

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

**XINZHENG CITY XINGANG INDUSTRY ASSEMBLY ZONE
SEWAGE TREATMENT PLANT***

The Board is pleased to announce that on 21 August 2015 after a public tendering process, Housing and Urban-rural Development of Xinzheng City and Xinzheng Kangda entered into the Concession Agreement, pursuant to which Xinzheng Kangda shall be exclusively responsible for financing, construction, operation, maintenance and transfer of the Target Project and the construction and maintenance of ancillary sewage intercepting pipes outside the Target Project. Xinzheng Kangda is entitled to charge a sewage treatment fee based on the service provided and benefit from the sale and disposal of the treated water.

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.

CONCESSION AGREEMENT

Date:

21 August 2015

Parties:

- (1). Housing and Urban-rural Development of Xinzheng City; and
- (2). Xinzheng Kangda.

Principal Terms

Pursuant to the Concession Agreement, Xinzheng Kangda shall be exclusively responsible for financing, construction, operation, maintenance and transfer of the Target Project and the construction and maintenance of ancillary sewage intercepting pipes outside the Target Project. Xinzheng Kangda is entitled to charge a sewage treatment fee based on the service provided and benefit from the sale and disposal of the treated water. The Housing and Urban-rural Development of Xinzheng City shall grant a concession to Xinzheng Kangda on the operation of the Target Project for 26 years commencing from the date of the completion of construction of Phase I of the Target Project. Upon the expiration of the concession period of 26 years, Xinzheng Kangda is required to transfer the Target Project to Housing and Urban-rural Development of Xinzheng City or its designated entity for nil consideration.

INFORMATION ABOUT THE TARGET PROJECT

The details of the Target Project are set out below:

Plant name	Location	Project model	Total designed daily treatment capacity (tonnes/day) (note)	Concession period
Xinzheng City Xingang Industry Assembly Zone Sewage Treatment Plant* (新鄭市新港產業聚集區污水處理廠)	Xinzheng City, Henan Province, the PRC	BOT	60,000	26 years commencing from the date of the completion of construction of Phase I of the Target Project

Note: The total designed daily treatment capacity of the Target Project is expected to be 60,000 tonnes/day, which is expected to be divided into two phases. The daily treatment capacity for each of the Phase I and Phase II of the Target Project is expected to be 30,000 tonnes/day.

INFORMATION ABOUT HOUSING AND URBAN-RURAL DEVELOPMENT OF XINZHENG CITY

Housing and Urban-rural Development of Xinzheng City is a governmental authority designated by the Xinzheng Municipal Government, which is the local governmental authority for handling urban-rural construction, municipal maintenance and the coordination, management and public servicing of housing.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Housing and Urban-rural Development of Xinzheng City is a third party independent of the Company and its connected person(s) (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONCESSION AGREEMENT

The Directors consider that entering into the Concession Agreement is consistent with the strategy of the Company to continue to secure additional BOT projects in cities where the Group has existing projects and in nearby cities, which would leverage the Group's familiarity with the region, and the participants in the local market and the Company's brand recognition. The Target Project will further expand the asset base of the Company and consolidate the Company's leading position in the industry.

Accordingly, the Directors consider that the terms of the Concession Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and are 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
“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 an 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), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“Concession Agreement”	the concession agreement entered into between Housing and Urban-rural Development of Xinzheng City and Xinzheng Kangda on 21 August 2015
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“PRC”	People’s Republic of China, for the purpose of this announcement, excluding Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Xinzheng Kangda”	Xinzheng Kangda Water Co., Ltd.* (新鄭康達水務有限公司), a limited liability company established in the PRC on 28 May 2015 and a wholly-owned subsidiary of the Company
“Target Project”	Xinzheng City Xingang Industry Assembly Zone Sewage Treatment Plant* (新鄭市新港產業聚集區污水處理廠)

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

Hong Kong, 21 August 2015

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 non-executive Director; and Mr. TSUI Yiu Wa Alec, Mr. YUAN Shaoli and Mr. PENG Yongzhen as independent non-executive Directors.

* *for identification purpose only*