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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

**OBTAINING GOVERNMENTAL APPROVAL
IN RELATION TO THE ACQUISITION OF 95% OF
THE EQUITY INTERESTS IN**

QISHAN COUNTY DAYUAN SEWAGE TREATMENT CO., LTD.*

This announcement is made by the Company to keep the shareholders and potential investors of the Company informed of the latest business developments of the Group.

**OBTAINING GOVERNMENTAL APPROVAL IN RELATION TO THE
ACQUISITION OF 95% OF THE EQUITY INTERESTS IN THE TARGET
COMPANY**

The Board is pleased to announce that on 8 March 2016, the governmental approval from the Housing and Urban Bureau of Qishan County, Shaanxi Province* (陝西省岐山縣住房與城鄉建設局) in relation to the acquisition of 95% of the equity interests in the Target Company has been obtained.

EQUITY TRANSFER AGREEMENT

On 31 December 2015, the Vendor conditionally agreed to transfer, and Kangda Group conditionally agreed to acquire, 95% of the equity interests in the Target Company at the consideration of RMB20,544,296, subject to the conditions precedent of obtaining the governmental approval from the Housing and Urban Bureau of Qishan County, Shaanxi Province* (陝西省岐山縣住房與城鄉建設局).

INFORMATION ABOUT THE TARGET COMPANY

Qishan County Dayuan Sewage Treatment Co., Ltd.* (岐山縣大源污水處理有限責任公司), the Target Company, is a limited liability company established in the PRC on 12 August 2010 with a registered capital of RMB1,000,000. The Target Company is principally engaged in the business of sewage treatment and as at the date of this announcement, the Target Company is the sole owner of the Target Assets.

INFORMATION ABOUT THE TARGET ASSETS

Details of the Target Assets, which are held by the Target Company, are set out below:

Plant name	Location	Daily treatment capacity of Phase I (tonnes/day)	Designed daily treatment capacity of Phase II (tonnes/day) (note)
Shaanxi Province Qishan County Caijiapo Sewage Treatment Plant* (陝西省岐山縣蔡家坡污水處理廠)	Zhaojia Village, Caijiapo, Qishan Country, Baoji Municipal, Shaanxi Province	40,000	40,000

Note: As at the date of this announcement, Phase II of the Target Assets has not been put into construction and is expected to be constructed by the Target Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

The Directors believe that entering into of the Equity Transfer Agreement is consistent with the strategy of the Company to identify suitable investment opportunity and potential for stable returns, which would also strengthen the Company's brand recognition. The Target Assets will further expand the asset base of the Group and consolidate the Group's leading position in the industry.

Accordingly, the Directors consider that the acquisition of the 95% equity interests in the Target Company and the terms under the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, and are in the best interests of the Company and its 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
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Vendor and Kangda Group on 31 December 2015 in relation to the transfer of 95% equity interests in the Target Company at a consideration of RMB20,544,296
“Group”	the Company and its subsidiaries
“Kangda Group”	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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China which, for the purpose of this announcement only and unless the context suggests otherwise, excludes Hong Kong Special Administrative Region of the People’s Republic of China, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Target Assets”	Shaanxi Province Qishan County Caijiapo Sewage Treatment Plant* (陝西省岐山縣蔡家坡污水處理廠) which are held by the Target Company

“Target Company”	Qishan County Dayuan Sewage Treatment Co., Ltd.* (岐山縣大源污水處理有限責任公司), a limited liability company established in the PRC on 12 August 2010
“Vendor”	Shaanxi De Xing Sheng Investment and Management Co., Ltd.* (陝西德興盛投資管理有限公司), a limited liability company established in the PRC on 20 June 2002, which is a third party independent of the Company and its connected person(s)

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

Hong Kong, 8 March 2016

As at the date of this announcement, the Board comprises 9 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.*