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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)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO THE DISPOSAL OF  
100% EQUITY INTERESTS IN LIANGSHAN KANGDA WATER CO., LTD**

**BACKGROUND**

In 2014, the Vendor and the Management Committee of Liangshan Economic Development Zone\* (梁山經濟開發區管理委員會) entered into the Concession Agreement, pursuant to which the Vendor established the Target Company to develop, operate and maintain the Wastewater Treatment Plant for a concession period of 30 years.

**THE DISPOSAL**

The Board would like to announce that on 26 June 2025 (after trading hours of the Stock Exchange), the Vendor, being an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Equity Transfer Agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Capital, representing 100% equity interests in the Target Company for a total consideration of RMB80,000,000.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposal, is/are more than 5% but less than 25%, the entering into of the Equity Transfer Agreement constitutes a discloseable transaction on the part of the Company and is thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## BACKGROUND

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## THE DISPOSAL

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## THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out as follows:

Date: 26 June 2025 (after trading hours of the Stock Exchange)

Parties: (i) the Vendor; and  
(ii) the Purchaser

The Purchaser is a company established in the PRC with limited liability, which is principally engaged in, among others, water supply and wastewater treatment, and is ultimately and beneficially owned by the State-owned Assets Affairs Center of Liangshan County\* (梁山縣國有資產事務中心), which is responsible for, among others, acquiring, managing and monitoring of state-owned assets on behalf of the Liangshan County Government. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

### Assets to be disposed of

Pursuant to the terms and conditions of the Equity Transfer Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Capital, representing 100% equity interests in the Target Company.

### Consideration

The Consideration for the Sale Capital is RMB80,000,000, which shall be satisfied by the Purchaser in the following manner:

- (i) as to RMB20,000,000 (equivalent to 25% of the Consideration) shall be payable by the Purchaser within thirty (30) days after the signing of the Equity Transfer Agreement (the “**First Instalment**”);

- (ii) as to RMB36,000,000 (equivalent to 45% of the Consideration) shall be payable by the Purchaser within two (2) months after the payment of the First Instalment (the “**Second Instalment**”); and
- (iii) as to RMB24,000,000 (equivalent to 30% of the Consideration) shall be payable by the Purchaser within six (6) months after the payment of the Second Instalment.

In the event that the Purchaser fails to pay any of the above instalments to the Vendor when due in the manner above, the Purchaser shall pay to the Vendor interests at the rate of 1.5 times the loan prime rate as announced by the People’s Bank of China on the total outstanding amount until the outstanding principal and interests are fully repaid.

### **Basis of Consideration**

The Consideration was arrived at after arm’s length negotiations between the Vendor and the Purchaser on normal commercial terms, after taking into account, among others, (i) the audited net asset value of the Target Company as at 31 December 2024 of approximately RMB126.1 million; (ii) the aging of the outstanding wastewater treatment fee owed by the Liangshan County Government; (iii) the future prospects of the Wastewater Treatment Plant; and (iv) other factors as set out in the section headed “Reasons for and benefits of the Disposal” in this announcement.

### **Equity Transfer Procedure and Transitional Period**

Within ten (10) days after the Second Instalment is paid, the Vendor shall complete the necessary filings and registration procedures in respect of the transfer of the Sale Capital, whereupon the Purchaser shall be entitled to participate in the day-to-day management of the Target Company, maintain a register of assets and personnel of the Target Company, and sign a memorandum (the “**Assets and Personnel Transfer Memorandum**”) with the Vendor in respect of the assets and personnel to be transferred. Within twenty (20) days after the registration of the transfer of the Sale Capital, the management rights of the Target Company shall be transferred from the Vendor to the Purchaser.

During the period commencing from 30 September 2024 to the Completion Date (the “**Transitional Period**”), the Vendor shall procure the normal operation of the Wastewater Treatment Plant, and the Purchaser shall be entitled to or responsible for the profit or loss of the Target Company generated or incurred during the Transitional Period.

### **Completion**

Completion shall take place on the date on which the Assets and Personnel Transfer Memorandum is signed, and the Vendor shall transfer to the Purchaser, among others, the assets and personnel of the Target Company.

### **Financial information of the Target Company**

The net asset value of the Target Company as at 31 December 2024 as shown in the audited financial statements of the Target Company for the year ended 31 December 2024 is approximately RMB126.1 million.

For the year ended 31 December 2023, the net profits before and after taxation of the Target Company were approximately RMB2.6 million and approximately RMB1.9 million respectively; while for the year ended 31 December 2024, the net profits before and after taxation of the Target Company were approximately RMB4.0 million and approximately RMB3.1 million respectively.

## **INFORMATION ON THE PARTIES**

### **The Vendor**

The Vendor is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment in wastewater treatment plants and construction of municipal infrastructure in the PRC.

### **The Target Company**

The Target Company is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the operation of the Wastewater Treatment Plant.

### **Purchaser**

The Purchaser is a company established in the PRC with limited liability and principally engaged in, water supply and wastewater treatment. As at the date of this announcement, the Purchaser is ultimately and beneficially owned by the State-owned Assets Affairs Center of Liangshan County\* (梁山縣國有資產事務中心), which is responsible for, among others, acquiring, managing and monitoring of state-owned assets on behalf of the Liangshan County Government.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Group is principally engaged in the design, construction, operation and maintenance of wastewater treatment plants, water distribution plant, sludge treatment plants and other municipal infrastructure in the PRC.

According to the Liangshan County 2025 Government Work Report\* (梁山縣2025年政府工作報告) as announced by Liangshan County Government in January 2025, it is anticipated that the expansion and upgrading of wastewater treatment facilities of Liangshan County, including the Wastewater Treatment Plant, will be accelerated to meet the government's development target.

Taking into account (i) the current operating condition and future operating costs of the Wastewater Treatment Plant; (ii) the potential capital expenditure to be incurred in connection with the upgrading, expansion and modification of facilities and equipment in the Wastewater Treatment Plant in the long run; and (iii) the aging of the outstanding wastewater treatment fee owed by the Liangshan County Government to the Group, the Board is of the view that the Disposal will enable the Group to save significant amount of

operating expenses and probable capital expenditures in connection with the Wastewater Treatment Plant, obtain immediate cash inflow by the Disposal and allocate its time and resources to other concession projects which are more profitable.

Further, the Purchaser is an enterprise ultimately owned by the State-owned Assets Affairs Center of Liangshan County\* (梁山縣國有資產事務中心), and it is hard to locate any other party willing to acquire the Target Company and is acceptable to and recognised by the Liangshan County Government. Although the Consideration is lower than the net asset value of the Target Company, considering the financial and capital requirement for the continuing operation of the Wastewater Treatment Plant, and the aging of the wastewater treatment fee owed by the Liangshan County Government, the Board considers the Consideration to be fair and reasonable.

The Board is of the opinion that the Disposal will not have a material adverse effect on other core operations and financial position of the Group after Completion.

By reasons of the above, the Directors (including the independent non-executive Directors) believe that the terms of the Equity Transfer Agreement (including the Consideration) are on normal commercial terms, fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEED**

Subject to further audit procedures to be performed by the auditor of the Company, the Group is expected to record a loss from the Disposal of approximately RMB46.2 million, which is estimated based on the Consideration of RMB80.0 million less the net amount of (i) the audited net asset value of the Target Company as at 31 December 2024 of approximately RMB126.1 million; and (ii) the expenses directly attributable to the Disposal of approximately RMB0.1 million. The actual amount of gain or loss as a result of the Disposal to be recorded by the Group will be subject to review and final audit by the auditor of the Company.

The net proceeds from the Disposal, after deducting the expenses and taxes directly attributable to the Disposal of approximately RMB0.1 million, will amount to approximately RMB79.9 million. It is intended that the net proceeds will be used for the general working capital of the Group.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposal, is/are more than 5% but less than 25%, the entering into of the Equity Transfer Agreement constitutes a discloseable transaction on the part of the Company and is thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise required, the following terms have the following meanings:

“Assets and Personnel Transfer Memorandum”	has the meaning ascribed thereto under the paragraph headed “The Equity Transfer Agreement — Equity Transfer Procedure and Transitional Period” in this announcement
“Board”	board of Directors
“Company”	Kangda International Environmental Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (Stock Code: 6136)
“Completion”	completion of the Disposal
“Completion Date”	the date on which the Completion takes place
“Concession Agreement”	the concession agreement entered into between Vendor and the Liangshan County Government in 2014 in relation to the development, operation and maintenance of the Wastewater Treatment Plant for a concession period of 30 years
“Consideration”	a total sum of RMB80,000,000, being the consideration for the Sale Capital
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed transfer of the Sale Capital from the Vendor to the Purchaser pursuant to the terms and conditions of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 26 June 2025 and entered into among the Vendor and the Purchaser in relation to the Disposal
“First Instalment”	has the meaning ascribed thereto under the paragraph headed “The Equity Transfer Agreement — Consideration” in this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	any person or company and its ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected person(s) (as defined under the Listing Rules) of the Company and is/are third party(ies) independent of the Company and its connected person(s) in accordance with the Listing Rules
“Liangshan County Government”	the People’s Government of Liangshan County, Jining City, which is situated in Shandong Province, the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Lianshan Chengfa Water Group Co., Ltd.* (梁山城發水務集團有限公司), a company established in the PRC with limited liability and ultimately and beneficially owned by State-owned Assets Affairs Center of Lianshan County* (梁山縣國有資產事務中心) as at the date of this announcement
“Sale Capital”	100% registered capital of the Target Company, which is beneficially owned by the Vendor as at the date of this announcement
“Second Instalment”	has the meaning ascribed thereto under the paragraph headed “The Equity Transfer Agreement — Consideration” in this announcement
“Shareholders’	holders of the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Liangshan Kangda Water Company Limited* (梁山康達水務有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Transitional Period”	has the meaning ascribed thereto under the paragraph headed “The Equity Transfer Agreement — Equity Transfer Procedure and Transitional Period” in this announcement



“Vendor”	Chongqing Kangda Environmental Protection Industry (Group) Company Limited* (重慶康達環保產業(集團)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Wastewater Treatment Plant”	Liangshan Economic Development Zone Wastewater Treatment Plant (梁山經濟開發區污水處理廠) situated at Zhongshan City of Guangdong Province, the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

\* For identification purpose only

By order of the Board  
**Kangda International Environmental Company Limited**  
**LI Zhong**  
*Chairman*

Hong Kong, 26 June 2025

*As at the date of this announcement, the Board comprises eight Directors, namely Mr. LI Zhong, Ms. LIU Yujie, Mr. DUAN, Jerry Linnan and Mr. ZHOU Wei as executive Directors; Mr. ZHAO Juanxian (alias, ZHAO Junxian) as non-executive Director; and Mr. CHAU Kam Wing Donald, Mr. CHANG Qing and Mr. PENG Yongzhen as independent non-executive Directors.*