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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)**

### **CONNECTED TRANSACTION** **SUPPLEMENTAL AGREEMENT IN RELATION TO** **THE ACQUISITION OF 90% EQUITY INTEREST IN** **THE TARGET COMPANY**

Reference is made to the announcement of Weigang Environmental Technology Holding Group Limited dated with 12 July 2023 in relation to, among other things, the Acquisition (the “**Announcement**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

#### **Supplemental Agreement in relation to the Equity Transfer Agreement**

Pursuant to the Equity Transfer Agreement, Debo Environment shall pay the Deposit of RMB2,000,000 within 5 working days of the effective day of the Equity Transfer Agreement. Upon the fulfillment of the Payment Conditions or waiver by Debo Environment (where applicable), Debo Environment shall pay the remaining Consideration of RMB16,000,000 to the Vendors according to their equity interest sold and the Deposit will become part of the Consideration.

On 5 February 2024 (after trading hours), Debo Environment and the Vendors entered into the supplemental agreement (the “**Supplemental Agreement**”) to amend the payment terms of the remaining Consideration. Pursuant to the Supplemental Agreement, the remaining Consideration will be settled in the following manners:-

- (i) Debo Environment shall pay the respective Vendors in the total amount of RMB6,000,000 on or before 9 February 2024 according to their equity interest sold;
- (ii) Debo Environment shall pay the respective Vendors in the total amount of RMB8,000,000 on or before 30 April 2024 according to their equity interest sold; and

- (iii) Regarding the remaining amount of RMB2,000,000, Debo Environment shall pay the respective Vendors within five working days after the fulfillment of all Payment Conditions or by 31 December 2024, whichever is earlier.

Pursuant to the Supplemental Agreement, Debo Environment's payment to the Vendors in the manner as aforesaid is not considered as the waiver of its rights of indemnity for the damages and/or losses under the Equity Transfer Agreement due to non-fulfillment of the Payment Conditions in full.

## **REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT**

As at the date of this announcement, the Vendors have already fulfilled Payment Conditions (ii) and (iii). As to Payment Condition (i), the Vendors have already used their best endeavours in facilitating with the relevant government departments such that the Target Company has started the construction of the Project (the "**Construction**") as at the date of this announcement, despite the Vendors should have procured for the extension of commencement period and completion period of the project land with relevant government departments before 10 October 2023 as originally stipulated but the extension consent has not been obtained. To the best knowledge of the Vendors, the relevant government departments may not issue any written confirmation to the Target Company even if the extension of the period is granted or if any penalty would be waived for the late commencement of the Construction. As at the date of this announcement, the Target Company has not received any notice from the governmental departments of any extension of commencement period for the Construction or the imposition of any penalty. Upon further negotiation between the parties, it was considered that since the Vendors have already taken all possible steps available in fulfilling Payment Condition (i), and the Target Company has already enjoyed the rights in the development of the land owned by it, the Directors consider it appropriate in entering into the Supplemental Agreement to pay the remaining balance of the Consideration to the Vendors. On the other hand, since it is uncertain as to whether the relevant government authorities would impose any fine or penalty to the Target Company in relation to the late commencement of the Construction as at the date of this announcement, Debo Environment reserves its rights to recover the damages and/or losses from the potential fine and penalty under the Supplemental Agreement, if so imposed. Pursuant to the Supplemental Agreement, the Vendors have the duty to indemnify Debo Environment and/or the Target Company of any damages or losses due to the non-fulfillment of any of the Payment Conditions.

Taking into account the above factors and rationale, the Directors (including the independent non-executive Directors) consider that the terms of the Supplemental Agreement and the relevant arrangement on the payment of the balance of Consideration are fair and reasonable, that the interest of the Group under the transactions contemplated by the Equity Transfer Agreement would be sufficiently protected under the amended terms, and that the entering into of the Supplemental Agreement is in the interest of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATION**

As at the date of this announcement, Zhong Changqin\* (鍾長欽) is a substantial shareholder holding 10% shareholding in the Target Company, whereby the Target Company is an indirect subsidiary of the Company. As such, Zhong Changqin\* (鍾長欽) is a connected person of the Company at subsidiary level. Accordingly, the entering into the Supplemental Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) Zhong Changqin\* (鍾長欽) is a connected person of the Company at subsidiary level; (ii) the Board has approved the Supplemental Agreement and the transactions contemplated thereunder; and (iii) the independent non-executive Directors have confirmed that the terms of the Supplemental Agreement are fair and reasonable, the Supplemental Agreement and the transactions contemplated thereunder are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, by virtue of Rule 14A.101 of the Listing Rules, the Supplemental Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

Guangdong Province, the PRC  
5 February 2024

*As of the date of this announcement, the Board comprises Mr. Cai Zhuhua, 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*