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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** **NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL**

#### **BACKGROUND**

As at the date of this announcement, the equity interest of Weigang Hongda is held as to 50.27% by the Debo Environment, an indirect wholly-owned subsidiary of the Company, as to 39.23% by the Transferor, and as to 10.5% by Jisheng Environmental Protection, respectively. Accordingly, Weigang Hongda is a non-wholly owned subsidiary of the Company.

Debo Environment was informed by the Transferor that she proposed to transfer all her 39.23% equity interests in Weigang Hongda to the Transferee.

Pursuant to Article 71 of the Company Law of the PRC, Debo Environment, as a shareholder of Weigang Hongda, under the same terms and conditions, is entitled to the Right of First Refusal with respect to any proposed transfer of equity interest in Weigang Hongda to any other persons excluding the existing shareholders, pursuant to which the Debo Environment has a pre-emptive right to purchase the Equity Interest. The Board and Debo Environment decided not to exercise the Right of First Refusal.

#### **NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL**

Recently, the Transferor proposed to transfer all her 39.23% equity interest in Weigang Hongda to the Transferee at the consideration of RMB29,214,290, which was determined based on the amount of the paid up capital of the Equity Interest.

On 1 February 2024 (after trading hours), the Board approved by a resolution to approve, among other things, that Debo Environment would not exercise the Right of First Refusal to acquire the Equity Interest in connection with the Transfer. On the same day, Debo Environment has also executed a shareholder resolution of Weigang Hongda to approve the Transfer and change of shareholder from the Transferor to the Transferee.

Upon the completion of the Transfer, Weigang Hongda will be held as to 50.27% by the Debo Environment, as to 39.23% by the Transferee, and as to 10.5% by Jisheng Environmental Protection, respectively and as such there will be no change in the equity interest percentage indirectly held by the Company, and Weigang Hongda will continue to be an indirect non-wholly owned subsidiary of the Company.

As at the date of this announcement, none of the Directors have any material interest in the non-exercise of the Right of First Refusal, and none of them have to abstain from voting at the Board meeting for approval of the non-exercise of the Right of First Refusal by Debo Environment in accordance with the requirements of the Listing Rules.

## **REASONS FOR AND BENEFITS OF NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL**

Having taken into account the principal factors and considerations set out below, the Directors (including the independent non-executive Directors) are of the view that the non-exercise of the Right of First Refusal is fair and reasonable, and is in the interest of the Company and the Shareholders as a whole:

1. Taking into account the existing performance of Weigang Hongda, the Company considers it satisfactory to maintain its existing shareholding therein and not to spend the precious financial resources of the Group to stack up its interest in Weigang Hongda;
2. The Company has considered the background of the Transferee, and is of the view that it has the requisite business expertise and resources to contribute to the further development of the business of Weigang Hongda and therefore the Transferee's acting as a shareholder of Weigang Hongda would create potential benefit to the future development of its business;
3. Upon the completion of the Transfer, Weigang Hongda will continue to be a subsidiary of the Company. Non-exercise of the Right of First Refusal will neither have any impact on the control of the Company over Weigang Hongda nor have any impact on the scope of the consolidated statements of the Company.

## INFORMATION OF RELEVANT PARTIES

### *The Company and Debo Environment*

The Company is incorporated in the Cayman Islands with limited liability, and 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.

Debo Environment is a company incorporated in the PRC with limited liability and is an indirect wholly owned subsidiary of the Company, which is engaged in research and development of environmental protection technologies and facilities.

### *Weigang Hongda*

Weigang Hongda is a company established in the PRC with limited liability and is principally engaged in the provision of project management service for solid and hazardous waste.

### *The Transferor*

The Transferor is a businessman who is principally engaged in investment of commercial projects in the PRC.

### *The Transferee*

The Transferee is a company established in the PRC with limited liability. The Transferee is principally engaged in investment of environmental protection technology services and related projects in the PRC.

The Transferee is owned as to (i) 93% by Foshan Shunde Weirun Environmental Protection Technology Industries Company Limited\* 佛山市順德區偉潤環保科技實業有限公司, which is a company established in the PRC with limited liability and owned as to 60% by Xu Yiran\* 徐毅燃 (who is also an existing director of Weigang Hongda and its subsidiary, and hence is a connected person at the subsidiary level of the Company) and 40% by Zhang Xian\* 張弦, and (ii) 7% by Zhuang Xiaoxiong\* 莊曉松.

## ***Jisheng Environmental Protection***

Jisheng Environmental Protection is a company established in the PRC with limited liability. Jisheng Environmental Protection is principally engaged in investment of solid and hazardous waste projects in the PRC.

Jisheng Environmental Protection is owned as to 70% by Zhongji Hongda (Shenzhen) Environmental Technology Co., Ltd.\* (中稷泓達 (深圳) 環境科技有限責任公司), which is a company established in the PRC with limited liability. Zhongji Hongda (Shenzhen) Environmental Technology Co., Ltd. is owned as to (i) 50% by Zhongji (Shenzhen) Industrial Holdings Co., Ltd.\* (中稷 (深圳) 實業控股有限公司) and (ii) 50% by Zhongji Hongda (Zhuzhou) Environmental Technology Co., Ltd.\* (中稷泓達 (株洲) 環境科技有限責任公司). Zhongji (Shenzhen) Industrial Holdings Co., Ltd. is a company established in the PRC with limited liability and is ultimately owned by two individual shareholders as to (i) 99% by Chen Qiangfeng\* (陳強鋒) and (ii) 1% by Tang Zhiqiang\* (唐志強). Zhongji Hongda (Zhuzhou) Environmental Technology Co., Ltd. is a company established in the PRC with limited liability and is owned by two individual shareholders as to (i) 70% by Cui Lei\* (崔磊) and (ii) 30% by Wang Jun\* (王軍).

The remaining 30% shareholding of Jisheng Environmental Protection is owned by Zhongji (Shenzhen) Consulting Management Partnership (Limited Partnership)\* (中稷 (深圳) 諮詢管理合夥企業 (有限合夥)), which is a limited partnership established in the PRC and is owned as to (i) approximately 75.2% by Zhongji (Shenzhen) Industrial Holdings Co., Ltd., and three individual shareholders as to (ii) approximately 11.1% by Xia Jiansen\* (夏健森), (iii) 10% by Xia Jiawei\* (夏嘉蔚) and (iv) approximately 3.7% by Cheng Binyu\* (程斌宇).

Set out below is a summary of the consolidated financial information of Weigang Hongda for the years ended 31 December 2022 and 2023:

	<b>For the year ended 31 December 2022 RMB'000 (Audited)</b>	<b>For the year ended 31 December 2023 RMB'000 (Unaudited)</b>
Revenue	0	0
Profit before taxation	15.14	6.58
Profit after taxation	15.14	6.58

As at 31 December 2023, the total assets and the net assets of Weigang Hongda were approximately RMB76,993,000 and approximately RMB76,694,000, respectively.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Transferor is a substantial shareholder of Weigang Hongda but does not have interest in any Share. Moreover, since the Transferee is deemed to be controlled by Mr. Xu Yiran\* (徐毅燃), a director of Weigang Hongda and its subsidiary who does not have interest in any Share and is not a Director, each of the Transferor and the Transferee is therefore a connected person of the Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules. The non-exercise of the Right of First Refusal constitutes a connected transaction of the Company.

As (1) each of the Transferor and the Transferee is a connected person of the Company at the subsidiary level; (2) the Board has approved the non-exercise of the Right of First Refusal; and (3) the independent non-executive Directors have confirmed that the decision of non-exercise of the Right of First Refusal is fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole, by virtue of Rule 14A.101 of the Listing Rules, the non-exercise of the Right of First Refusal is subject to the reporting and announcement requirements but is exempted from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **APPROVAL OF THE BOARD**

The Board has approved the non-exercise of the Right of First Refusal. None of the Directors had any material interest in the transactions contemplated thereunder. Therefore, no Director is required to abstain from voting on the resolutions of the Board in approving the non-exercise of the Right of First Refusal.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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
“connected person”	has the meaning ascribed to it under the Listing Rules

“connected transaction”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Equity Interest”	39.23% equity interest in Weigang Hongda held by the Transferor
“Group”	the Company and its subsidiaries
“Weigang Hongda”	Guangzhou Weigang Hongda Environment Co., Ltd.* (廣州維港泓達環境有限公司), a company established under the laws of the PRC
“Independent Shareholder(s)”	Shareholder(s) other than the Transferor, her associates and any other Shareholder who has a material interest in non-exercise of the Right of First Refusal
“Jisheng Environmental Protection”	Jisheng Environmental Protection (Shenzhen) Co., Ltd.* (稷勝環保(深圳)有限公司), a company established under the laws of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Right of First Refusal”	the right of first refusal which Debo Environment is entitled to for purchasing the Equity Interest pursuant to Article 71 of the Company Law of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Transfer”	the proposed transfer of 39.23% equity interest in Weigang Hongda to the Transferee by the Transferor

“Transferee”	Foshan City Green Weirun Environmental Technology Company Limited* (佛山市綠色偉潤環境科技有限公司)
“Transferor”	Zhou Guiying* (周桂英)
“%”	per cent.

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

Guangdong Province, the PRC  
1 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*