

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)

CONNECTED TRANSACTIONS IN RELATION TO THE EQUIPMENT PURCHASE AGREEMENTS

EQUIPMENT PURCHASE AGREEMENTS

On 5 December 2016, the Purchaser, an indirectly wholly-owned subsidiary of the Company, entered into the Equipment Purchase Agreements with the Vendor, pursuant to which the Purchaser agrees to purchase and the Vendor agrees to sell the Equipment at the consideration in accordance with the terms and conditions of the Equipment Purchase Agreements.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor was held indirectly as to 40% by Mr. Zhao Juanxian (alias, Zhao Junxian), an executive Director, the chairman of the Board and a controlling shareholder of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions under Equipment Purchase Agreements constitute connected transactions of the Company under the Listing Rules.

As one or more of applicable percentage ratios, computed in an aggregate basis, are more than 0.1% but less than 5% under the Listing Rules, the transactions under Equipment Purchase Agreements are subject to the reporting and announcement requirements, but exempt from independent Shareholders' approval requirements under the Listing Rules.

EQUIPMENT PURCHASE AGREEMENTS

On 5 December 2016, the Purchaser, an indirectly wholly-owned subsidiary of the Company, entered into the Equipment Purchase Agreements with the Vendor, pursuant to which the Purchaser agrees to purchase and the Vendor agrees to sell the Equipment at the consideration in accordance with the terms and conditions of the Equipment Purchase Agreements. The Equipment Purchase Agreements comprise of Purchase Agreement I and

Purchase Agreements II. The Equipment are to be used for the Yunan County Entire County Domestic Wastewater Treatment Bundle PPP Project Stage I* (郁南縣整縣生活污水處理捆綁PPP項目第一階段).

Purchase Agreement I

Date: 5 December 2016

Parties:

- (i) The Vendor: Chongqing Taiko & Kangda Environmental Protection Technology Co., Ltd.* (重慶大晁康達環保技術有限公司); and
- (ii) The Purchaser: Chongqing Zhongya Technology Co., Ltd.* (重慶中雅科技有限公司).

Assets to Be Purchased

Pursuant to the Purchase Agreement I, the Purchaser agrees to purchase, and the Vendor agrees to sell, the Equipment I.

Consideration and Payment

The consideration for the Equipment I payable by the Purchaser to the Vendor amounted to RMB2,808,000, among which, (i) 30% shall be paid after the execution of the Purchase Agreement I, (ii) 65% shall be paid before the delivery of the Equipment I, and (iii) the remaining 5% shall be paid within 7 business days after the termination of a 12-month guarantee period.

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser and on normal commercial terms, with reference to the market price of similar equipment.

Having considered the above, the Directors (including independent non-executive Directors) are of the view that the consideration of the Purchase Agreement I is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Purchase Agreement II

Date: 5 December 2016

Parties:

- (i) The Vendor: Chongqing Taiko & Kangda Environmental Protection Technology Co., Ltd.* (重慶大晁康達環保技術有限公司); and
- (ii) The Purchaser: Chongqing Zhongya Technology Co., Ltd.* (重慶中雅科技有限公司).

Assets to Be Purchased

Pursuant to the Purchase Agreement II, the Purchaser agrees to purchase, and the Vendor agrees to sell, the Equipment II.

Consideration and Payment

The consideration for the Equipment II payable by the Purchaser to the Vendor amounted to RMB22,077,900, among which, (i) 30% shall be paid within 5 days after the execution of the Purchase Agreement II, (ii) 20% shall be paid within 7 days after the completion of the production and the examination of the Equipment II, (iii) 20% shall be paid within 7 days upon the acceptance of the Equipment II by the Purchaser, (iv) 25% shall be paid following the debugging and qualified operation of the Equipment II, and (v) the remaining 5% shall be paid within 7 days after the termination of a 12-month guarantee period.

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser and on normal commercial terms, with reference to the market price of similar equipment.

Having considered the above, the Directors (including independent non-executive Directors) are of the view that the consideration of the Purchase Agreement II is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE VENDOR AND THE GROUP

The Vendor is a sino-foreign joint venture company with limited liabilities established in the PRC on 28 March 2003. The Vendor is primarily engaged in the manufacture and sale of wastewater treatment device for ships.

The Group is mainly engaged in investing in and operating wastewater treatment facilities in the PRC.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUIPMENT PURCHASE AGREEMENTS

The Directors considered that the Vendor, as a renowned wastewater treatment device manufacturer, has been engaged in such business for over a decade. The Equipment to be purchased by the Purchaser are wastewater treatment equipments customized for projects of similar scale of the Yunan County Entire County Domestic Wastewater Treatment Bundle PPP Project Stage I* (郁南縣整縣生活污水處理捆綁PPP項目第一階段) and the consideration for the Equipment is considered competitive with the market price of equipments of the same quality in the industry.

In view of the above, the Directors (including independent non-executive Directors) consider that the terms of the Equipment Purchase Agreements are on normal commercial terms and in the ordinary and usual course of business of the Company and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Zhao Juanxian (alias, Zhao Junxian), who is an executive Director, the chairman of the Board and a controlling shareholder and indirectly holds 40% equity interest of the Vendor is deemed to have a material interest in the connected transactions between the Group and the Vendor and have abstained from voting on the Board resolutions in relation to the transactions under the Equipment Purchase Agreements.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor is held indirectly as to 40% by Mr. Zhao Juanxian (alias, Zhao Junxian), an executive Director, the chairman of the Board and a controlling shareholder of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions under the Equipment Purchase Agreements constitute connected transactions of the Company under the Listing Rules.

As one or more of applicable percentage ratios, computed in an aggregate basis, are more than 0.1% but less than 5% under the Listing Rules, the transactions under the Equipment Purchase Agreements are subject to the reporting and announcement requirements, but exempt from independent Shareholders' approval requirements under the Listing Rules.

DEFINITIONS

“Board”	the board of Directors
“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
“Directors(s)”	the director(s) of the Company
“Equipment”	Equipment I and Equipment II
“Equipment I”	several sets of the urban wastewater treatment equipment with the model number SUM-3000A
“Equipment II”	several sets of the urban wastewater treatment equipment with the model number SUM-2000A and SUM-3000A
“Equipment Purchase Agreements”	Purchase Agreement I and Purchase Agreement II
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the Peoples' Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchase Agreement I”	the equipment purchase agreement, pursuant to which the Purchaser agrees to purchase and the Vendor agrees to sell Equipment I

“Purchase Agreement II”	the equipment purchase agreement, pursuant to which the Purchaser agrees to purchase and the Vendor agrees to sell Equipment II
“Purchaser”	Chongqing Zhongya Technology Co., Ltd.* (重慶中雅科技有限公司), a limited liability company established in the PRC on 9 August 2007 and an indirectly wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Chongqing Taiko & Kangda Environmental Protection Technology Co., Ltd.* (重慶大晁康達環保技術有限公司), a sino-foreign joint venture company with limited liabilities established in the PRC on 28 March 2003

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

Hong Kong, 5 December 2016

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

* *For identification purposes only*