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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 AGREEMENT
IN RELATION TO DONGFANG CITY WASTEWATER TREATMENT PLANT
RECONSTRUCTION AND EXPANSION PROJECT**

The Board is pleased to announce that on 20 September 2017, Kangda Group, Design & Research Institute and Dongfang Water, after the completion of a public tender process, entered into the General Contracting Construction Agreement in respect of the Target Project in Dongfang City, Hainan 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.

Reference is made to the announcement of the Company dated 2 August 2017 in relation to the bidding results and entering into public notice period of the Target Project.

INTRODUCTION

The Board is pleased to announce that on 20 September 2017, Kangda Group, Design & Research Institute and Dongfang Water, after the completion of a public tender process, entered into the General Contracting Construction Agreement in respect of the Target Project in Dongfang City, Hainan Province, the PRC.

THE GENERAL CONTRACTING CONSTRUCTION AGREEMENT

Date:

20 September 2017

Parties:

- (1) Dongfang City Water Co., Ltd.* (東方市水務有限公司);
- (2) Chongqing Kangda Environmental Protection Industry (Group) Co., Ltd.* (重慶康達環保產業(集團)有限公司); and
- (3) Central and Southern China Municipal Engineering Design & Research Institute Co., Ltd. (中國市政工程中南設計研究總院有限公司, together with Kangda Group, as the “Contractors”).

Principal Terms

Pursuant to the General Contracting Construction Agreement, the Contractors shall be responsible for the exploration, design and construction of the Target Project with an estimated total contracting price of approximately RMB176 million and shall be entitled to receive the progress payment according to the construction progress.

INFORMATION ABOUT THE TARGET PROJECT

The Target Project comprises of (i) the construction of the main sewage pipeline from the industrial zone to the Dongfang Wastewater Treatment Plant, with a total length of approximately 3,000 meters; and (ii) the upgrade and reform of the existing facilities in the Dongfang Wastewater Treatment Plant, which will be conducted in two stages, i.e. phase I and Phase II. After the completion of the phase I at the end of 2017, the daily treatment capacity of the Dongfang Wastewater Treatment Plant shall be 35,000 tonnes, while after the completion of the phase II in 2018, the daily treatment capacity of the Dongfang Wastewater Treatment Plant shall reach 50,000 tonnes.

The construction period of the Target Project shall be approximately 520 days commencing from the date of the General Contracting Construction Agreement and terminating on the water inspection and acceptance date of the Target Project.

INFORMATION ABOUT DESIGN & RESEARCH INSTITUTE, DONGFANG WATER AND THE GROUP

Design & Research Institute, a limited liability company established in the PRC on 9 February 1991, is wholly owned by CITIC Engineering Design & Construction Co., Ltd (中信工程設計建設有限公司) and is principally engaged in the exploration, design and construction of domestic and foreign projects.

Dongfang Water is a limited liability company established in the PRC on 6 November 2012, and is held by Hainan Water (Group) Co., Ltd.* (海南省水務集團有限公司) as to 50.12% and the State-owned Assets Supervision and Administration Commission of the People's Government of Dongfang City* (東方市政府國有資產監督管理委員會) as to 49.88%. It is principally engaged in the treatment of urban domestic and industrial wastewater.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Design & Research Institute and Dongfang Water and their respective beneficial owners is a third party independent of the Company and its connected person(s) (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).

The Group is principally engaged in the design and construction of wastewater treatment plants and municipal infrastructures, and the operation of wastewater treatment plants in the PRC.

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

The Directors believe that entering into the General Contracting Construction Agreement 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 Agreement 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
“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
“Design & Research Institute”	Central and Southern China Municipal Engineering Design & Research Institute Co., Ltd. (中國市政工程中南設計研究總院有限公司), a limited liability company established in the PRC on 9 February 1991 and wholly owned by CITIC Engineering Design & Construction Co., Ltd (中信工程設計建設有限公司)
“Director(s)”	the directors of the Company

“Dongfang Water”	Dongfang City Water Co., Ltd.* (東方市水務有限公司), a limited liability company established in the PRC on 6 November 2012
“Dongfang Wastewater Treatment Plant”	the Dongfang city wastewater treatment plant located in Dongfang City, Hainan Province, the PRC
“General Contracting Construction Agreement”	the general contracting construction agreement entered into among Kangda Group, Design & Research Institute and Dongfang Water on 20 September 2017
“Group”	the Company and its subsidiaries
“Kangda Group”	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, and an indirectly wholly-owned subsidiary of the Company
“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
“Target Project”	the Dongfang Wastewater Treatment Plant reconstruction and expansion project in Dongfang City, Hainan Province, the PRC

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

Hong Kong, 20 September 2017

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*