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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 THREE SUB-PROJECTS OF THE PPP PROJECT IN FU RIVER BASIN**

The Board is pleased to announce that on 24 July 2017, the Project Company and Kangda Group entered into the General Contracting Construction Agreement in respect of the three sub-projects of the PPP Project in Fuzhou City, Jiangxi 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**

Reference is made to the announcement of the Company dated 29 November 2016 in relation to the successful competitive negotiation and entering into public notice period of the PPP Project in Fu River Basin.

The Board is pleased to announce that on 24 July 2017, the Project Company and Kangda Group entered into the General Contracting Construction Agreement in respect of the three sub-projects of the PPP Project in Fuzhou City, Jiangxi Province, the PRC.

The PPP Project will be carried out through the public-private-partnership (commonly known as “PPP”) model, which is an emerging cooperation model, supported by national policies, for the public and private sectors to work together under the leadership of the relevant PRC local government. While the PPP model typically involves the use of private sector capital in public sector works, there is no fixed cooperation model, as the extent and nature of the private sector’s involvements are driven by the requirements of the local government concerned.

## **THE GENERAL CONTRACTING CONSTRUCTION AGREEMENT**

### **Date:**

24 July 2017

### **Parties:**

- (1) Fuzhou Fu River Basin Investment and Development Co., Ltd.\* (撫州市撫河流域投資開發有限公司); 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 General Contracting Construction Agreement, Kangda Group, as the contractor, shall be responsible for the construction of three sub-projects of the PPP Project, which comprises of 33 sub-projects with an estimated government investment of approximately RMB4.8 billion in total, and shall be entitled to receive the progress payment monthly according to the construction progress.

### **INFORMATION ABOUT THE THREE SUB-PROJECTS**

The three sub-projects of the General Contracting Construction Agreement are the Sanjiang wetland eco-reconstruction project in Fuzhou City\* (撫州三江濕地生態修復工程), the Meng River-Hu Bay ancient town (Xiangjiao Dam-Hu Bay) water tour line construction project\* (夢湖—澣灣古鎮(橡膠壩—澣灣段)水上旅遊線路建設工程) and the ecological construction project of Bin River Eastern Road and Bin River in Fu River (Xu River) eastern coast, Guangchang County\* (廣昌縣撫河(盱江)東岸濱江東路及濱江生態建設工程). The estimated total investment for the three sub-projects will be approximately RMB1.3 billion.

### **INFORMATION ABOUT THE PROJECT COMPANY AND THE GROUP**

The Project Company is a company established in the PRC on 23 May 2017, and is held by Kangda Group as to 24%, Jiangxi Shuitou Ecological Resources Development Group Co., Ltd.\* (江西省水投生態資源開發集團有限公司) as to 50.8%, and other four shareholders as to 25.2%, to execute the PPP Project Agreement. All other shareholders of the Project Company are independent third parties to the Group.

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. The Group's participation in the PPP Project aligns with the national supportive policies issued by the Ministry of Finance and will enhance the Group's experience in PPP projects where the Group will continue to seek other PPP opportunities in the future.

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
“Director(s)”	the director(s) of the Company
“General Contracting Construction Agreement”	the general contracting construction agreement entered into between the Project Company and Kangda Group on 24 July 2017
“Group”	the Company and its subsidiaries
“Kangda Group”	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, and an indirectly wholly-owned subsidiary of the Company
“PPP Project”	the ecological environmental protection and comprehensive treatment (phase I) PPP project in Fu River Basin* (撫河流域生態保護及綜合治理 (一期工程) PPP項目) in Fuzhou City, Jiangxi Province, the PRC, comprising of 33 sub-projects and with an estimated total investment amount of approximately RMB4.8 billion

- “PPP Project Agreement” the agreement entered into between the Development and Reform Commission of Fuzhou City\* (撫州市發展與改革委員會) and the Project Company on 3 May 2017
- “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
- “Project Company” Fuzhou Fu River Basin Investment and Development Co., Ltd.\* (撫州市撫河流域投資開發有限公司), the project company established for the purpose of the execution of the PPP Project Agreement, which is held as to 24% by Kangda Group, 50.8% by Jiangxi Shuitou Ecological Resources Development Group Co., Ltd.\* (江西省水投生態資源開發集團有限公司) and 25.2% by other four shareholders

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

Hong Kong, 24 July 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