

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

**THE ACQUISITION OF 70% EQUITY INTERESTS
IN WENZHOU CITY CHUANGYUAN WATER CO., LTD.**

On 23 May 2017, the Vendors and the Purchaser entered into the Equity Transfer Agreement and its Supplemental Agreement, pursuant to which the Purchaser, an indirectly wholly-owned subsidiary of the Company, agreed to acquire an aggregate of 70% equity interests held by the Vendors (36% held by Zhejiang Xinbang and 34% held by Zhongtong Property, respectively) in the Target Company for an aggregate consideration of RMB145,110,000.

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

THE EQUITY TRANSFER AGREEMENT

Principle terms of the Equity Transfer Agreement are set forth as below:

Date:

23 May 2017

Parties:

- (i). Zhejiang Xinbang Holdings Group Co., Ltd.* (浙江新邦控股集團有限公司);
- (ii). Zhongtong Property Group Co., Ltd.* (中通置業集團有限公司) (together with Zhejiang Xinbang, as the Vendors); and

(iii).Chongqing Kangda Environmental Protection Industry (Group) Co., Ltd.*
(重慶康達環保產業(集團)有限公司) (the Purchaser).

To the best knowledge of the Directors, and having made all reasonable enquiries, the Vendors and its ultimate beneficial owners are third parties independent of the Company and its connected person(s) (as defined under the relevant Listing Rules).

Acquisition of equity interests in the Target Company

The Purchaser has agreed to acquire and the Vendors have agreed to sell an aggregate of 70% equity interests held by the Vendors in the Target Company, in particular, Zhejiang Xinbang and Zhongtong Property agreed to sell 36% and 34% equity interests in the Target Company, respectively. Upon the completion of the Equity Transfer, the equity interests in the Target Company will be held by the Purchaser, Zhejiang Xinbang and Zhongtong Property as to 70%, 15% and 15%, respectively.

Consideration

The consideration to be paid by the Purchaser to the Vendors is RMB145,110,000 (including RMB74,628,000 to be paid to Zhejiang Xinbang and RMB70,482,000 to be paid to Zhongtong Property), which was negotiated by the Purchaser and the Vendors on arm's length basis and determined by taking into consideration of, among others, the daily treatment capacity in operation and under construction of the Wenzhou West Sewage Treatment Plant* (溫州市西片污水處理廠) and the expenses incurred for the construction, operation and maintenance of the Wenzhou West Sewage Treatment Plant* (溫州市西片污水處理廠).

Payment of consideration

Pursuant to the Equity Transfer Agreement, the Purchaser shall pay the consideration in the following manners:

(i). Deposit

RMB30,000,000 (including RMB15,300,000 paid to Zhejiang Xinbang and RMB14,700,000 paid to Zhongtong Property) which has been paid by the Purchaser shall be recognized as the deposit of the Equity Transfer Agreement; and

(ii). Subsequent Payments

a. RMB57,066,000 (including RMB29,477,000 to be paid to Zhejiang Xinbang and RMB27,589,000 to be paid to Zhongtong Property) shall be paid within five (5) business days after the execution of the Equity Transfer Agreement; and

- b. RMB58,044,000 (including RMB29,851,000 to be paid to Zhejiang Xinbang and RMB28,193,000 to be paid to Zhongtong Property) shall be paid within five (5) business days after the completion of registration of the Equity Transfer in Industry and Commerce Administration Bureau.

The Vendors shall make a written notice to the Purchaser at least three (3) business days before each payment shall be made.

THE SUPPLEMENTAL AGREEMENT

Date:

23 May 2017

Parties:

- (i). Zhejiang Xinbang Holdings Group Co., Ltd.* (浙江新邦控股集團有限公司);
- (ii). Zhongtong Property Group Co., Ltd.* (中通置業集團有限公司) (together with Zhejiang Xinbang, as the Vendors); and
- (iii). Chongqing Kangda Environmental Protection Industry (Group) Co., Ltd.* (重慶康達環保產業(集團)有限公司) (the Purchaser).

To the best knowledge of the Directors, and having made all reasonable enquiries, the Vendors and its ultimate beneficial owners are third parties independent of the Company and its connected person(s) (as defined under the relevant Listing Rules).

Shareholders rights

The Vendors agreed to waive their profit distribution rights of the Target Company and the Purchaser shall enjoy all of the profits, bear all of the losses and take all the risks of the Target Company, which started from 30 June 2015.

The Vendors also agreed to authorize the Purchaser, after the completion of registration of the Equity Transfer in competent Industry and Commerce Administration Bureau, to exercise their shareholders' rights on behalf of the Vendors, including but not limited to the rights of corporate governance, major issues decisions and signing on relevant documents.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC on 19 December 2008. It is primarily engaged in the wastewater treatment services, and the construction, management, operation and maintenance of the wastewater treatment facilities.

Details of the sewage treatment plant of the Target Company are set out below:

Name of the Target Company	Location	Name of the Sewage Treatment Plant	Project model	Daily treatment capacity in operation or under construction (tonnes/day)	Concession period
Wenzhou City Chuangyuan Water Co., Ltd.* (溫州市創源水務有限公司)	Wenzhou City, Zhejiang Province, the PRC	Wenzhou West Sewage Treatment Plant* (溫州市西片污水處理廠)	Phase I BOT	100,000 (in operation)	Ending on 31 December 2037
			Phase II BOT	150,000 (under construction)	Ending on 31 December 2037

INFORMATION ABOUT THE VENDORS AND THE GROUP

Zhejiang Xinbang is a limited liability company established in the PRC on 5 August 2009, mainly engaged in the investment in projects in industry, agriculture, tourism, catering, energy development and other industries.

Zhongtong Property is a limited liability company established in the PRC on 26 August 1997, mainly engaged in the investment in properties, energy development, education industry, market industry, infrastructures and tourism.

The Group is primarily engaged in the investment in and the operation of wastewater treatment facilities in the PRC.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS AND THE EQUITY TRANSFER

The Company is a leading privately-owned company for investing in and operating wastewater treatment facilities in the PRC. It is the Company's strategy to identify suitable investment opportunity to acquire the sewage plants with good prospects and potential for stable returns. The Equity Transfer will benefit the Company by expanding its wastewater treatment business in the PRC and enlarging the sources of revenue and profits. Accordingly, the Directors consider that the terms of the Equity Transfer Agreement and the Supplemental Agreement and the transactions contemplated thereunder are fair and reasonable, are on normal commercial terms, and are in the best interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of Directors
“BOT”	Build, Operate and Transfer, a project model in which the proprietor grants to a contracted enterprise the rights to undertake the financing, design, construction, operation and maintenance of water or wastewater treatment facilities by concession agreement, which enterprise can charge a fee during the concession period to cover its costs of investment, operations and maintenance as well as reasonable returns, and, upon expiration of the concession period, the relevant facilities will be transferred back to the proprietor
“Company”	Kangda International Environmental Company Limited (康達國際環保有限公司) (Stock code: 6136), a company incorporated in Cayman Islands with limited liability
“Director(s)”	the director(s) of the Company
“Equity Transfer”	the transfer of an aggregate of 70% equity interests of the Target Company from the Vendors to the Purchaser
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Vendors and the Purchaser on 23 May 2017 in relation to the acquisition of the 70% equity interests held by the Vendors in the Target Company by the Purchaser
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong Special Administrative Region, the Macau Special Administration Region and Taiwan
“Purchaser”	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, which is indirectly held as to 100% by the Company

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Supplemental Agreement”	the supplemental agreement entered into between the Vendors and the Purchaser on 23 May 2017 in relation to the Equity Transfer Agreement
“Target Company”	Wenzhou City Chuangyuan Water Co., Ltd.* (溫州市創源水務有限公司), a limited liability company established in the PRC on 19 December 2008, which was wholly-owned by the Vendors immediately prior to the completion of the Equity Transfer
“Vendors”	Zhejiang Xinbang and Zhongtong Property
“Zhejiang Xinbang”	Zhejiang Xinbang Holding Group Co., Ltd.* (浙江新邦控股集團有限公司), a limited liability company established in the PRC on 5 August 2009, which held 51% equity interests in the Target Company prior to the completion of the Equity Transfer
“Zhongtong Property”	Zhongtong Property Group Co., Ltd.* (中通置業集團有限公司), a limited liability company established in the PRC on 26 August 1997, which held 49% equity interests in the Target Company prior to the completion of the Equity Transfer

By order of the Board
KANGDA INTERNATIONAL ENVIRONMENTAL COMPANY LIMITED
Zhao Juanxian (alias, Zhao Junxian)
Chairman

Hong Kong, 23 May 2017

As at the date of this announcement, the Board comprises 8 Directors, namely Mr. ZHAO Juanxian (alias, ZHAO Junxian), Mr. ZHANG Weizhong, Ms. LIU Zhiwei, Mr. GU Weiping and Mr. WANG Litong 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.*