the Awarded Shares granted on 7 September 2016 were determined in the Board's absolute discretion at the time of the grant and was stated in the grant letter containing the offer of the grant of the Awarded Shares.

There was no purchase price in respect of the Awarded Shares granted on 24 February 2021 and 31 March 2021.

- (4) The remaining two of the five highest paid individuals are not granted any Awarded Shares under the Pre-IPO Share Award Scheme.

The Board confirms that the additional information stated herein does not affect other information contained in the 2022 Annual Report and the contents of the 2022 Annual Report remain correct and unchanged.

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

Beijing, PRC, 11 September 2023

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