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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 FORMATION OF JOINT VENTURE

On 21 March 2025 (after trading hours), Dehui Environment, an indirect wholly-owned subsidiary of the Company, and Changzhou Rongzhixiang entered into the JV Agreement, pursuant to which the parties agreed to establish the JV Company in the PRC and to set out the terms for, among others, the ownership, funding and management in the JV Company.

Pursuant to the JV Agreement, the registered capital of the JV Company shall be RMB20 million, of which (1) Dehui Environment shall commit to contribute RMB14 million in cash; and (2) Changzhou Rongzhixiang shall commit to contribute RMB6 million by way of injection of the Intangible Assets in the JV Company. Upon Completion, the equity interest of the JV Company will be owned as to 70% and 30% by Dehui Environment and Changzhou Rongzhixiang, respectively. Upon Completion, the financial information of the JV Company will be consolidated into the financial statements of the Company and the JV Company will become an indirect non-wholly owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the Company's investment in the JV Company is more than 5% but less than 25%, the transactions contemplated under the JV Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 21 March 2025 (after trading hours), Dehui Environment, an indirect wholly-owned subsidiary of the Company, and Changzhou Rongzhixiang entered into the JV Agreement, pursuant to which the parties agreed to establish the JV Company in the PRC and to set out the terms for, among others, the ownership, funding and management in the JV Company.

THE JV AGREEMENT

Set out below are the principal terms of the JV Agreement:

Date : 21 March 2025 (after trading hours)

Parties : (1) Dehui Environment

(2) Changzhou Rongzhixiang

Scope of business : Manufacturing of environmental protection equipment, sales of environmental protection materials, recycled environmental protection products and environmental protection equipment; research and development, promotion and application of new environmental protection products and technologies (subject to the business scope approved by the relevant authority in the PRC and shown in the business license of the JV Company).

Pursuant to the JV Agreement, (1) Dehui Environment shall be responsible for the registration of the JV Company; and (2) Changzhou Rongzhixiang shall be responsible for, among others, the implementation of the Project, the obtainment of the approval of the PRC government in respect of the Project as well as the procurement of the admission to the The Wujin National Hi-Tech Industrial Zone* (武進國家高新技術產業開發區)

Term : The term of the JV Company shall commence from the date of issuance of the JV Company's business license by the Industry and Commerce Bureau of the PRC, for a period of 20 years or as specified in the business license of the JV Company.

The JV Partners shall discuss the extension of the term of the JV Company at least two years prior to the expiry of the term. Should the JV Partners agree to the extension of the term, the JV Partners shall apply and obtain the approval from the relevant approval authority for such extension at least six months prior to the expiry of the initial term.

Capital contribution

Pursuant to the JV Agreement, the registered capital of the JV Company shall be RMB20 million, of which (1) Dehui Environment shall commit to contribute RMB14 million in cash, RMB6 million of which should be paid up within 30 days from the date of incorporation of the JV Company, whilst the outstanding registered capital should be paid up within 2 years from the date of incorporation of the JV Company; and (2) Changzhou Rongzhixiang shall commit to contribute RMB6 million by way of injection of the Intangible Assets in the JV Company within 2 years from the date of incorporation of the JV Company. Changzhou Rongzhixiang warrants and undertakes that the Intangible Assets shall be appraised by an independent valuer at the time of the capital contribution, at a total value of not less than RMB6 million. Upon Completion, the equity interest of the JV Company will be owned as to 70% and 30% by Dehui Environment and Changzhou Rongzhixiang, respectively. Upon Completion, the financial information of the JV Company will be consolidated into the financial statements of the Company and the JV Company will become an indirect non-wholly owned subsidiary of the Company.

The amount of the capital contributions under the JV Company was determined after arm's length negotiations between the JV Partners after taking into account, among other matters, the nature of the business, the estimated initial working capital requirements of the JV Company and the preliminary business plan of the Project. It is contemplated that the capital contribution will be financed by the Group by its internal resources.

Management structure of the JV Company

Voting arrangements of the shareholders' meeting

Resolutions of the JV Company's shareholders in relation to the (i) amendment of the articles of association of the JV Company; (ii) increase or reduction of the registered capital; and (iii) consolidation, subdivision, dissolution or change of company form of the JV Company, shall be passed by the unanimous consent of the shareholders of the JV Company. Save for the above, all other matters shall be passed by more than half of the votes from the shareholders of the JV Company.

Composition of the board of directors

The board of directors of the JV Company shall consist of three directors, of which Dehui Environment shall appoint two directors, one of whom shall also be the chairman of the board of directors of the JV Company, and Changzhou Rongzhixiang shall appoint one director.

Composition of the supervisory committee

The JV Company does not have a supervisory committee, but has one supervisor to be appointed by Changzhou Rongzhixiang.

Senior management

The general manager of the JV Company shall be nominated by Changzhou Rongzhixiang. The director(s) of the JV Company can also be the general manager, deputy general manager and the financial personnel of the JV Company. In addition, the person-in-charge of finance of the JV Company shall be nominated by Dehui Environment, and Changzhou Rongzhixiang shall have the right to nominate one finance personnel.

Conditions precedent

The consummation of the rights and obligations of the JV Partners under the JV Agreement is conditional upon:

- (a) the JV Partners having duly signed and affixed with their respective company chops on the JV Agreement; and
- (b) the JV Partners having obtained all necessary approval(s) in respect of the transactions contemplated under the JV Agreement in accordance with the relevant laws and regulations (including but not limited to the Listing Rules), including but not limited to all approval(s), consent(s), authorisation(s), registration(s), filing(s) and enrolment(s) from their board of directors, shareholders, relevant government department(s), regulatory authority(ies) (including the Stock Exchange), organisation(s) or any other third parties.

If the shareholder of Dehui Environment fails to approve the JV Agreement after signing of the same, the JV Agreement shall cease and no party shall have any obligations to the other parties under the JV Agreement.

Restriction on equity transfers to third parties

Each of the JV Partners may not transfer its equity interest in the JV Company to a third party without the consent of the non-transferring JV Partner. The non-transferring JV Partner shall also have the pre-emptive right to acquire such equity interest and the transferring JV Partner shall only proceed with the proposed transfer where the non-transferring JV Partner does not wish to exercise its pre-emptive right.

Profit distribution

The JV Partners shall be entitled to the distributable profits of the JV Company in proportion to their respective equity interests in the JV Company.

Possible guarantee arrangement

If the JV Partners are required to provide guarantee in favour of the JV Company for its external financing needs, the JV Partners shall provide guarantee for the JV Company on a several (but not joint and several) basis, unless and subject to full compliance with applicable laws and regulations (including but not limited to the Listing Rules), the guaranteed amount and proportion may otherwise be further negotiated and determined by the JV Partners.

Breach of JV Agreement

If the party (the “**Defaulting Party**”) is unable to perform any substantive obligations under the JV Agreement or any of the representations or warranties of the Defaulting Party under the JV Agreement is untrue or incorrect in material respect, and a written notice is served by the other JV Partner (the “**Non-Defaulting Party**”) to the Defaulting Party, the Defaulting Party shall rectify such breach within reasonable time (not exceeding 30 days from the date of such notice), and the Defaulting Party shall be liable for the losses caused to the Non-Defaulting Party from such breach.

INFORMATION OF THE PARTIES TO THE JV AGREEMENT

Information of the Group and Dehui Environment

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

Dehui Environment is an indirect wholly-owned subsidiary of the Company and is principally engaged in the promotion of environmental protection technology and project investment.

Information of Changzhou Rongzhixiang

Changzhou Rongzhixiang is a company established in the PRC with limited liability and is principally engaged in research and development and application of resource recycling technology.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, each of Changzhou Rongzhixiang and its ultimate beneficial owners is an Independent Third Party. Changzhou Rongzhixiang is ultimately owned as to 72.5% by Ms. Zhao Wenyan, 10% by Mr. Feng Jiyu, 5% by Mr. Wang Rong (“**Mr. Wang**”), 5% by Mr. Gui Kang, 2.5% by Ms. Li Ting, 2.5% by Mr. Liu Aimin and 2.5% by Mr. Meng Chang, respectively. The shareholders, the management team and the core technicians of Changzhou Rongzhixiang possess extensive expertise in the research and development of resource recycling technologies as well as the manufacturing of specialized environmental protection equipment. As at the date of this announcement, Mr. Wang has no interest in any Shares, he is also the legal representative of Changzhou Rongzhixiang and the legal representative of Jiangmen Chengxin Environmental Protection Technology Co., Ltd.* (江門市成鑫環保技術有限公司), an indirect non-wholly owned subsidiary of the Company, and is principally engaged in the provision of research and development of environmental protection technologies and facilities.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JV AGREEMENT

As previously disclosed in the interim report of the Company for the six months ended 30 June 2024, the Group has been continuously improving its technologies on hazardous waste incineration treatments and solid waste treatments, as well as leveraging its capital strength to enter into the fields of solid waste treatment, so as to build an integrated environmental industry group. The entering into of the JV Agreement is considered by the Board to be beneficial to the parties to effectively utilise resources and complement the existing businesses of the Group. By combining the Group's resource recycling technologies (currently applied in recycling of waste plastics business) with the experience and expertise of Changzhou Rongzhixiang in resource recycling technologies (including its specialized environmental equipment manufacturing capabilities), the Board is of the view that the formation of the JV Company will enhance the Group's existing businesses through synergies, achieve mutual benefits and win-win results, thereby enhancing the Group's competitiveness, and most important of all, create value for its shareholders, employees and other stakeholders.

The Board is of the view that the terms and conditions of the JV Agreement are on normal commercial terms and are fair and reasonable, and the formation of the JV Company is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the following meanings in this announcement:

“Board”	the board of Directors
“Changzhou Rongzhixiang”	Changzhou Rongzhixiang Environmental Technology Co., Ltd.* (常州榮之祥環保科技有限公司), a company established in the PRC with limited liability
“Company”	Weigang Environmental Technology Holding Group Limited (維港環保科技控股集團有限公司) (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”	completion of the formation of the JV Company
“connected person(s)”	the meaning ascribed thereto under the Listing Rules
“Dehui Environment”	Dehui Environment (Guangzhou) Co., Ltd.* (德滙環境(廣州)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party independent of and not connected with the Company and its subsidiaries and its connected persons
“Intangible Assets”	the patents and/or technologies in relation to the Project to be injected by Changzhou Rongzhixiang into the JV Company as capital contribution in accordance with the JV Agreement
“JV Agreement”	the joint venture agreement dated 21 March 2025 entered into between Dehui Environment and Changzhou Rongzhixiang in relation to the formation of the JV Company
“JV Company”	Jiangsu Weigang Resources Cycle Equipment Co., Ltd.* (江蘇維港資源循環裝備有限公司) (tentative name), being held as to 70% by Dehui Environment, and 30% by Changzhou Rongzhixiang pursuant to the JV Agreement
“JV Partners”	collectively, Dehui Environment and Changzhou Rongzhixiang
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Project”	the establishment of a research and development and production base for chemical recycling oil equipment for waste plastics

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	the meaning ascribed thereto under the Listing Rules
“%”	per cent.

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

Hong Kong, 21 March 2025

As at 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. Chi Weijun, Mr. Xiao Hui and Ms. Xiao Jingui as independent non-executive Directors.

* *For identification purpose only*