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## **Weigang Environmental Technology Holding Group Limited** **维港环保科技控股集团有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1845)**

### **DISCLOSEABLE TRANSACTION** **ACQUISITION OF 90% EQUITY INTEREST IN THE TARGET COMPANY**

#### **ACQUISITION OF 90% EQUITY INTEREST IN THE TARGET COMPANY**

The Board is pleased to announce that on 12 July 2023, Debo Environment (an indirect wholly owned subsidiary of the Company), the Target Company, Zhong Changqin\* (鐘長欽), Liu Qiuxiang\* (劉秋香), Tan Guofei\* (譚國飛), Yu Yuanyuan\* (余媛媛), Ouyang Yongqiang\* (歐陽永強) and Peng Jiongpei\* (彭炯培) entered into the Equity Transfer Agreement, pursuant to which Debo Environment conditionally agreed to acquire, and the Vendors conditionally agreed to sell, 90% of the equity interest in the Target Company at a total consideration of RMB18,000,000. Upon Completion, the Target Company is held as to 90% by Debo Environment and 10% by Zhong Changqin, and the Target Company becomes a subsidiary of the Group. The financial statements of the Target Company will be consolidated into the financial statements of the Group upon Completion.

#### **LISTING RULES IMPLICATIONS**

As the highest applicable ratio (as defined in the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## ACQUISITION OF 90% EQUITY INTEREST IN THE TARGET COMPANY

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### EQUITY TRANSFER AGREEMENT

#### Date

12 July 2023

#### Parties

- (i) Debo Environment (as purchaser);
- (ii) Target Company;
- (iii) Zhong Changqin (as vendor);
- (iv) Liu Qiuxiang (as vendor);
- (v) Tan Guofei (as vendor);
- (vi) Yu Yuanyuan (as vendor);
- (vii) Ouyang Yongqiang (as vendor); and
- (viii) Peng Jiongpei (as vendor).

As at the date of this announcement, the Target Company is owned as to (i) 48% by Zhong Changqin, (ii) 28% by Liu Qiuxiang, (iii) 9% by Tan Guofei, (iv) 5% by Yu Yuanyuan, (v) 5% by Ouyang Yongqiang, and (vi) 5% by Peng Jiongpei. Except for Zhong Changqin, who conditionally agreed to sell 38% of the equity interest in the Target Company, all other Vendors conditionally agreed to sell their entire share of equity interest in the Target Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors is an Independent Third Party as at the date of this announcement.

### **Subject Matter**

Pursuant to the Equity Transfer Agreement, Debo Environment conditionally agreed to acquire, and the Vendors conditionally agreed to sell, 90% of the equity interest in the Target Company at a total consideration of RMB18,000,000 (equivalent to approximately HK\$19,440,000).

Upon Completion, the Target Company is held as to 90% by Debo Environment and 10 % by Zhong Changqin.

### **Consideration**

Pursuant to the Equity Transfer Agreement, the total consideration of RMB18,000,000 shall be payable in cash by Debo Environment to the respective Vendors according to their equity interest sold.

The Consideration was determined after arm's length negotiations between the parties with reference to (i) the prospects of the business of the Target Company, (ii) the consolidated net asset value of the Target Company as at 31 May 2023, which amounted to approximately RMB14,985,000 according to the management accounts of the Target Company, and (iii) the inputs made by the Target Company in the early stage of project development and the necessary licenses and qualifications obtained by the Target Company.

The Consideration is considered by the Board as fair and reasonable and in the interests of the Group and of the Shareholders as a whole.

The Consideration will be funded by internal resources of the Group.

### **Payment terms**

The Equity Transfer Agreement becomes effective upon (i) the shareholders of the Target Company approving the Acquisition and the revision of the Target Company's articles of association, (ii) the Board approving the Acquisition, and (iii) the signing of the Equity Transfer Agreement by all parties.

Debo Environment shall pay a deposit of RMB2,000,000 (the “**Deposit**”) within 5 working days of the effective date of the Equity Transfer Agreement. Within 5 working days of the payment of the Deposit by Debo Environment, the Target Company shall submit to the administrative department for industry and commerce in the PRC the information required for the necessary registration procedures for business changes in respect of the Acquisition (the “**Business Registration**”). After the Business Registration, the Target Company shall provide Debo Environment with a copy of the updated business license and its articles of association with the official seal affixed.

Upon fulfillment of the following conditions (the “**Payment Conditions**”) or waiver by Debo Environment (where applicable), Debo Environment shall pay the remaining RMB16,000,000 to the Vendors according to their equity interest sold and the Deposit will become part of the Consideration. Such payment shall be made no later than the following dates (whichever is earlier, but the premise is that all Payment Conditions are fulfilled or partly/fully exempted by Debo Environment, otherwise the time of payment will be postponed): (i) within 5 working days after the Target Company obtained a bank loan for a comprehensive utilization project for general industrial solid waste and sludge co-processing in Jiangmen City, the PRC (the “**Project**”) or (ii) 31 December 2023. The Payment Conditions are:

- (i) that in respect of the problem that the Target Company failed to start construction as stipulated in the project construction land use right assignment contract of the Project, the Target Company shall be responsible for facilitating the relevant government departments to extend the construction start period and completion period of the project land before 10 October 2023;
- (ii) the Target Company having completed the extension procedures and obtained the extension of the planning permits (including but not limited to project RDF preparation workshop planning permit, 1# solid waste temporary storage planning permit, weighbridge house planning permit, comprehensive building planning permit, construction land planning permit etc.); and
- (iii) that if the environmental impact assessment approval cannot meet the requirements of the Project, the Target Company shall facilitate the completion of the environmental impact assessment changes of the Project before 10 October 2023.

## **Completion**

Completion takes place upon the fulfillment of the conditions precedent contained in the Equity Transfer Agreement and the payment of the Consideration in accordance with the payment terms.

Upon Completion, the financial statements of the Target Company will be consolidated into the financial statements of the Group.

## **Conditions precedent**

Pursuant to the Equity Transfer Agreement, the Acquisition shall proceed upon the fulfillment of the follow conditions:

- (i) the Equity Transfer Agreement having been approved by the shareholders of the Target Company and signed by all parties;
- (ii) no amendments having been made to the articles of association of the Target Company from 31 May 2023 until the completion of the Business Registration (except for the amendments required for the implementation of the Equity Transfer Agreement);
- (iii) all the consents and approvals, including but not limited to, the parties to the Equity Transfer Agreement, third parties (if any), the relevant regulatory authorities (if any) in respect of the Acquisition, having been obtained;
- (iv) the Target Company and the Vendors having disclosed to Debo Environment in writing of the Target Company's assets, liabilities, equity, external guarantees and all necessary materials and information as at 31 May 2023, and the relevant materials and information are true, accurate and complete;
- (v) no material violations of laws and regulations of the Target Company; and
- (vi) no material legal, financial and tax issues discovered after the due diligence conducted by Debo Environment.

## **Undertakings by Debo Environment**

Pursuant to the Equity Transfer Agreement, upon Completion, depending on the investment needs of the Project, Debo Environment shall provide a loan of RMB7,000,000 to the Target Company as project construction funds.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company established in the PRC with limited liability. As at the date of this announcement, the Target Company is owned as to (i) 48% by Zhong Changqin, (ii) 28% by Liu Qiuxiang, (iii) 9% by Tan Guofei, (iv) 5% by Yu Yuanyuan, (v) 5% by Ouyang Yongqiang, and (vi) 5% by Peng Jiongpei.

The Target Company is principally engaged in the provision of project management service for general industrial solid waste and sludge.

## FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the consolidated financial information of the Target Company for the two years ended 31 December 2021 and 2022 according to the financial statements of the Target Company prepared in accordance with the PRC GAAP:

	<b>For the year ended 31 December 2021 (RMB'000)</b>	<b>For the year ended 31 December 2022 (RMB'000)</b>
Revenue	0	0
Loss before tax	(878)	(1,277)
Loss for the year	(878)	(1,277)
	<b>As at 31 December 2021 (RMB'000)</b>	<b>As at 31 December 2022 (RMB'000)</b>
Total assets	16,502	15,110
Net assets	16,222	15,135

As at 31 May 2023, according to the management accounts of the Target Company, the consolidated net asset value of the Target Company amounted to approximately RMB14,985,000.

## INFORMATION OF THE GROUP

The Group is a leading comprehensive hazardous waste incineration turnkey solution provider in China focusing on the research, design, integration and commissioning of solid waste treatment systems, particularly for hazardous waste incineration.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Company, a company engaged in provision of project management service for general industrial solid waste and sludge, has well-established reputation and business relationships in the environmental protection industry in the PRC. The Acquisition will enable the Group to further expand and develop its service offerings in the PRC by leveraging on the Target Company's experience and expertise in environmental protection.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Equity Transfer Agreement are fair and reasonable and on normal commercial terms and the Acquisition is in the interests of the Group and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable ratio (as defined in the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition”	the acquisition of 90% equity interest in the Target Company by Debo Environment pursuant to the Equity Transfer Agreement
“Board”	the board of Directors
“Company”	Weigang Environmental Technology Holding Group Limited 维港环保科技控股集团有限公司 (stock code: 1845), a company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Equity Transfer Agreement
“Consideration”	the consideration for the Acquisition
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Debo Environment”	Debo Environment (Guangzhou) Co., Ltd.* (德博环境(广州)有限公司), a company established under the laws of the PRC and an indirect wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third parties who are independent of, and not connected with, the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China excluding Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan for the purpose of this announcement
“PRC GAAP”	the PRC General Accepted Accounting Practices
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares of par value of HK\$0.05 each of the Company
“Shareholder(s)”	shareholders of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 12 July 2023 entered into between the Debo Environment, the Target Company and the Vendors in respect of the Acquisition
“Target Company”	Jiangmen Chengxin Environmental Protection Technology Co., Ltd.* (江門市成鑫環保技術有限公司), a company established under the laws of the PRC
“Vendors”	Zhong Changqin* (鐘長欽), Liu Qiuxiang* (劉秋香), Tan Guofei* (譚國飛), Yu Yuanyuan* (余媛媛), Ouyang Yongqiang* (歐陽永強) and Peng Jiongpei* (彭炯培)

“Stock Exchange” the Stock Exchange of Hong Kong Limited  
“HK\$” Hong Kong dollars, the lawful currency of Hong Kong  
“%” per cent.

By order of the Board  
**Weigang Environmental Technology Holding Group Limited**  
**Cai Zhuhua**  
*Chairman*

Guangdong Province, the PRC  
12 July 2023

*As of the date of this announcement, the Board comprises Mr. Cai Zhuhua, Mr. Zhang Weiyang, Mr. Dong Honghui, Mr. Li Kaiyan and Mr. Gu Chunbin as executive Directors and Mr. Yang Zhifeng, Mr. Xiao Hui and Ms. Xiao Jingui as independent non-executive Directors.*

\* *for identification purpose only*