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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)

PARTIAL EXERCISE OF OVER-ALLOTMENT OPTION

STABILISING ACTIONS AND END OF STABILISING PERIOD

PARTIAL EXERCISE OF OVER-ALLOTMENT OPTION

The Company announces that the Over-allotment Option has been partially exercised by the Joint Global Coordinators (on behalf of the International Purchasers) on 25 July 2014 to require the Company to allot and issue 67,515,000 additional Shares, representing in aggregate 13.503% of the Offer Shares initially available under the Global Offering to cover over-allocations in the International Placing.

The Over-allotment Shares will be allotted and issued by the Company at HK\$2.80 per Share (excluding brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%), being the Offer Price per Share under the Global Offering.

STABILISING ACTIONS AND END OF STABILISING PERIOD

The Company further announces that the stabilising period in connection with the Global Offering ended on 26 July 2014, being the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering.

The Company has been informed by the Stabilising Manager that the stabilising actions undertaken during the stabilising period involved:

- (1) over-allocations of an aggregate of 75,000,000 Shares in the International Placing, representing in aggregate of 15% of the Offer Shares initially available under the Global Offering before any exercise of the Over-allotment Option;
- (2) the borrowing of an aggregate of 75,000,000 Shares by the Stabilising Manager from Kangda Holdings pursuant to the Stock Borrowing Agreement to cover over-allocation of Shares in the International Placing;
- (3) the purchases of an aggregate of 7,485,000 Shares at a price of HK\$2.80 per Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, if any) on the market during the stabilising period; and
- (4) the partial exercise of the Over-allotment Option by the Joint Global Coordinators (on behalf of the International Purchasers) on 25 July 2014 in respect of an aggregate of 67,515,000 Shares at the Offer Price per Share to facilitate the return to Kangda Holdings of 75,000,000 Shares which were used to cover over-allocation of Shares in the International Placing.

The last purchase made by the Stabilising Manager or its agent on the market during the course of the stabilising period was on 22 July 2014 at the price of HK\$2.80 per Share (excluding brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%).

PARTIAL EXERCISE OF OVER-ALLOTMENT OPTION

The Company announces that the Over-allotment Option has been partially exercised by the Joint Global Coordinators (on behalf of the International Purchasers) on 25 July 2014 to require the Company to allot and issue 67,515,000 additional Shares, representing in aggregate 13.503% of the Offer Shares initially available under the Global Offering to cover over-allocations in the International Placing.

The Over-allotment Shares will be allotted and issued by the Company at HK\$2.80 per Share (excluding brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%), being the Offer Price per Share under the Global Offering. The Over-Allotment Shares will be used to facilitate the return to Kangda Holdings of 75,000,000 Shares which were used to cover over-allocation of Shares in the International Placing

Listing of and permission to deal in the Over-allotment Shares has already been granted by the Listing Committee of the Stock Exchange.

The shareholding structure of the Company immediately before and after the completion of the allotment and issue of the Over-allotment Shares by the Company is as follows:

Shareholders	Immediately before the allotment and issue of the Over-allotment Shares		Immediately after the allotment and issue of the Over-allotment Shares	
	<i>Number of Shares</i>	<i>Approximate % of issued share capital</i>	<i>Number of Shares</i>	<i>Approximate % of issued share capital</i>
Kangda Holdings	1,094,922,004	54.75%	1,094,922,004	52.96%
Investor	405,077,996	20.25%	405,077,996	19.59%
Public Shareholders	<u>500,000,000</u>	<u>25.00%</u>	<u>567,515,000</u>	<u>27.45%</u>
Total	<u>2,000,000,000</u>	<u>100%</u>	<u>2,067,515,000</u>	<u>100%</u>

As shown in the shareholding structure of the Company set out above, immediately before the allotment and issue of the Over-allotment Shares, 25.00% of the issued share capital of the Company was held by public Shareholders, such shareholding percentage will be increased to approximately 27.45% immediately after the allotment and issue of the Over-allotment Shares. The Company continues to comply with the public float requirements under Rule 8.08(1)(a) of the Listing Rules.

The Company estimates that it will receive additional net proceeds of approximately HK\$183.4 million from the exercise of the Over-allotment Option, after deducting the commissions and other offering expenses payable by the Company in relation to the exercise of the Over-Allotment Option. The Company intends to apply the additional net proceeds to the expansion of its project portfolio as described in the section headed “Future Plans and Use of Proceeds — Use of Proceeds” in the Prospectus.

The portion of the Over-allotment Option which has not been exercised by the Joint Global Coordinators (on behalf of the International Purchasers) lapsed on 26 July 2014.

STABILISING ACTIONS AND END OF STABILISING PERIOD

The Company further announces that the stabilising period in connection with the Global Offering ended on 26 July 2014, being the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering.

The Company has been informed by the Stabilising Manager that the stabilising actions undertaken during the stabilising period involved:

- (1) over-allocations of an aggregate of 75,000,000 Shares in the International Placing, representing in aggregate of 15% of the Offer Shares initially available under the Global Offering before any exercise of the Over-allotment Option;
- (2) the borrowing of an aggregate of 75,000,000 Shares by the Stabilising Manager from Kangda Holdings pursuant to the Stock Borrowing Agreement to cover over-allocation of Shares in the International Placing. Such Shares will be returned and redelivered to Kangda Holdings in accordance with the terms of the Stock Borrowing Agreement;
- (3) the purchase of an aggregate of 7,485,000 Shares at a price of HK\$2.80 per Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, if any) on the market during the stabilising period, representing 1.497% of the Offer Shares initially available under the Global Offering before any exercise of the Over-allotment Option; and
- (4) the partial exercise of the Over-allotment Option by the Joint Global Coordinators (on behalf of the International Purchasers) on 25 July 2014 in respect of an aggregate of 67,515,000 Shares at the Offer Price per Share, representing approximately 13.503% of the Offer Shares initially available under the Global Offering before any exercise of the Over-allotment Option, to facilitate the return to Kangda Holdings of 75,000,000 Shares borrowed by the Stabilising Manager as described in paragraph (2) above.

The last purchase made by the Stabilising Manager or its agent on the market during the course of the stabilising period was on 22 July 2014 at the price of HK\$2.80 per Share (excluding brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%).

By Order of the Board
Kangda International Environmental Company Limited
Zhao Juanxian
Chairman

Hong Kong, 28 July 2014

As at the date of this announcement, the executive Directors are Mr. Zhao Juanxian (alias Zhao Junxian), Mr. Zhang Weizhong, Ms. Liu Zhiwei, Mr. Gu Weiping and Mr. Wang Litong, the non-executive Director is Mr. Zhuang Ping, and the independent non-executive Directors are Mr. Tsui Yiu Wa Alec, Mr. Yuan Shaoli and Mr. Song Qianwu.