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KANGDA INTERNATIONAL ENVIRONMENTAL COMPANY LIMITED
康達國際環保有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6136)

BUSINESS UPDATE

ENTERING INTO THE GENERAL CONTRACTING CONSTRUCTION AGREEMENTS IN RELATION TO FAN COUNTY URBAN AREA WASTEWATER TREATMENT PLANT UPGRADING AND RECONSTRUCTION PROJECT AND PUWANG WASTEWATER TREATMENT PLANT UPGRADING AND RECONSTRUCTION PROJECT

The Board is pleased to announce that, Chongqing Kangda has recently entered into the General Contracting Construction Agreements with Fan County Wastewater Treatment and Fan County Second Wastewater Treatment in respect of the Fan County Project and the Puwang Project, respectively, in Fan County, Puyang City, Henan Province, the PRC.

This announcement is made by the Company to keep the shareholders and potential investors of the Company informed of the latest business development of the Group.

INTRODUCTION

The Board is pleased to announce that, Chongqing Kangda has recently entered into the General Contracting Construction Agreements with Fan County Wastewater Treatment and Fan County Second Wastewater Treatment in respect of the Fan County Project and the Puwang Project, respectively, in Fan County, Puyang City, Henan Province, the PRC.

THE FAN COUNTY PROJECT AGREEMENT

Parties

- (1) Zhongyuan Kangda Fan County Wastewater Treatment Co., Ltd.* (中原康達范縣污水處理有限公司); and
- (2) Chongqing Kangda Environmental Protection Industry (Group) Co., Ltd.* (重慶康達環保產業(集團)有限公司).

Principal Terms

Pursuant to the Fan County Project Agreement, Chongqing Kangda, as the contractor, shall be responsible for the design, procurement, construction and completion test of the Fan County Project with an estimated total contracting price of RMB55 million and shall be entitled to receive the progress payment monthly according to the construction progress.

The construction period of the Fan County Project shall be 33 months commencing on the actual construction commencement date as notified in writing by Fan County Wastewater Treatment.

THE PUWANG PROJECT AGREEMENT

Parties

- (1) Zhongyuan Kangda Fan County Second Wastewater Treatment Co., Ltd.* (中原康達范縣第二污水處理有限公司); and
- (2) Chongqing Kangda Environmental Protection Industry (Group) Co., Ltd.* (重慶康達環保產業(集團)有限公司).

Principal Terms

Pursuant to the Puwang Project Agreement, Chongqing Kangda, as the contractor, shall be responsible for the exploration, design, procurement, construction and completion test of the Puwang Project with an estimated total contracting price of RMB70 million and shall be entitled to receive the progress payment monthly according to the construction progress.

The construction period of the Puwang Project shall be one year commencing on the actual construction commencement date as notified in writing by Fan County Second Wastewater Treatment.

INFORMATION ABOUT THE FAN COUNTY PROJECT AND THE PUWANG PROJECT

The Fan County Project comprises of the reconstruction on the Fan County Urban Area Wastewater Treatment Plant* (范縣城區污水處理廠), which has a daily treatment capacity of 25,000 tonnes.

The Puwang Project comprises of the upgrading and reconstruction of the existing Puwang Wastewater Treatment Plant* (濮王污水處理廠) phase I, with a total area of approximately 15.02 km² covering (i) the construction area of the land of Puwang Industrial Park* (濮王產業園), (ii) the construction area of the industrial land of Puzhou Professional Park* (濮州專業園), and (iii) Pucheng township area (mainly the south area of South Ring West Road).

INFORMATION ABOUT FAN COUNTY WASTEWATER TREATMENT AND FAN COUNTY SECOND WASTEWATER TREATMENT

Fan County Wastewater Treatment is a PRC limited liability company, whose 20% equity interest is held by Chongqing Kangda and 80% equity interest is held by Zhongyuan Kangda which is in turn held as to 30% by Chongqing Kangda.

Fan County Second Wastewater Treatment is a PRC limited liability company, whose 20% equity interest is held by Chongqing Kangda and 80% equity interest is held by Zhongyuan Kangda which is in turn held as to 30% by Chongqing Kangda.

Zhongyuan Kangda is not a subsidiary of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, other shareholders of Zhongyuan Kangda and their respective ultimate beneficial owner(s) are independent of the Company and its connected persons(s) (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).

REASONS FOR AND BENEFITS OF ENTERING INTO THE GENERAL CONTRACTING CONSTRUCTION AGREEMENTS

The Directors believe that entering into the General Contracting Construction Agreements is consistent with the business strategy of the Company to explore business opportunities in the area of ecological environmental protection and comprehensive treatment and to enhance its financial performance so as to consolidate the Group's leading position in the industry.

Accordingly, the Directors consider that the terms of the General Contracting Construction Agreements are fair and reasonable, on normal commercial terms and in the interest of the Company and the shareholders of the Company as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Board”	the board of Directors
“Chongqing Kangda”	Chongqing Kangda Environmental Protection Industry (Group) Co., Ltd.* (重慶康達環保產業(集團)有限公司), a limited liability company established in the PRC on 19 July 1996, an indirectly wholly-owned subsidiary of the Company
“Company”	Kangda International Environmental Company Limited (康達國際環保有限公司), a company incorporated in Cayman Islands with limited liability whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“Director(s)”	the director(s) of the Company
“Fan County Project”	the Fan County Urban Area Wastewater Treatment Plant Upgrading and Reconstruction Project* (范縣城區污水處理廠提標改造項目) located in Fan County, Puyang City, Henan Province, the PRC
“Fan County Project Agreement”	the general contracting construction agreement entered into between Chongqing Kangda and Fan County Wastewater Treatment in respect of the Fan County Project

“Fan County Second Wastewater Treatment”	Zhongyuan Kangda Fan County Second Wastewater Treatment Co., Ltd.* (中原康達范縣第二污水處理有限公司), a PRC limited liability company held as to 20% by Chongqing Kangda and as to 80% by Zhongyuan Kangda
“Fan County Wastewater Treatment”	Zhongyuan Kangda Fan County Wastewater Treatment Co., Ltd.* (中原康達范縣污水處理有限公司), a PRC limited liability company held as to 20% by Chongqing Kangda and as to 80% by Zhongyuan Kangda
“General Contracting Construction Agreements”	the Fan County Project Agreement and the Puwang Project Agreement
“Group”	the Company and its subsidiaries
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Puwang Project”	the Puwang Wastewater Treatment Plant Upgrading and Reconstruction Project* (濮王污水處理廠升級改造工程) in Fan County, Puyang City, Henan Province, the PRC
“Puwang Project Agreement”	the general contracting construction agreement entered into between Chongqing Kangda and Fan County Second Wastewater Treatment in respect of the Puwang Project
“Zhongyuan Kangda”	Zhongyuan Kangda Environmental Protection Industry Co., Ltd.* (中原康達環保產業有限公司), a PRC limited liability company, held as to 30% by Chongqing Kangda and as to 70% by other independent parties

By order of the Board
Kangda International Environmental Company Limited
ZHAO Juanxian (alias, ZHAO Junxian)
Chairman

Hong Kong, 11 April 2018

As at the date of this announcement, the Board comprises 9 Directors, namely Mr. ZHAO Juanxian (alias, ZHAO Junxian), Mr. ZHANG Weizhong, Ms. LIU Zhiwei, Mr. GU Weiping, Mr. WANG Litong and Mr. WANG Tianci as executive Directors; and Mr. TSUI Yiu Wa Alec, Mr. PENG Yongzhen and Mr. CHANG Qing as independent non-executive Directors.

* For identification purposes only