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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
IN RELATION TO
SUBSCRIPTION OF INCREASED REGISTERED CAPITAL
IN THE TARGET COMPANY**

SUBSCRIPTION OF INCREASED REGISTERED CAPITAL IN THE TARGET COMPANY

The Board is pleased to announce that on 27 December 2019, Debo Environment (an indirect wholly-owned subsidiary of the Company), the Target Company, Xinjiang Hongtong and Mr. Tian entered into the Capital Increase and Subscription Agreement, pursuant to which Debo Environment shall subscribe for the increased registered capital of the Target Company of RMB30,000,000 in cash. Upon Completion, the Target Company will be held as to 60% by Debo Environment and 40% by Xinjiang Hongtong, and the Target Company will become a subsidiary of the Group. The financial statements of the Target Company will be consolidated into the financial statements of the Group upon Completion.

IMPLICATIONS UNDER THE LISTING RULES

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

BACKGROUND

The Board is pleased to announce that on 27 December 2019, Debo Environment (an indirect wholly-owned subsidiary of the Company), the Target Company, Xinjiang Hongtong and Mr. Tian entered into the Capital Increase and Subscription Agreement, pursuant to which Debo Environment shall subscribe for the increased registered capital of the Target Company of RMB30,000,000 in cash. Upon Completion, the Target Company will be held as to 60% by Debo Environment and 40% by Xinjiang Hongtong, and the Target Company will become a subsidiary of the Group. The financial statements of the Target Company will be consolidated into the financial statements of the Group upon Completion.

CAPITAL INCREASE AND SUBSCRIPTION AGREEMENT

Date

27 December 2019

Parties

- (i) Debo Environment;
- (ii) The Target Company;
- (iii) Xinjiang Hongtong; and
- (iv) Mr. Tian.

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

Subject Matter

As of the date of this announcement, Xinjiang Hongtong holds the entire registered capital in the Target Company of RMB20,000,000.

Pursuant to the Capital Increase and Subscription Agreement, the registered capital in the Target Company shall be increased by RMB30,000,000 and Debo Environment shall subscribe for the increased registered capital in the Target Company at the Consideration in cash. Upon Completion, the registered capital of the Target Company will be increased to RMB50,000,000, and the Target Company will be held as to 60% by Debo Environment and 40% by Xinjiang Hongtong.

Consideration

Pursuant to the Capital Increase and Subscription Agreement, part of Consideration of RMB24,000,000 shall be payable in cash by Debo Environment within three days after the satisfaction of the condition precedents set forth under the Capital Increase and Subscription Agreement, which include, amongst others, the shareholder of the Target Company having approved the Capital Contribution. The remaining part of the Consideration of RMB6,000,000 shall be payable in cash by Debo Environment at a later date to be agreed between Debo Environment and Xinjiang Hongtong.

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 and (ii) the consolidated net asset value (excluding the minority interest) of the Target Company as at 30 November 2019, which amounted to approximately RMB16.0 million according to the management accounts of 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.

Completion

Completion shall take place upon completion of all relevant governmental or regulatory registration procedures required in respect of the Capital Contribution. Completion is expected to take place by the end of January 2020. Upon Completion, the financial statements of the Target Company will be consolidated into the financial statements of the Group.

INFORMATION OF THE TARGET COMPANY

As at the date of this announcement, the Target Company was wholly-owned by Xinjiang Hongtong.

The Target Company is principally engaged in the provision of environmental protection services for oil service providers in Karamay, Xinjiang, the PRC.

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 2017 and 2018 according to the financial statements of the Target Company prepared in accordance with the PRC GAAP:

| | For the year ended 31 December 2017 (RMB'000) | For the year ended 31 December 2018 (RMB'000) |
|---------------------|--|--|
| Revenue | 74,448 | 97,680 |
| Profit before tax | 7,935 | 2,723 |
| Profit for the year | 7,002 | 2,265 |
| | As at 31 December 2017 (RMB'000) | As at 31 December 2018 (RMB'000) |
| Total assets | 103,583 | 114,657 |
| Net assets | 43,749 | 46,015 |

As at 30 November 2019, the consolidated net asset value (excluding the minority interest) of the Target Company amounted to approximately RMB16.0 million according to the management accounts of the Target Company.

GENERAL 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 TRANSACTION

The Target Company, a company engaged in providing environmental protection services for oil service providers, has well-established reputation and business relationships in the environmental protection industry in Karamay. The Capital Contribution will enable the Group to further expand and develop its service offerings in Karamay by leveraging on the Target Company's experience and expertise in environmental protection for oil service providers.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Capital Increase and Subscription Agreement are fair and reasonable and on normal commercial terms and the Capital Contribution 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 Capital Contribution exceeds 5% but is less than 25%, the Capital Contribution constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the following meanings:

| | |
|---|---|
| “Board” | the board of Directors |
| “Capital Contribution” | the subscription of the increased registered capital of RMB30,000,000 in the Target Company by Debo Environment pursuant to the Capital Increase and Subscription Agreement |
| “Capital Increase and Subscription Agreement” | the capital increase and subscription agreement dated 27 December 2019 entered into between the Debo Environment, Xinjiang Hongtong, the Target Company and Mr. Tian in respect of the Capital Contribution |

| | |
|--------------------------------|--|
| “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 Capital Contribution in accordance with the terms and conditions of the Capital Increase and Subscription Agreement |
| “connected person(s)” | has the meaning set forth in the Listing Rules |
| “Debo Environment” | Debo Environment (Guangzhou) Co., Ltd.* (德博环境(廣州)有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company |
| “Director(s)” | the director(s) of the Company |
| “Consideration” | the consideration for the Capital Contribution |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “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 |
| “Mr. Tian” | Mr. Tian Yixin* (田宜新), the sole shareholder and the ultimate beneficial owner of Xinjiang Hongtong |
| “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 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Share(s)” | ordinary shares of par value of HK\$0.05 each of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |

| | |
|---------------------|---|
| “Target Company” | Xinjiang Tiansheng Xinhong Environmental Protection Technology Co., Ltd.* (新疆天聖新宏環保科技有限公司), a company established under the laws of the PRC |
| “Xinjiang Hongtong” | Xinjiang Hongtong Industry and Trade Co., Ltd.* (新疆宏通工貿有限公司), a company established under the laws of the PRC |
| “%” | per cent. |

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

Hong Kong, 27 December 2019

As at the date of this announcement, the Board comprises Mr. Cai Zhuhua, Mr. Dong Honghui and Mr. Deng Zhaoshan as executive Directors; Mr. Ren Jingfeng and Mr. Yang Zhiqiang as non-executive Directors; Mr. Yang Zhifeng, Mr. Feng Tao and Mr. Jiang Guoliang as independent non-executive Directors.

** for identification purpose only*