

**WEIGANG ENVIRONMENTAL TECHNOLOGY HOLDING GROUP LTD:****THANK YOU, BANK OF CHINA, ET ALIA !**

*‘Things are not always what they seem; the first appearance deceives many; the intelligence of a few perceives what has been carefully hidden.’*

The above statement is credited to Gaius Julius Phaedrus (c. 15 BC – c. AD 50), a Greek fabulist.

The term, fabulist, as it refers to an individual, is meant to have the meaning of a form of magical realism in which fantastical elements are placed into an everyday setting.

The above statement may be nearly 2,000 years old, but in the jargon of the present day, it is as true in today’s world as it was in the days of Gaius Julius Phaedrus.

When Weigang Environmental Technology Holding Group Ltd () (Code: 1845, Main Board, The Stock Exchange of Hongkong Ltd) produced its Global Offering Prospectus, which was published and disseminated in the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC) on December 19, 2018, on skimming the Consolidated Statements of Profit and/or Loss, one might have been tempted to come to the conclusion that this Company, in terms of its stated historical financials, had been a winner in respect of the three Financial Years, ended December 31, 2017.

But some people might have been tempted to think, otherwise: Things are not always what they seem?

(These matters shall become very apparent as Subscribers of **TARGET** () read this report, in full.)

**The Initial Public Offering (IPO) Of  
Weigang Environmental Technology Holding Group Ltd**

The Global Offering of Weigang Environmental Technology Holding Group Ltd was aimed at offloading 312,471,000, five-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 88 cents to a high of \$HK1.00.

Investors of the HKSAR were Offered the opportunity to subscribe to 31,248,000 Shares and International Investors – Institutions, Professionals and/or select, Well-Heeled Investors/Corporate Entities – were Offered the remaining 281,223,000 Shares.

On Wednesday, January 2, 2019, Management announced that the Offer Price Per Share had been struck at 88 cents, the lowest level of the Indicative Offer Price, and that the Company, envisaged, netting about \$HK264.50 million from this IPO.

The Company announced that the net proceeds from the IPO would be allocated to the following purposes:

- (a) Approximately, \$HK105.80 million, that is about 40 percent of the total estimated net proceeds, *‘for the continual utilisation of the pyrolysis technology for the treatment of various types of solid waste, such as municipal solid waste, highly cohesive organic solid waste, organic waste for the recycling of waste new energy batteries and waste paper residues’*;
- (b) Approximately, \$HK52.90 million, that is about 20 percent of the total estimated net proceeds, *‘for the establishment of a research and engineering centre in Guangdong province (of the PRC, proper, as opposed to the HKSAR of the PRC)’*;
- (c) Approximately, \$HK39.70 million, that is about 15 percent of the total estimated net proceeds, *‘for the further commercialisation of oil sludge thermal desorption technology, and the design, investment, construction and commissioning of oil sludge thermal desorption facilities’*;
- (d) Approximately, \$HK39.70 million, that is about 15 percent of the total estimated net proceeds, *‘for the investment in and the operation of the business of cement plant parallel kiln co-treatment solutions’*; and,
- (e) Approximately, \$HK26.40 million, that is about 10 percent of the total estimated net proceeds, *‘for working capital and general corporate purposes’*.

## The History And Business Of

### Weigang Environmental Technology Holding Group Ltd

Weigang Environmental Technology Holding Group Ltd is about 20 years old.

It is engaged in providing solutions for the incineration of hazardous waste materials in the PRC, proper.

Management makes the claim about this Company as being a leader in its chosen field of endeavour.

The history of the Company can be traced back to the incorporation in the PRC, proper, of Guangzhou Weigang Electrical and Mechanical Equipment Ltd () on August 18, 1998.

The Founders of that company were Mr Cai Zhu Hua () and his mother-in-law, Ms Hu Hui Lian (), according to Page 103 of the Global Offering Prospectus.

The shareholding structure of Guangzhou Weigang Electrical and Mechanical Equipment Ltd (referred to in parts of the Global Offering Prospect as being, simply, as Guangzhou Weigang E and ME) was, originally, Mr Cai Zhu Hua, 70 percent, and Ms Hu Hui Lian, 30 percent.

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