

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of our Company**

We were incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on January 30, 2015. Our registered office is situated at PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. We have established a principal place of business in Hong Kong at 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong and have registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on February 1, 2017. Ms. Wong Wai Ling, of 18/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, has been appointed as the authorized representatives of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong at the above address.

As we are incorporated in the Cayman Islands, our operations are subject to the Cayman Companies Law and to its constitution, which is comprised of the Memorandum and the Articles. A summary of certain aspects of its constitution and the Cayman Companies Law is set out in the section headed "Appendix IV-Summary of the Constitution of our Company and Cayman Islands Companies Law" to this prospectus.

2. Changes in the Share Capital of our Company

As at the date of incorporation of our Company, our Company had an authorized share capital of US\$50,000 divided into 50,000 Shares of a par value of US\$1 each.

The following changes in the share capital of our Company have taken place since the date of incorporation of our Company and up to the date of this prospectus:

- (a) on January 30, 2015, one subscriber Share of our Company was issued at par value to Mapcal Limited, and the said subscriber Share was subsequently transferred to Boqi Environmental Engineering on the same date;
- (b) pursuant to the resolutions in writing passed by the Board of our Company on November 25, 2015, a total of 18 Shares with a par value of US\$1 each were allotted and issued to Boqi Environmental Engineering as the consideration of acquiring the entire equity interest in Beijing Shengyi by our Company from Boqi Environmental Engineering. As a result, Boqi Environmental Engineering held 19 Shares of our Company, representing the then entire issued share capital of our Company;
- (c) pursuant to the resolutions in writing passed by the sole Shareholder of our Company on April 20, 2016, each authorized issued and unissued Share of a par value of US\$1 in our Company was sub-divided into 100,000 Shares of a par value of US\$0.00001 each, such that after the sub-division, the authorized share capital of our Company became US\$50,000 divided into 5,000,000,000 Shares of a par value of US\$0.00001 each and Boqi Environmental Engineering held 1,900,000 Shares of a par value of US\$0.00001 each, representing the then entire issued share capital of our Company;
- (d) pursuant to the resolutions in writing passed by the Board of our Company on April 20, 2016, 23,100,000 Shares, 192,857,143 Shares, 207,857,143 Shares, 49,285,714 Shares and 125,000,000 Shares were allotted and issued to Boqi Environmental Engineering, World Hero, Best Dawn, BES Investment and New Asia, respectively, on April 26, 2016, for a

total consideration of US\$5,981. Upon the completion of such allotment, Boqi Environmental Engineering, World Hero, Best Dawn, Bes Investment and New Asia held 25,000,000 Shares, 192,857,143 Shares, 207,857,143 Shares, 49,285,714 Shares and 125,000,000 Shares in our Company, respectively;

- (e) pursuant to the resolutions in writing passed by the Board of our Company on April 20, 2016, 25,000,000 Shares of a par value of US\$0.00001 each, being the Awarded Shares, were allotted and issued to Acheson Limited on May 11, 2016, which Acheson Limited will act as the Trustee of the Pre-IPO Share Award Scheme adopted by our Company on April 15, 2016. Acheson Limited will hold the Awarded Shares for the benefit of the selected employees pursuant to the rules of the Pre-IPO Share Award Scheme;
- (f) on December 13, 2016, BES Investment, Asia Environment and Best Dawn entered into a share transfer agreement, pursuant to which BES Investment agreed to transfer 26,942,187.5 Shares of a par value of US\$0.00001 each in our Company to Asia Environment for a cash consideration of RMB51,729,000. Upon the completion of the equity transfer on January 3, 2017, Asia Environment held 26,942,187.5 in our Company, representing the then 4.31% equity interest in our Company;
- (g) on December 14, 2016, BES Investment, Smart Triumph and Best Dawn entered into a share transfer agreement, pursuant to which BES Investment agreed to transfer 22,343,526.5 Shares of a par value of US\$0.00001 each in our Company to Smart Triumph for a cash consideration of RMB42,831,000. Upon the completion of the equity transfer on December 21, 2016, Smart Triumph held 22,343,526.5 in our Company, representing the then 3.57% equity interest in our Company;
- (h) pursuant to the resolutions in writing passed by the Board on December 30, 2016, of the 5,000,000,000 Shares each in the authorized share capital of the Company, (i) 4,737,132,353 authorized but unissued Shares were re-designated and re-classified as class A Shares, (ii) 125,000,000 authorized but unissued Shares were re-designated and re-classified as class B Shares, (iii) 27,573,529 authorized but unissued Shares were re-designated and re-classified as class C-1 Shares, and (iv) 110,294,118 authorized but unissued Shares were re-designated and re-classified as class C-2 Shares, such that the authorized share capital of the Company was US\$50,000 divided into 4,737,132,353 class A Shares, 125,000,000 class B Shares, 27,573,529 class C-1 Shares, and 110,294,118 class C-2 Shares (“**Re-designation and Re-classification**”);
- (i) pursuant to the resolutions in writing passed by the Board on December 30, 2016, upon the completion of the Re-designation and Re-classification, (i) the issued 25,000,000 Shares held by Boqi Environmental Engineering were converted into class A Shares, (ii) the issued 192,857,143 Shares held by World Hero were converted into class A Shares, (iii) the issued 207,857,143 held by Best Dawn were converted into class A Shares, (iv) the issued 25,000,000 Shares held by Acheson were converted into class A Shares, (v) the issued 26,942,187.5 Shares held by Asia Environment were converted into class A Shares, (vi) the issued 22,343,526.5 Shares held by Smart Triumph were converted into class A Shares, and (vii) the issued 125,000,000 Shares held by New Asia were converted into class B Shares, on January 9, 2017;
- (j) on December 30, 2016, our Company, CBEE Holdings, Beijing Shengyi, Beijing Bosheng, Beijing Boqi, World Hero, Best Dawn, Boqi Environmental Engineering, Mr. Cheng, Mr. Zeng, Sinopec and New Asia entered into a share subscription agreement,

pursuant to which our Company agreed to allot 27,573,529 class C-1 Shares and 110,294,118 class C-2 Shares to New Asia and Sinopec, respectively, for cash considerations of RMB44,750,000 and RMB179,000,000, respectively. Upon the completion of such share subscription, Sinopec and New Asia held 110,294,118 class C-2 Shares and 125,000,000 class B Shares and 27,573,529 class C-1 Shares, respectively;

- (k) pursuant to the resolutions in writing passed by the Board on January 9, 2017, of the 4,737,132,353 class A Shares in the authorized share capital of the Company, 56,508,715 class A Shares were re-designated and re-classified as class C-3 Shares, such that after the re-designation and re-classification, the authorized share capital of the Company was US\$50,000 divided into (i) 4,680,623,638 class A Shares, (ii) 125,000,000 class B Shares, (iii) 27,573,529 class C-1 Shares, (iv) 110,294,118 class C-2 Shares, and (v) 56,508,715 class C-3 Shares; and
- (l) on January 11, 2017, our Company, Mr. Cheng, World Hero and Full Synergy entered into a share transfer agreement, pursuant to which World Hero transferred 24,722,563 class A Shares to Full Synergy for a consideration of RMB43,750,000. Immediately after the transfer, the Company agreed to repurchase the 24,722,563 class A Shares held by Full Synergy in consideration for the allotment and issue of 24,722,563 class C-3 Shares to Full Synergy. On the same day, the Company, CBEE Holdings, Beijing Shengyi, Beijing Bosheng, Beijing Boqi, World Hero, Best Dawn, Boqi Environmental Engineering, Mr. Cheng, Mr. Zeng, Sinopec, New Asia and Full Synergy entered into a subscription agreement whereby the Company the total allotment and issue of 31,786,152 class C-3 Shares to Full Synergy at the price of approximately RMB1.77 per share for a total the consideration of RMB56,250,000. Upon the completion of such subscriptions, World Hero, Best Dawn, Asia Environment, Smart Triumph, Acheson, New Asia, Boqi Environmental Engineering, Sinopec and Full Synergy held 21.16%, 26.16%, 3.39%, 2.81%, 3.15%, 19.20%, 3.15%, 13.88% and 7.11% equity interests of our Company, respectively.

Save as disclosed above and in the section headed “History, Reorganization and Group Structure” in this prospectus, there has been no alteration in the share capital of our Company since our incorporation.

3. Resolutions in Writing of the Shareholders of our Company passed on February 22, 2018

Pursuant to the resolutions in writing passed by our Shareholders of our Company on February 22, 2018, among other matters:

- (a) our Company approved and adopted the Memorandum and Articles of Association conditional upon the Listing.
- (b) conditional on (i) the listing committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and the Offer Shares as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option); (ii) the entering into, execution and delivery of the Underwriting Agreements and the Price Determination Agreement on or around the Price Determination Date; and (iii) the obligations of the Underwriters under the Underwriting

Agreements becoming unconditional and the Underwriting Agreements not being terminated in accordance with the terms of such agreements or otherwise:

- (i) the Global Offering and the Over-allotment Option be approved and the Directors be authorized to allot and issue the Shares, as the case may be, and to grant the Over-allotment Option, pursuant to the Global Offering;
 - (ii) the proposed Listing of the Shares on the Main Board be approved and the Directors be authorized to implement such Listing; and
 - (iii) the granting of the Over-allotment Option be approved and our Directors be authorized to effect the same and to allot and issue the Over-allotment Shares upon the exercise of the Over-allotment Option;
- (c) a general unconditional mandate (“**General Mandate**”) was given to the Directors to allot, issue or otherwise deal with the Shares (otherwise than pursuant to, or in consequence of, the Global Offering, the Over-allotment Option, a rights issue, any scrip dividend schemes or similar arrangements, the exercise of any subscription rights attached to any warrants of the Company or a special authority granted by the Company’s shareholders) with an aggregate number of not exceeding 20% of the total number of Shares in issue immediately following completion of the Global Offering and the number of Shares repurchased by the Company (if any) pursuant to the Repurchase Mandate referred to in paragraph (d) below;
- (d) a general unconditional mandate (“**Repurchase Mandate**”) was given to the Directors to exercise all powers of the Company to repurchase the Shares representing up to 10% of the total number of Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and
- (e) the General Mandate as mentioned in paragraph (c) above was extended by the addition to the aggregate number of Shares which may be allotted or agreed to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the aggregate number of the Shares repurchased by our Company pursuant to the Repurchase Mandate referred to in paragraph (d) above.

Each of the general mandates referred to in paragraphs (d) and (e) above will remain in effect until whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by any applicable law or the articles of association of the Company; or (iii) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

4. Reorganization

The companies comprising our Group underwent the Reorganization in preparation for the Listing. Please refer to the section headed “History, Reorganization and Group Structure” to this prospectus for further details.

5. Changes in the share capital of our subsidiaries

Our subsidiaries are referred to in the Accountants’ Report, the text of which is set out in Appendix I to this prospectus. Save for the subsidiaries mentioned in the Accountants’ Report, we do not have any other subsidiaries.

The following alteration in the share capital of our subsidiary has taken place within the two years immediately preceding the date of this prospectus:

- on March 24, 2015, Puzhou Boqi increased its registered capital from RMB25,000,000 to RMB55,000,000 which has been fully paid up.

Save as disclosed above and in the section headed “History, Reorganization and Corporate Structure” in this prospectus, there has been no change to the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Further information about our PRC establishments

We have eleven subsidiaries in the PRC. A summary of the corporate information as at the Latest Practicable Date is set out as follow:

- | | | |
|-----|-------------------------|--|
| (a) | Name: | Beijing Shengyi |
| | Date of Incorporation: | October 17, 2003 |
| | Place of Incorporation: | PRC |
| | Business Nature: | Limited liability company (solely invested by foreign legal person) |
| | Registered Capital: | RMB371,500,000 |
| (b) | Name: | Beijing Bosheng |
| | Date of Incorporation: | May 7, 2015 |
| | Place of Incorporation: | PRC |
| | Business Nature: | Limited liability company (legal person sole investment) |
| | Registered Capital: | RMB10,000,000 |
| (c) | Name: | Beijing Boqi |
| | Date of Incorporation: | June 24, 2002 |
| | Place of Incorporation: | PRC |
| | Business Nature: | Limited liability company (other) |
| | Registered Capital: | RMB400,000,000 |
| (d) | Name: | Zhejiang Boqi ⁽¹⁾ |
| | Date of Incorporation: | July 12, 2006 |
| | Place of Incorporation: | PRC |
| | Business Nature: | Limited liability company (legal person sole investment) |
| | Registered Capital: | RMB20,000,000 |
| (e) | Name: | Puzhou Boqi |
| | Date of Incorporation: | September 26, 2012 |
| | Place of Incorporation: | PRC |
| | Business Nature: | Limited liability company (non-natural person investment or holding corporation sole investment) |
| | Registered Capital: | RMB55,000,000 |
| (f) | Name: | Hejin Boqi |
| | Date of Incorporation: | October 19, 2012 |
| | Place of Incorporation: | PRC |
| | Business Nature: | Limited liability company (non-natural person investment or holding corporation sole investment) |
| | Registered Capital: | RMB25,000,000 |

- (g) Name: Jingtangshan Boqi
Date of Incorporation: June 11, 2009
Place of Incorporation: PRC
Business Nature: Limited liability company (natural person investment or holding corporation sole investment)
Registered Capital: RMB81,000,000
- (h) Name: Anhui Nengda
Date of Incorporation: October 12, 2005
Place of Incorporation: PRC
Business Nature: Limited liability company
Registered Capital: RMB20,000,000
- (i) Name: Shanxi Bo Yuan
Date of Incorporation: December 18, 2014
Place of Incorporation: PRC
Business Nature: Limited liability company (non-natural person investment or holding corporation sole investment)
Registered Capital: RMB10,000,000
- (j) Name: Boqi Environmental Remediation
Date of Incorporation: July 17, 2017
Place of Incorporation: PRC
Business Nature: Other limited liability company
Registered Capital: RMB10,000,000
- (k) Name: Changjizhou Boqi Environmental Technology
Date of Incorporation: September 25, 2017
Place of Incorporation: PRC
Business Nature: Limited liability company (non-natural person investment or holding)
Registered Capital: RMB140,000,000

Note:

- (1) As at the Latest Practicable Date, Zhejiang Boqi is in the process of deregistration.

7. Repurchase of Our Own Shares

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange. This section includes information relating to the repurchase by us of our own Shares, including information required by the Stock Exchange to be included in this prospectus concerning the repurchase.

(a) Shareholders' approval

All proposed repurchases of Shares (which must be fully-paid up) must be approved in advance by an ordinary resolution of our Shareholders at a general meeting, either by way of general mandate or by specific approval of a particular transaction. On February 22, 2018, our Directors were granted the Repurchase Mandate to repurchase up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following the Global Offering on the Stock Exchange or on any other stock exchange on which our securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose. This mandate will expire at: (i) the conclusion of the next annual general meeting of our Company; (ii) the date by which the next annual general meeting of our Company is required to be held by the Articles of Association or any applicable law; or (iii) the day on

which such Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in a general meeting of our Company, whichever occurs first.

Under the Listing Rules, the Shares which are proposed to be repurchased by a company must be fully paid up.

(b) Number of Shares which may be repurchased

Exercising in full of the Repurchase Mandate, on the basis of 1,010,758,799 Shares in issue immediately after completion of the Global offering, but taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, could accordingly result in up to 101,075,879 Shares being repurchased by us during the course of the period prior to the date on which such Repurchase Mandate expires or terminates as mentioned in the section headed “7. Repurchase of our Own Shares—(a) Shareholders’ approval” in this appendix.

(c) Reasons for repurchase

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole for our Directors to have a general authority from our Shareholders to enable us to repurchase Shares in the market. Such Share repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of our Company and our assets and/or our earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our Shareholders.

(d) Funding of repurchase

Repurchases by our Company must be funded out of funds legally available for such purpose in accordance with the Memorandum and Articles of Association, the Companies Law, the applicable laws and regulations of the Cayman Islands and the Listing Rules. A listed company is prohibited from repurchasing its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

We will make repurchases pursuant to the Repurchase Mandate out of funds legally available for such purpose, including out of profits of our Company, out of the share premium account of our Company or out of the proceeds of a fresh issue of Shares made for such purpose or, if authorized by the Articles of Association and subject to the Companies Law, out of capital. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of either or both of the profits of our Company or out of sums standing to the credit of the share premium account of our Company or, if authorized by the Articles of Association and subject to the Companies Law, out of capital.

On the basis of our current financial position as disclosed in this prospectus and taking into account our current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or the gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(e) Status of repurchase Shares

The listing of all repurchased Shares (whether effected on the Stock Exchange or otherwise) will be automatically canceled and the certificates for those securities must be canceled and destroyed. Under the laws of the Cayman Islands, the repurchased Shares (which are not held by the Company as treasury shares) shall be treated as canceled and the amount of our Company's issued share capital shall be reduced by the aggregate nominal value of the repurchased Shares accordingly, although the authorized share capital of our Company will not be reduced.

(f) Trading restrictions

The total number of Shares which our Company may repurchase is up to 10% of the total number of our Shares in issue immediately after the completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option). Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares, without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

Our Company is required to procure that the broker (appointed by our Company to effect a repurchase of Shares) will disclose to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require. As required by the prevailing requirements of the Listing Rules, an issuer shall not purchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

(g) Suspension of repurchase

Pursuant to the Listing Rules, our Company may not make any repurchase of Shares after a price sensitive development has occurred or has been the subject of a decision until such time when the price sensitive information has been made publicly available. In particular, under the requirements of the Listing Rules in force as at the date hereof, during the period of one month immediately preceding the earlier of: (i) the date of our board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to publish an announcement of our Company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Stock Exchange unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit a repurchase of our shares on the Stock Exchange if our Company has breached the Listing Rules.

(h) Procedural and reporting requirements

As required by the Listing Rules, repurchases of Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. The report must state the total number of Shares purchased the previous day, the purchase price

per Share or the highest and lowest prices paid for such purchases. In addition, our Company's annual report is required to disclose details regarding repurchases of Shares made during the year, including a monthly analysis of the number of shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(i) Director's undertakings

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands and our Memorandum and Articles of Association.

(j) Takeovers Code

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of such Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code and the provisions may apply as a result of any such increase. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchases pursuant to the Repurchase Mandate.

If the repurchase mandate is fully exercised immediately following completion of the Global Offering (but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option), the total number of Shares which will be repurchased pursuant to the repurchase mandate shall be 101,075,879 Shares (being 10% of the issued share capital of our Company based on the aforesaid assumptions.)

(k) Share repurchases made by our Company

Save as disclosed in this prospectus in respect of the allotment and issue of class C-3 Shares to Full Synergy for the repurchase of 24,722,563 class A Shares from Full Energy, no repurchase of Shares has been made by our Company since its incorporation.

(l) Connected parties

Our Company is prohibited from knowingly purchasing Shares on the Stock Exchange from a core connected person (as defined under the Listing Rules), and a core connected person shall not knowingly sell his or her or its shares to our Company on the Stock Exchange.

As at the Latest Practicable Date, none of our Directors, to the best of their knowledge having made all reasonable enquiries, nor any of their respective associates (as defined in the Listing Rules) has any present intention to sell any Shares to us or any of our subsidiaries if the Repurchase Mandate is exercised. As of the Latest Practicable Date, no connected person of our Company has notified us that he, she or it has a present intention to sell any Shares to us or any of our subsidiaries, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- (a) a share transfer agreement dated May 20, 2016 entered into among Mr. Cheng, Great Origin and Boqi Environmental Engineering, pursuant to which Mr. Cheng agreed to transfer 100% equity interests in New Asia to Great Origin for a consideration of the US\$ or HK\$ equivalent of RMB221,853,600;
- (b) a share transfer agreement dated December 13, 2016 (the “**Share Transfer Agreement**”) entered into among BES Investment, Asia Environment and Best Dawn, pursuant to which BES Investment agreed to transfer its 4.31% equity interests in our Company to Asia Environment for a consideration of RMB51,729,000 or its US\$ or HK\$ equivalent. Under the Share Transfer Agreement, Best Dawn agreed to provide a guarantee in respect of the completion of the said share transfer;
- (c) a share transfer agreement dated December 14, 2016 (the “**Further Share Transfer Agreement**”) entered into among BES Investment, Smart Triumph and Best Dawn, pursuant to which BES Investment agreed to transfer its 3.57% equity interests in our Company to Smart Triumph for a consideration of RMB42,831,000 or its US\$ or HK\$ equivalent. Under the Further Share Transfer Agreement, Best Dawn agreed to provide a guarantee in respect of the completion of the said share transfer;
- (d) a supplemental agreement to the Share Transfer Agreement dated December 28, 2016 entered into among BES Investment, Asia Environment, Best Dawn, Mr. Zeng and Mr. Wang, pursuant to which Mr. Zeng and Mr. Wang, as shareholders together holding 100% equity interest in Asia Environment, agreed to jointly settle the consideration of RMB51,729,000 of the share transfer on behalf of Asia Environment in accordance with the Share Transfer Agreement. Furthermore, it has been agreed that the guarantee provided by Best Dawn under the Share Transfer Agreement shall be terminated immediately after the completion of the share transfer under the Share Transfer Agreement;
- (e) a supplemental agreement to the Further Share Transfer Agreement dated December 28, 2016 entered into among BES Investment, Smart Triumph and Best Dawn, pursuant to which the parties have agreed that the guarantee provided by Best Dawn under the Further Share Transfer Agreement shall be terminated immediately after the completion of the share transfer under the Further Share Transfer Agreement;
- (f) a subscription agreement dated December 30, 2016 entered into among our Company, CBEE Holdings Co., Ltd, Beijing Shengyi, Beijing Bosheng, Beijing Boqi, World Hero, Best Dawn, Boqi Environmental Engineering, Mr. Cheng, Mr. Zeng, Sinopec and New Asia, pursuant to which our Company agreed to issue and Sinopec and New Asia agreed to subscribe for 110,294,118 Class C Shares and 27,573,529 Class C Shares, respectively, at the price in US\$ amount equivalent to RMB1.62293333 per share for total consideration of RMB179,000,000 and RMB44,750,000, respectively;
- (g) a share transfer agreement dated January 11, 2017 entered into between World Hero, Mr. Cheng, Full Synergy and our Company, pursuant to which World Hero agreed to transfer 24,722,563 Class A Shares to Full Synergy at a price in US\$ equivalent to

RMB1.76963853 per share amounting to an aggregate price in US\$ equivalent to RMB43,750,000 and the Company agreed to purchase from Full Synergy the 24,722,563 Class A Shares in exchange for the Company to allot and issue to Full Synergy 24,722,563 Class C Shares;





- (h) On January 11, 2017, the Company, CBEE Holdings Co., Ltd, Beijing Shengyi, Beijing Bosheng, Beijing Boqi, World Hero, Best Dawn, Boqi Environmental Engineering, Mr. Cheng, Mr. Zeng, Sinopec, New Asia and Full Synergy entered into a subscription agreement whereby the Company agreed to issue an aggregate of 31,786,152 Class C shares to Full Synergy for a total consideration of the US\$ equivalent to RMB56,250,000;
- (i) a second amended and restated shareholders agreement dated January 11, 2017 entered into among our Company, CBEE Holdings Co., Ltd., Beijing Shengyi, Beijing Bosheng, Beijing Boqi, BES Investment, Acheson, Eastasia Power, World Hero, Best Dawn, Mr. Cheng, Mr. Zeng, Asia Environment, Smart Triumph, Boqi Environmental Engineering, New Asia, Great Origin, Sinopec and Full Synergy, pursuant to which the Class B Investor and Class C Investors are entitled to certain rights, each of which shall automatically terminate immediately upon Listing;
- (j) the Cooperation Framework Agreement;
- (k) the Yangxi Supplemental Agreement;
- (l) the Non-competition Deed;
- (m) the Deed of Indemnity;
- (n) the Cornerstone Investment Agreement; and
- (o) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

As at the Latest Practicable Date, we have registered or have applied for the registration of the following intellectual property rights which are material in relation to our business.

(a) Trademarks

As at the Latest Practicable Date, we have registered the following trademarks in the PRC:

No.	Trademark	Class	Registered Owner	Registration Number	Effective Date	Expiry Date
1	 博奇	1	Beijing Boqi	6089491	February 7, 2010	February 6, 2020
2	 博奇 BOQI	1	Beijing Boqi	8515017	June 28, 2012	June 27, 2022
3	博奇	1	Beijing Boqi	8515041	August 7, 2011	August 6, 2021
4	BOQI	1	Beijing Boqi	8515043	August 7, 2011	August 6, 2021
5	 博奇	11	Beijing Boqi	6089509	February 14, 2010	February 13, 2020
6	 博奇 BOQI	11	Beijing Boqi	8515015	August 21, 2011	August 20, 2021

No.	Trademark	Class	Registered Owner	Registration Number	Effective Date	Expiry Date
7		11	Beijing Boqi	8515023	August 21, 2011	August 20, 2021
8		11	Beijing Boqi	8515039	August 7, 2011	August 6, 2021
9		37	Beijing Boqi	6089508	March 14, 2010	March 13, 2020
10		37	Beijing Boqi	8515014	September 28, 2011	September 27, 2021
11		37	Beijing Boqi	8515022	October 7, 2011	October 6, 2021
12		37	Beijing Boqi	8515038	October 7, 2011	October 6, 2021
13		39	Beijing Boqi	6089507	May 21, 2010	May 20, 2020
14		39	Beijing Boqi	8515007	August 7, 2011	August 6, 2021
15		39	Beijing Boqi	8515021	August 7, 2011	August 6, 2021
16		39	Beijing Boqi	8515037	August 7, 2011	August 6, 2021
17		4	Beijing Boqi	6089510	February 7, 2010	February 6, 2020
18		4	Beijing Boqi	8515016	June 28, 2012	June 27, 2022
19		4	Beijing Boqi	8515040	August 7, 2011	August 6, 2021
20		4	Beijing Boqi	8515042	August 7, 2011	August 6, 2021
21		40	Beijing Boqi	5665061	December 28, 2009	December 27, 2019
22		40	Beijing Boqi	6089506	March 7, 2010	March 6, 2020
23		40	Beijing Boqi	8515006	August 7, 2011	August 6, 2021

APPENDIX V

STATUTORY AND GENERAL INFORMATION

No.	Trademark	Class	Registered Owner	Registration Number	Effective Date	Expiry Date
24		40	Beijing Boqi	8515020	August 7, 2011	August 6, 2021
25		40	Beijing Boqi	8515034	August 7, 2011	August 6, 2021
26		41	Beijing Boqi	6089504	May 21, 2010	May 20, 2020
27		41	Beijing Boqi	8515005	August 7, 2011	August 6, 2021
28		41	Beijing Boqi	8515019	August 7, 2011	August 6, 2021
29		41	Beijing Boqi	8515036	August 7, 2011	August 6, 2021
30		42	Beijing Boqi	6089505	May 21, 2010	May 20, 2020
31		42	Beijing Boqi	8515004	August 7, 2011	August 6, 2021
32		42	Beijing Boqi	8515018	January 14, 2012	January 13, 2022
33		42	Beijing Boqi	8515035	August 7, 2011	August 6, 2021

As at the Latest Practicable Date, we had registered the following trademarks in Hong Kong:

No.	Trademark	Class	Registered Owner	Registration Number	Registration Date	Expiry Date
1	A.  	1, 4, 11, 37, 39, 40, 41, 42	中國博奇環保（控股）有限公司 (China Boqi Environmental (Holding) Co., Ltd.)	303926845	October 11, 2016	October 11, 2026
	B.  					
2		1, 4, 11, 37, 39, 40, 41, 42	中國博奇環保（控股）有限公司 (China Boqi Environmental (Holding) Co., Ltd.)	303927097	October 11, 2016	October 11, 2026

No.	Trademark	Class	Registered Owner	Registration Number	Registration Date	Expiry Date
3	A. BOQI	1, 4, 11, 37, 39, 40, 41, 42	中國博奇環保（控股）有限公司 (China Boqi Environmental (Holding) Co., Ltd.)	303927105	October 11, 2016	October 11, 2026
	B. Boqi					
	C. boqi					

(b) Domain names

As at the Latest Practicable Date, we have registered the following domain names:

No.	Domain Names	Registration Owner	Date of Registration	Expiry Date
1	boqi.hk	Beijing Boqi	November 8, 2012	November 8, 2022
2	chinaboqi.cn	Beijing Boqi	March 5, 2014	March 5, 2019
3	chinaboqi.com	Beijing Boqi	March 20, 2003	March 20, 2019
4	chinaboqi.hk	Beijing Boqi	January 11, 2008	January 18, 2023
5	chinaboqi.net	Beijing Boqi	January 11, 2008	January 11, 2023
6	博奇.com	Beijing Boqi	November 8, 2012	November 8, 2022
7	博奇環保.com	Beijing Boqi	February 24, 2016	February 23, 2023
8	中國博奇.com	Beijing Boqi	January 14, 2008	January 14, 2023

(c) Invention patents

As at the Latest Practicable Date, we have registered the following invention patents in the PRC which are considered to be material to our business:

No.	Title of Invention	Registered Owner	Registration Number	Application Date	Expiry Date
1	Method for calculating spray tower spray level flue gas pressure (一種噴淋塔噴淋層煙氣壓力損失計算方法)	Beijing Boqi	2010106086370	December 28, 2010	December 27, 2030
2	Method for automatically generating spray level layout of the spray tower (自動生成噴淋塔的噴淋層佈置圖的方法)	Beijing Boqi	2009102600926	December 24, 2009	December 23, 2029
3	Ammonia supply system with liquid ammonia as raw material (以液氨為原料的氨氣供應系統)	Beijing Boqi	2009100772788	January 21, 2009	January 20, 2029
4	Bubble tower and its usage as desulfurization unit (作為脫硫裝置的鼓泡塔及其用途)	Beijing Boqi	2008102261570	November 14, 2008	November 13, 2028
5	Spray tower for flue gas treatment and gas collecting ring used for the spray tower (用於煙氣處理的噴淋塔和用於該噴淋塔中的聚氣環)	Beijing Boqi	2008801141777	September 5, 2008	September 4, 2028

APPENDIX V

STATUTORY AND GENERAL INFORMATION

No.	Title of Invention	Registered Owner	Registration Number	Application Date	Expiry Date
6	Flue gas cleaning system and method (煙氣淨化系統及方法)	Beijing Boqi	2008101193716	September 4, 2008	September 3, 2028
7	Method for catalytic flue gas treatment and its used filtering system (煙氣催化處理系統和方法及其使用的過濾系統)	Beijing Boqi	2008101253492	June 20, 2008	June 19, 2028
8	Gas-liquid contact rating oxidation desulfurization, denitrification and mercury removal process (氣液接觸分級氧化法脫硫、脫硝、脫汞工藝)	Beijing Boqi	2008100813533	February 25, 2008	February 24, 2028
9	Jet bubbling synergistic desulfurization, denitrification , removal of mercury devices and process (噴射鼓泡法一體化協同脫硫、脫硝、脫汞裝置及工藝)	Beijing Boqi	2008100072837	February 22, 2008	February 21, 2028
10	Multi -stage flue gas desulfurization spray tower (多級式煙氣脫硫噴淋塔)	Beijing Boqi	2008100035289	January 18, 2008	January 17, 2028
11	Bubbling gas flue desulfurization device separating flushing system and method (一種鼓泡式煙氣脫硫裝置隔板沖洗系統及方法)	Beijing Boqi	2007101422617	August 31, 2007	August 30, 2027
12	Spray tower and its operational method used for flue gas desulfurization (一種用於煙氣脫硫的噴淋塔及其運行方法)	Beijing Boqi	2007101230208	June 26, 2007	June 25, 2027
13	Ammonia supply system with liquid ammonia as raw material (以液氨為原料的氨氣供應系統)	Hejin Boqi	2009100772773	January 21, 2009	January 20, 2029

(d) Utility patents

As at the Latest Practicable Date, we have registered the following utility patents in the PRC which are material to our business:

No	Title of Utility	Registered Owner	Registration Number	Application Date
1	A membrane-method-wet electrostatic precipitator and its water distributor (一種膜法濕式靜電除塵器及其布水器)	Beijing Boqi	2013208387704	December 19, 2013
2	Gas-liquid contract enhancement method for wet flue gas desulfurization tower (一種用於濕法煙氣脫硫塔的氣液接觸增強裝置)	Beijing Boqi	2012207222663	December 25, 2012
3	Mixing cleaning device between denitrification catalyst ultrasonic and air bubble (一種脫硝催化劑超聲波及空氣鼓泡混合清洗裝置)	Tsinghua University and Beijing Boqi	2014205541790	September 24, 2014
4	Flue gas two-stage frozen dedusting device after desulfurization (一種脫硫後煙氣兩級冷凝除塵裝置)	Beijing Boqi	2015204574310	June 30, 2015

(e) Copyrights

As at the Latest Practicable Date, we have registered the following copyrights in the PRC:

No	Title of Product	Registered Owner	Registration Number	Registration Date
1	Boqi Limestone Gypsum Wet Desulfurization Spray Tower Performance Calculation Software (博奇石灰石石膏濕法脫硫噴淋塔性能計算軟體)	Beijing Boqi	2010SR012589	March 19, 2010
2	Boqi Desulfurization Process Design Software (博奇脫硫工藝設計軟體)	Beijing Boqi	2010SR012505	March 18, 2010
3	Boqi Office Automation System Software (abbreviation: BQ-OA) V1.0 (博奇辦公自動化系統軟體 [簡稱 BQ-OA]V1.0)	Beijing Boqi	2004SR05649	June 14, 2004
4	Boqi Power Plant Production Statistics Management System Software (abbreviation: BQ-PS) V1.0 (博奇電廠生產統計管理系統軟體 [簡稱 BQ-PS]V1.0)	Beijing Boqi	2004SR05647	June 14, 2004
5	Boqi Budget Control System Software (abbreviation: BQ-BCS) v1.0 (博奇預算控制系統軟體 [簡稱 BQ-BCS]V1.0)	Beijing Boqi	2004SR05648	June 14, 2004
6	Boqi Power Plant Supplies Check System Software (abbreviation: Supplies Check System) V1.0 (博奇電廠物資稽核系統軟體 [簡稱：物資稽核系統]V1.0)	Beijing Boqi	2003SR11055	October 24, 2003

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interest

(a) *Interests of the Directors and the chief executive of our Company*

Immediately following completion of the Global Offering and without taking into account of any Shares which may be allotted and issued pursuant to the exercise of Over-allotment Option, the interests or short positions of our Directors or the chief executives of our Company in the Shares, underlying Shares and debentures of our Company or any its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or will be required, or pursuant to the Mode Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange will be as follows:

Long position in our Shares, underlying Shares and debentures of our Company

<u>Name of Director</u>	<u>Capacity/Nature of Interest</u>	<u>Number of Underlying Shares</u>	<u>Approximate percentage of Interest in the Company</u>
Mr. Cheng ⁽¹⁾⁽²⁾	Interest of a controlled corporation; interests held jointly with another person ⁽¹⁾	402,933,911	39.86%
Mr. Zeng ⁽¹⁾⁽³⁾	Interest of a controlled corporation; interests held jointly with another person ⁽¹⁾	402,933,911	39.86%
Mr. Zhu ⁽⁴⁾	Interest of a controlled corporation; interests held jointly with another person ⁽¹⁾	152,573,529	15.09%

Notes:

- (1) Mr. Cheng and Mr. Zeng, our Ultimate Controlling Shareholders, have entered into an acting-in-concert arrangement, details of which are set out in the section headed “History, Reorganization and Corporate Structure—Acting-in-Concert Arrangement” in this prospectus. As such, our Ultimate Controlling Shareholders together control 39.86% equity interests in the issued share capital of our Company through World Hero, Asia Environment and Best Dawn. Asia Environment is owned as to 47.2% by Mr. Zeng. Asia Environment is interested in 2.67% interest in the issued share capital of our Company, which Mr. Zeng is deemed to be interested in the Shares held by Asia Environment under Part XV of the SFO.
- (2) Mr. Cheng holds the entire issued share capital of World Hero. Therefore, Mr. Cheng is deemed to be interest in the Shares held by World Hero under the SFO.
- (3) Mr. Zeng holds the entire issued share capital of Best Dawn. Therefore, Mr. Zeng is deemed to be interested in the Shares held by Best Dawn under the SFO.
- (4) The entire issued share capital of New Asia is held by Great Origin, which in turn is held by Mr. Zhu. Therefore, Mr. Zhu is deemed to be interested in the Shares held by New Asia under the SFO.

(b) *Interest of the Substantial Shareholders*

Save as disclosed in the section headed “Substantial Shareholders” in this prospectus, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option), have an interest or a short

position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of our Company or any of our subsidiaries. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

Save as disclosed above, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Global Offering, be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group (other than our Company) or any options in respect of such capital.

Please refer to the section headed “Substantial Shareholders” in this prospectus for details of the interest and/or short positions of the substantial shareholders in the Shares or the underlying Shares of the Company.

2. Directors’ service contracts

Executive Directors

Each of our executive Directors has entered into a service agreement with our Company for an initial term of three years with effect from their respective date of appointment unless terminated by not less than three months’ notice in writing served by either the executive Directors or our Company.

Under their service contracts, each executive Director is entitled to a fixed basic salary, and any bonus and other non-cash benefits are only payable at the discretion of our Company. In certain other circumstances, the agreement can also be terminated by our Company, including but not limited to certain breaches of the Directors’ obligations under the agreement or certain misconducts. The appointment of the executive Directors are also subject to the provisions of retirement and rotation of Directors under the Articles of Association. The executive Directors are officially stationed in the PRC, but may be required to work in Hong Kong or in other places, as may be determined by the Board from time to time.

Non-Executive Directors and Independent Non-Executive Directors

Our non-executive Directors and each of our independent non-executive Directors has signed an appointment letter with our Company for a term of three years with effect from their respective date of appointment.

Under their respective appointment letters, each of our independent non-executive Directors is entitled to a fixed director’s fee. Our non-executive Directors are not entitled to any director’s fees. The appointments of our non-executive Directors and independent non-executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Save as disclosed above, none of our Directors has or is proposed to enter into any service contract with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

3. Director’s remuneration

The aggregate amount of remuneration our Directors have received (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other

benefits in kind) for 2014, 2015 and 2016 and as at September 30, 2017 was approximately RMB1,794,000, RMB1,802,000, RMB1,806,000 and RMB1,362,000, respectively.

No remuneration was paid by our Company to the Directors (a) as an inducement to join or upon joining any member of our Group or (b) as a compensation for loss of officer as director of any member of our Group or any other office in connection with the management affairs of any member of our Group in respect of each of the three years ended December 31, 2014, 2015 and 2016 and as at September 30, 2017. Further, none of our Directors waived any remuneration during the same period.

Under the arrangements currently in force, the aggregate amount of remuneration, excluding discretionary bonuses, payable to our Directors for the year ending December 31, 2017 is estimated to be approximately RMB1,816,000.

Further information regarding our Directors' remuneration during the Track Record Period can be found in Note 12 to the Accountants' Report set out in Appendix I in this prospectus.

4. Directors' competing interests

Saved as disclosed in the section headed "Relationship with Controlling Shareholders-Excluded Business", None of our Directors is interested in any business, apart from our Group's business, which competes or is likely to compete, directly or indirectly, with the business of our Group.

5. Disclaimers

Saved as disclosed in this prospectus:

- (a) none of our Directors or chief executive of our Company has any interests or short positions in any of the Shares, underlying Shares or debentures of our Company or any associated corporation within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed on the Stock Exchange;
- (b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (c) none of our Directors or experts named in paragraph headed "—Qualification of experts" in this appendix has been directly or indirectly interested in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of its subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any other

member of our Group nor will any Director apply for the Placing Shares either in his own name or in the name of a nominee;

- (d) none of our Directors or the experts named in the paragraph headed “—Qualification of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (e) none of the Directors or experts named in paragraph headed “—Qualification of experts” in this appendix (i) has any shareholding in any company in our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; or (ii) is legally or beneficially interested in any securities of any member of our Group;
- (f) none of our Directors has any existing or proposed service contracts with our Company (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)); and
- (g) none of our Directors or their respective associates (as defined under the Listing Rules), or the existing Shareholders (who, to the knowledge of our Directors, own more than 5% of the issued share capital of our Company) has any interest in any of the five largest customers or the five largest suppliers of our Group.

D. PRE-IPO SHARE AWARD SCHEME

The following is a summary of the principal terms of the Pre-IPO Share Award Scheme as approved and adopted pursuant to the written resolutions of sole Shareholder and the written resolutions of Directors both passed on April 15, 2016. The Pre-IPO Share Award Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Award Scheme does not involve the grant of options by our Company to subscribe for new Shares.

Purpose

The Pre-IPO Share Award 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.

Implementation

Pursuant to the Pre-IPO Share Award Scheme, a group of employees of our Group shall be awarded Shares of our Company and such Shares shall be held by Acheson Limited as Trustee for the benefits of such employees under the Trust. The Trust was established pursuant to the Trust Deed dated September 2, 2016 with retrospective effect from May 10, 2016.

On May 11, 2016, a total of 25,000,000 Shares (the “**Awarded Shares**”) were issued to Acheson Limited, representing approximately 3.15% of the total issued share capital of our Company as at the Latest Practicable Date. Acheson, as one of our Selling Shareholders, will sell its Sale Shares as part of the Global Offering, representing approximately 1.10% of the issued share capital of our Company immediately after completion of the Global Offering (taking no account of Shares that may be issued pursuant to exercise of Over-allotment option and taking into account the Sales Shares to be sold by the Selling Shareholders). Acheson will hold 13,878,000 Shares representing approximately

1.37% of the issued share capital of our Company immediately after completion of the Global Offering (taking no account of Shares that may be issued pursuant to exercise of Over-allotment option and taking into account the Sales Shares to be sold by the Selling Shareholders). No further Shares will be issued by our Company for the purpose of the Pre-IPO Share Award Scheme.

As at the Latest Practicable Date, a total of 22,245,000 Awarded Shares have been awarded to a total of 112 employees of our Group, including members of our senior management, (the “**Selected Employee(s)**”) which are held by Acheson Limited as the Trustee under the Trust. The Trust will facilitate the purchase, holding and/or vesting of the Awarded Shares by the Trustee for the benefit of Selected Employees in accordance with the terms of the Pre-IPO Share Award Scheme and the Trust Deed.

Administration

The Pre-IPO Share Award Scheme shall be subject to the administration of the Board (as defined below) in accordance with the rules of the Pre-IPO Share Award Scheme. The Board will make all determination in relation to the Pre-IPO Share Award Scheme. Any decision of the Board made in accordance with the rules of the Pre-IPO Share Award Scheme shall be final and binding on all parties.

For the purpose of the Pre-IPO Share Award Scheme, “**Board**” means the board of Directors of our Company or a duly authorized management committee to be established thereof.

Term

Subject to the termination provisions, the Pre-IPO Share Award Scheme shall be valid and effective for the period of ten (10) years commencing on the date of adoption.

Grant of Awarded Shares

A grant of Awarded Shares to a Selected Employee shall be made by a grant letter (the “**Grant Letter**”). The Grant Letter will specify the conditions on which a Selected Employee may accept the Awarded Shares, the consideration for accepting the Awarded Shares and the vesting periods and conditions.

A grant of Awarded Shares shall be deemed to have been accepted when the Grant Letter is duly signed and delivered to the Company by the Selected Employee in accordance with the instructions specified in the Grant Letter. Once such grant has been accepted, the Trustee will hold the Awarded Shares for the benefit of such Selected Employee under the Trust, which the Trustee will be subject to the Trust Deed and hold the Awarded Shares in accordance with the Trust Deed and the Pre-IPO Share Award Scheme.

Awarded Shares to be personal to the Selected Employees

Awarded Shares granted pursuant to the Pre-IPO Share Award Scheme shall be personal to the Selected Employees. Before the Awarded Shares are vested on a Selected Employee pursuant to the Pre-IPO Share Award Scheme, the Awarded Shares shall not be assignable or transferrable. The Selected Employees shall not sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any Awarded Shares granted to him or any interest or benefits therein.

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 vest on 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 (as specified below);
 - (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.

Triggering events for surrender of Awarded Shares

Awarded Shares will be deemed to have been surrendered by a Selected Employee upon the occurrence of any of the following events:

- (a) termination of employment with or without cause;
- (b) unsatisfactory performance leading to demotion;
- (c) failure to meet performance appraisal rating for the previous year according to the performance appraisal rating policy of our Company (as amended from time to time);
- (d) no renewal of the employment contract upon the expiration; or
- (e) any other event to be determined by the Board.

For the purpose of the Pre-IPO Share Award Scheme, “**cause**” means, with respect to a Selected Employee, the termination of employment on any of the following grounds: (i) the Selected Employee voluntarily resigns before any of the vesting dates; (ii) unsatisfactory performance; (iii) dishonest behavior or serious misconduct; (iv) negligent conduct; or (v) any other conducts or omission, in our Company’s conclusive opinion, which may affect adversely such Selected Employee’s performance or our Company’s reputation.

Awarded Shares deemed to have been surrendered shall be held by the Trustee and may be awarded to other Selected Employees.

Cancelation of Awarded Shares

In the event that a Selected Employee is dismissed by the Company as a result of his serious violation of Company’s policies or causing detriment to the interest of the Group, or a Selected Employee violates any applicable laws or regulation which results conviction, the unvested Awarded Shares which are granted to such Selected Employee will be canceled. The canceled Awarded Shares will be held by the Trustee and may be awarded to other Selected Employees. If any of the Awarded Shares have been vested on such Selected Employee, the Board will reserve the right to cancel such vested Awarded Shares or receive the net proceeds from the disposal of such Awarded Shares.

Alteration or Amendment of the Pre-IPO Share Award Scheme

The Pre-IPO Share Award Scheme may be altered by a resolution of the Board provided that such alteration shall not have adverse impact on the terms of the Awarded Shares that have been or are to be awarded or the interests of the Selected Employees to such alteration. Any alteration which may have such adverse impact is subject to the written consent of all Selected Employees or the approval by Selected Employees in a meeting which is constituted and convened according to the articles of association of our Company.

Termination of the Pre-IPO Share Award Scheme

The Board may at any time terminate the operation of the Pre-IPO Share Award Scheme. In such event, all the Awarded Shares which are not canceled or surrendered (the “**Remaining Shares**”) will be held by the Trustee. The Board will direct and procure the Trustee to make on-market disposal of such Remaining Shares and the Company is entitled to receive the net proceeds from such disposal.

E. OTHER INFORMATION**1. Estate duty, tax and other indemnity**

The Controlling Shareholders have entered into a deed of indemnity with and in favor of our Company (for itself and as trustee for each of our Company's present subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters:

- (a) any liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of sections 35 and 43 of the Estate Duty Ordinance (Chapter 11 of the Laws of Hong Kong) or the equivalent or similar thereof under the laws of any jurisdictions outside Hong Kong) to an member of our Group on or before the Listing; and
- (b) any tax liabilities (including all fines, penalties, costs, charges, liabilities, expenses and interests incidental or relating to taxation) which might be payable by any member of our Group resulting from or by reference to any income, profits or gains earned, accrued or received on or before the Listing Date or any event or transaction entered into or occurring on or before the Listing Date whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company.

The Controlling Shareholders are under no liability under the deed of indemnity of our Group in respect of any taxation:

- (a) to the extent that provision has been made for such taxation in the audited consolidated accounts of the Company and its subsidiaries as set out in the Accountant's Report set out in Appendix I to this prospectus or in the audited accounts of the relevant members of our Group for the three financial years ended December 31, 2014, 2015 and 2016 and the nine months ended September 30, 2017;
- (b) to the extent for which any member of our Group is liable as a result of any event occurring or income, profits earned, accrued or received or alleged to have been earned, accrued or received or transactions entered into in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the date of deed of indemnity; and
- (c) to the extent that such claim arises or is incurred as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the tax authorities or any other authority in the Cayman Islands or the PRC coming into force after the Listing Date or to the extent such claim arises or is increased by an increase in the rates of taxation after the Listing Date with retrospective effect.

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which estate duty ceased to be chargeable in Hong Kong in respect of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose death occur on or after February 11, 2006. Our Directors have been advised that no material liability for estate duty is likely to fall on us or any of our subsidiaries.

2. Particulars of Selling Shareholders

Pursuant to the Underwriting Agreements, Boqi Environmental Engineering and Acheson will sell 25,000,000 Shares and 11,122,000 Shares representing approximately 2.47% and 1.10% of the total issued share capital of our Company, respectively, at the Global Offering (excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and taking into account the Sales Shares to be sold by the Selling Shareholders).

The number of Shares held by Selling Shareholders prior to and following the sale of the Sale Shares are set out in the table below:

<u>Name of the Selling Shareholders</u>	<u>Number of Shares held by Selling Shareholders prior to Global Offering</u>	<u>Number of Shares to be sold by the Selling Shareholders</u>	<u>Approximate Percentage of Shareholding and Number of Shares held after the Global Offering</u>	
	(Shares)	(Shares)	(Shares)	(%)
Boqi Environmental Engineering	25,000,000	25,000,000	0	0
Acheson	25,000,000	11,122,000	13,878,000	1.37

The particulars of the Selling Shareholders are set out the following:

Name:	Boqi Environmental Engineering
Place of incorporation:	Cayman Islands
Date of incorporation:	March 29, 2012
Registered office:	PO Box 309, Ugland House, Grand Cayman, KYI-1104, Cayman Islands
Description:	It is an investment holding company.
Particulars of beneficial interest:	Eastasia Power, BES Investment, Best Dawn and Mr. Cheng owned 75.19%, 14.29%, 5.26% and 5.26% equity interests in Boqi Environmental Engineering respectively. Mr. Cheng and Mr. Zeng owned equal Shares in Eastasia Power. Mr. Cheng and Mr. Zeng are our executive Directors.
Number of Shares to be sold as part of Global Offering:	25,000,000
Name:	Acheson
Place of incorporation:	Hong Kong
Date of incorporation:	October 20, 1977
Registered office:	Level 54, Hopewell Centre, 183 Queen's Road East Hong Kong
Description:	It is a private company limited by shares incorporated in Hong Kong.
Number of Shares to be sold as part of Global Offering:	11,122,000

3. Litigation

As at the Latest Practicable Date, save as disclosed in the section headed "Business—Legal Proceedings" in this prospectus, no member of our Group was engaged in any litigation arbitration or administrative proceedings which had a material adverse effect on our financial conditions or results of operations, and no litigation, arbitration or administrative proceedings was known to the Directors to be pending or threatened by or against our Group, that would have a material adverse effect on our financial condition or results of operations.

4. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules and has made an application on behalf of our Company to the Listing Division of the Stock Exchange for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus. The Sole Sponsor's fee in relation to the Listing is approximately HK\$5,600,000.

5. Shares will be eligible for CCASS

Our Company has applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares.

All necessary arrangements will be made to enable such Shares to be admitted into CCASS.

6. No material adverse change

Our Directors confirm that there has been no material adverse change in our financial or trading position since September 30, 2017 (being the date on which our latest audited consolidated financial statements was made up) up to the Latest Practicable Date.

7. Qualification of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

<u>Name</u>	<u>Qualification</u>
CMB International Capital Limited	Licensed corporation under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
Maples and Calder (Hong Kong) LLP	Legal advisors to the Company as to Cayman Islands laws
Commerce & Finance Law Offices	Legal advisors to the Company as to PRC law
Frost & Sullivan	Independent Industry Consultant

8. Consents of experts

Each of the experts whose names are set out in the paragraph headed "E. Other Information—6. Qualification of Experts" in this appendix has given and has not withdrawn their respective consents to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/ or valuation certificates and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

As at the Latest Practicable Date and save as disclosed in this prospectus, none of the experts named in the paragraph headed "E. Other Information—6. Qualification of Experts" in this appendix has any shareholding interests in any of our Company or any of our subsidiaries or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

9. Agency fees or commissions received

Save as disclosed in the section headed “Underwriting” in this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Share or loan capital of our Company or any of our subsidiaries within the two years preceding the date of this prospectus.

10. Promoter

Our Company has no promoter for the purpose of the Listing Rules. No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of our Company nor is any cash, securities or benefit intended to be paid, allotted or given in connection with the Global Offering or the related transactions described in this prospectus.

11. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately USD5,496 which have been paid by our Company.

12. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provision) Ordinance so far as applicable.

13. Taxation of holders of Shares**(a) Hong Kong**

The sale, purchase and transfer of Shares registered with our Company’s Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of or of the fair value of, the Shares being sold or transferred, whichever is higher. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) The Cayman Islands

Under the Cayman Islands law currently in force, there is no stamp duty payable in the Cayman Islands on transfers of our Shares, save for those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares or exercising rights attached to them. It is emphasized that none of our Company, our Directors or the other parties, involved in the Global Offering will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attached to them.

14. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, Chapter 32L of the Laws of Hong Kong.

15. Miscellaneous

Saved as disclosed herein:

- (a) within the two years immediately preceding the date of this prospectus, no Share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (b) no Share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any Shares or loan capital of our Company or any of our subsidiaries;
- (d) within the two years immediately preceding the date of this prospectus, no commission has been paid or payable (except commission to underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in our Company;
- (e) no founder shares, management shares or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
- (f) there is no arrangement under which future dividends are waived or agreed to be waived;
- (g) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this Prospectus;
- (h) our Company has no outstanding convertible debt securities or debentures; and
- (i) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.