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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)**

### **CONNECTED TRANSACTION PROVISION OF FINANCIAL ASSISTANCE**

#### **THE LOAN AGREEMENT**

On 22 March 2024 (after trading hours), the Company and the Joint Venture Company entered into the Loan Agreement, pursuant to which the Company agreed to provide the Joint Venture Company with an unsecured loan in the principal amount of RMB22,000,000 for a term not exceeding eight years at an interest rate of 3% per annum.

#### **LISTING RULES IMPLICATIONS**

As the Joint Venture Company is a subsidiary of Richinfo Company, which is in turn controlled by Mr. Zeng, the chairman of the Board, executive Director, chief executive officer and substantial shareholder of the Company as to more than 30.0% under an acting in concert party arrangement, the Joint Venture Company is an associate of Mr. Zeng and thus a connected person of the Company as defined under Chapter 14A of the Listing Rules. Therefore, the entering into of the Loan Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated pursuant to the Listing Rules in respect of the Loan Agreement and the transactions contemplated thereunder is more than 0.1% but less than 5%, the Loan Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **INTRODUCTION**

References are made to the announcement of the Company dated 6 February 2024 in relation to the formation of the Joint Venture Company, Beijing Caiqi New Energy Technology Co., Ltd\* (北京彩奇新能源科技有限公司), in which Beijing Boqi and Richinfo Company shall make contribution to 40% and 60% of its total registered capital respectively.

On 22 March 2024 (after trading hours), the Company and the Joint Venture Company entered into the Loan Agreement, pursuant to which the Company agreed to provide the Joint Venture Company with an unsecured loan in the principal amount of RMB22,000,000 for a term not exceeding eight years at an interest rate of 3% per annum.

## PRINCIPAL TERMS OF THE LOAN AGREEMENT

- Date : 22 March 2024
- Parties : (a) the Company as the lender; and  
(b) the Joint Venture Company, as the borrower.
- Principal amount : RMB22,000,000
- Term : A maximum term of eight years from 22 March 2024 (subject to the actual drawdown date of the Loan) until the full repayment of the Loan together with all interest accrued thereon.
- Interest rate : The interest rate on the Loan is 3% per annum, which shall be accrued from the actual drawdown date of the Loan and paid on a monthly basis (for periods less than a month, the interest shall be calculated based on the actual number of days).
- Repayment : The Joint Venture Company shall make repayment of the principal and interest to the Company on a monthly basis and before the 25th day of each month.

The amount of the Loan to be repaid each month shall be (100% x the percentage of the equity interest held by Beijing Boqi to the total equity interest in the Joint Venture Company) of the net cash flow generated from operating activities as recorded in the audited cash flow statement of the Joint Venture Company, which shall be supplied by the Joint Venture Company to the Company each month. As of the date of this announcement, Beijing Boqi held 40% of the equity interest in the Joint Venture Company.

The Joint Venture Company shall confirm the information of the receiving bank account with the Company before making any repayments. The Company is entitled to designate a third-party account for receiving the repayments of the principal and interest.

- Events of default : (i) In the event of default of repayment (e.g. the Joint Venture Company fails to make repayments pursuant to the Loan Agreement before the 25th day of each month) up to 30 days, the Joint Venture Company shall pay damages of 0.05% of the overdue repayment amount to the Company for each day of default.
- (ii) In the event of default of repayment exceeding 30 days, the Joint Venture Company shall pay damages of 0.08% of the overdue repayment amount to the Company for each additional day of default.
- (iii) In the event of default of repayment exceeding 60 days, the Company is entitled to call for early repayment of all unpaid principal, accrued interest and the aforesaid damages for default of repayment.
- (iv) In the event that the Joint Venture Company fails to make full repayment of the principal, the accrued interest and the aforesaid damages for default of repayment (if any) upon the expiration of the term of the Loan Agreement, the Joint Venture Company shall pay damages of 0.08% of the outstanding unpaid amount to the Company for each day of default.

The Company will finance the Loan with the Company's internal resources.

## **REASONS FOR AND BENEFITS OF THE LOAN AGREEMENT**

The terms of the Loan Agreement, including the interest rate applicable, were negotiated and arrived at after arm's length negotiations among the parties, having taken into account the prevailing market interest rates in the PRC and practices.

The Loan Agreement was entered into by the Company having regard to (i) the good financial position and the existing cash surplus of the Company; (ii) the interest income per annum to be generated by the transactions contemplated under the Loan Agreement being more favourable than that offered by commercial banks in the PRC for fixed deposit for similar terms; (iii) the low credit risk of the Loan considering that the Joint Venture Company is controlled by Richinfo Company, a listed company on the Shenzhen Stock Exchange; and (iv) the cash needs of the Joint Venture Company to develop in the new energy business, which is in line with development direction of the Group.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Loan Agreement have been made on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole. Although the provision of the Loan is not conducted in the ordinary and usual course of business of the Group, the Directors (including the independent non-executive Directors) are of the view that the provision of financial assistance to the Joint Venture Company will enhance the Company's utilisation of surplus cash and generate a stable income for the Company.

## **LISTING RULES IMPLICATIONS**

As the Joint Venture Company is a subsidiary of Richinfo Company, which is in turn controlled by Mr. Zeng, the chairman of the Board, executive Director, chief executive officer and substantial shareholder of the Company as to more than 30.0% under an acting in concert party arrangement, the Joint Venture Company is an associate of Mr. Zeng and thus a connected person of the Company as defined under Chapter 14A of the Listing Rules. Therefore, the entering into of the Loan Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated pursuant to the Listing Rules in respect of the Loan Agreement and the transactions contemplated thereunder is more than 0.1% but less than 5%, the Loan Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Joint Venture Company is an associate of Mr. Zeng, an executive Director, Mr. Zeng is considered to have a material interest in the transactions contemplated under the Loan Agreement and has abstained from voting on the relevant resolution of the Board for the approval of the Loan Agreement and the transactions contemplated thereunder.

Save for Mr. Zeng, none of the Directors have any material interest in or are required to abstain from voting on the relevant resolution of the Board for the approval of the Loan Agreement and the transactions contemplated thereunder.

## **INFORMATION ON THE PARTIES**

### ***The Company and the Group***

The Group is mainly engaged in providing comprehensive and professional environmental management services in Mainland China to large industrial and energy customers, including flue gas treatment, hazardous solid waste treatment and disposal, water treatment, and dual carbon new energy<sup>+</sup>, etc.

### ***The Joint Venture Company***

The Joint Venture Company is a limited liability company established in the PRC and is owned as to 40% and 60% by Beijing Boqi and Richinfo Company respectively. The Joint Venture Company is mainly engaged in development, investment and/or management of projects and other matters in relation to solar photovoltaic power generation.

## DEFINITIONS

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

“Beijing Boqi”	Beijing Boqi Electric Power SCI-TECH Co., Ltd.* (北京博奇電力科技有限公司), a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Company”	China Boqi Environmental (Holding) Co., Ltd., a company incorporated in Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning as described under Rule 14A.06(7) of the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Joint Venture Company”	Beijing Caiqi New Energy Technology Co., Ltd.* (北京彩奇新能源科技有限公司), a limited liability company incorporated in the PRC
“Loan”	the unsecured loan in the principal amount of RMB22,000,000 for a term not exceeding eight years at an interest rate of 3% per annum granted by the Company to the Joint Venture Company
“Loan Agreement”	the loan agreement dated 22 March 2024 entered into between the Company and the Joint Venture Company in respect of the provision of the Loan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Main Board”	the Main Board of the Stock Exchange
“Mr. Zeng”	Mr. Zeng Zhijun (曾之俊), chairman of the Board, executive Director, chief executive officer and substantial shareholder of the Company

“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Richinfo Company”	Richinfo Technology Co., Ltd.(彩訊科技股份有限公司), (formerly known as Shenzhen Richinfo Technology Co., Ltd.*(深圳市彩訊科技有限公司)), a listed company on the Shenzhen Stock Exchange since 23 March 2018 (stock code: 300634. SZ)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“substantial shareholder”	shall have the meaning as ascribed to it under the Listing Rules
“%”	percentage

\* *for identification purpose only*

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

Beijing, PRC, 22 March 2024

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