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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)

INSIDE INFORMATION

SUBSCRIPTION OF EXCHANGEABLE BONDS EXCHANGE FOR SHARES OF THE COMPANY BY A SUBSTANTIAL SHAREHOLDER

This announcement is made by Kangda International Environmental Company Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Company was informed that on 1 April 2020 (after trading hours of the Stock Exchange), China Water Affairs Group Limited (“**CWA**”), whose shares are listed on the Stock Exchange (stock code: 855) and its wholly-owned subsidiary Sharp Profit Investments Limited (“**Sharp Profit**”) is a substantial shareholder (as defined under the Listing Rules) of the Company, entered into a subscription agreement (the “**Subscription Agreement**”) with Baring Private Equity Asia V Holding (5) Limited (“**BPEA**”), which is also a substantial shareholder (as defined under the Listing Rules) of the Company. Pursuant to the Subscription Agreement, CWA conditionally agreed to subscribe for, and BPEA conditionally agreed to issue, the exchangeable bonds (the “**Exchangeable Bonds**”) for a consideration of HK\$361,336,495.80. The Exchangeable Bonds will entitle holder thereof to exchange for 344,129,996 shares (representing approximately 16.93% of the total issued share capital of the Company) of the Company (the “**Shares**”) owned by BPEA as at the date of this announcement (the “**Exchange Right**”). As nominated by CWA, the Exchangeable Bonds will be issued in the name of Sharp Profit.

As at the date of the Subscription Agreement and immediately following the completion of the Subscription Agreement, Sharp Profit legally and beneficially owns approximately 29.52% of the entire issued share capital of the Company. Assuming that no new Shares will be issued to any person from the date of the Subscription Agreement and up to the date of

exercising the Exchange Right in full, Sharp Profit (or together with CWA) will own a total of 944,129,996 Shares, representing approximately 46.45% of the entire issued share capital of the Company, upon exercise all of the Exchange Rights.

The Company has also noted that CWA has published an announcement dated 1 April 2020 in respect of the subscription of Exchangeable Bonds (the “**CWA Announcement**”). Pursuant to the CWA Announcement, the completion of the Subscription of Exchangeable Bonds is expected to take place on or before the date falling three months after the date of the Subscription Agreement, subject to the fulfillment of all the conditions as provided in the Subscription Agreement. For further details of the subscription of Exchangeable Bonds, please refer to the CWA Announcement.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the board of directors
Kangda International Environmental Company Limited
LI Zhong
Co-Chairman

Hong Kong, 1 April 2020

As at the date of this announcement, the Board comprises seven directors, namely Mr. ZHAO Juanxian (alias, ZHAO Junxian), Mr. LI Zhong, Ms. LIU Yu Jie and Mr. DUAN, Jerry Linnan as executive directors; and Mr. CHAU Kam Wing, Mr. CHANG Qing and Mr. PENG Yongzhen as independent non-executive directors.