

Hong Kong

IPO FACT SHEET

Weigang Environmental Technology Holding Group Ltd (1845 HK)

ISSUE STATISTICS

Offer Size:	HK\$274.5m – HK\$312.5m
Placement Tranche:	312,471,000 shares
Price:	HK\$0.88 – HK\$1.00
Board lot:	3,000
Entry fee:	HK\$ 3,030.23
Historical PE	34.83x – 39.59x
Net tangible asset per share:	HK\$0.27-HK\$0.30
Market Cap (post-IPO):	HK\$1,173.3m - HK\$1,333.3m
Open:	19 Dec 2018
Close:	12.00 noon on 24 Dec 2018
Trading:	3 Jan 2019
Sponsor:	BOCI Asia Limited

Year ended 31 Dec	(RMB\$'000)	yoy % chg
Revenue		
2016	88,971	18.8%
2017	189,407	112.9%
Profit for the year/period		
2016	19,523	25.0%
2017	29,759	52.4%

BACKGROUND

- They are a leading comprehensive hazardous waste incineration turnkey solution provider in China focused on the research, design, integration and commissioning of solid waste treatment systems, particularly for hazardous waste incineration.
- According to Frost & Sullivan, they were the largest solution provider in China in 2017 with a market share of 19.8% in terms of revenue from centralised hazardous waste incineration solutions.
- As at 31 December 2017, they ranked first among solution providers in China in terms of aggregate designed disposal capacity of centralised hazardous waste incineration projects under construction with a market share of 37.3%, according to Frost & Sullivan.
- During the Track Record Period, they undertook 24 hazardous waste incineration projects covering 24 cities in China with an aggregate designed disposal capacity of approximately 566,000 tonnes per annum. Five of these projects were completed during the Track Record Period and 19 were outstanding as at 30 June 2018, with an aggregate contract value to be delivered amounting to approximately RMB570.2 million.

BUSINESS STRATEGY AND FUTURE PLANS

- Continue to solidify their leading market position in comprehensive hazardous waste incineration and increase their market share in hazardous waste treatment.
- Seize more business opportunities from solid waste treatment by commercializing the pyrolysis technology to market.
- Further enhance their competitiveness and risk management with the adoption of more project models.
- Establish and utilise their research and engineering centre to enhance service standards.

COMPETITIVE STRENGTHS

- They are a leading comprehensive hazardous waste incineration turnkey solution provider in China with extensive project experience and well positioned to benefit from the significant industry growth.
- They possess advanced solid waste treatment technologies and strong research and development capabilities.
- They provide self-designed, end-to-end, high-quality and customised hazardous waste incineration turnkey solutions.

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- They have established a stable and strong customer base.
- They have a visionary and experienced senior management team supported by highly skilled employees.

KEY RISKS

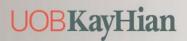
- The development of their industries is highly dependent on the PRC government's environmental protection policies, which may change from time to time.
- They may not be able to adapt to rapidly changing technologies in a timely manner, or at all.
- Their business could be materially and adversely affected if they are unable to maintain their relationships with major customers or to attract new customers.
- They derived a substantial portion of their revenue from Dongjiang Group during the Track Record Period. Any decrease in their sales to Dongjiang Group or any adverse changes in its business or financial condition could materially and adversely affect their business, financial condition and results of operations.
- They may not be successful in obtaining new projects on commercially acceptable terms, or at all.
- Their backlog is subject to unexpected adjustments and cancellations and may, therefore, not be indicative of their future operating results.
- Their business is subject to seasonality due to holiday seasons.

DIVIDEND POLICY

• They currently intend to distribute up to 25% of their profit for the year attributable to owners of the Company from the year ending 31 December 2018 onwards.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
For the continual utilisation of the pyrolysis technology for the treatment of various types of solid waste.	114.20	40.0%
For the establishment of a research and engineering centre in Guangdong province.	57.10	20.0%
For the further commercialisation of oil sludge thermal desorption technology, and the design, investment, construction and commissioning of oil sludge thermal desorption facilities.	42.80	15.0%
For the investment in and the operation of the business of cement plant parallel kiln co-treatment solutions.	42.80	15.0%
For working capital and general corporate purposes.	28.50	10.0%
Total:	285.50	100.00%



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