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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 EXECUTION OF THE PPP PROJECT AGREEMENT**

Reference is made to the announcement of the Company dated 4 August 2016 (the “**Announcement**”) in relation to the Yunan County Entire County Domestic Wastewater Treatment Bundle PPP Project\* (郁南縣整縣生活污水處理捆綁PPP項目) (the “**PPP Project**”). Unless otherwise indicated, capitalized terms used herein have the same meanings as those defined in the Announcement.

#### **ESTABLISHMENT OF THE PROJECT COMPANY**

According to the Announcement, Yunan County Environmental Protection Bureau\* (郁南縣環境保護局), Kangda Group and Guangdong Liangke initiated the PPP Project Agreement in respect of the PPP Project after a competitive consultation process.

On 18 September 2016, Yunan Kangda Liangke Environmental Treatment Co., Ltd. \* (郁南康達亮科環境治理有限公司), the Project Company, was established with a registered capital of RMB62,000,000 pursuant to a joint venture agreement (the “**Joint Venture Agreement**”) entered into among Kangda Group, Guangdong Liangke and Yunan County Materials Company\* (郁南縣物資總公司) (“**Yunan Materials**”). As of the date of this announcement, the Project Company was held as to 48.39% by Yunan Materials, 41.29% by Kangda Group and 10.32% by Guangdong Liangke, respectively. Yunan Materials is a company owned by the whole people (全民所有制) established in the PRC on 17 October 1989.

Pursuant to the Joint Venture Agreement, Kangda Group and Guangdong Liangke will assume the creditor’s rights and debt and enjoy the rights and interests of the Project Company in the proportions of 80% and 20%, respectively. Yunan Materials will obtain a fixed annual investment returns (i.e. 1.2% of the actual investment contribution amount of Yunan Materials) from the Project Company. Yunan Materials is not entitled to share the profit and other income distribution of the Project Company and will not undertake the risk of operation loss, credit’s rights and debt of the Project Company.

## **EXECUTION OF THE PPP PROJECT AGREEMENT**

The Board is pleased to announce that on 28 October 2016, Yunan County Environmental Protection Bureau\* (郁南縣環境保護局) and the Project Company formally executed the PPP Project Agreement in respect of the PPP Project. Save as disclosed above, all other terms and conditions of the PPP Project Agreement shall remain unchanged and shall continue in full force and effect.

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

Hong Kong, 28 October 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 purpose only.*