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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 FINANCE LEASE AGREEMENT

FINANCE LEASE AGREEMENT

On 6 August 2025, the Lessee (being an indirect wholly-owned subsidiary of the Company) entered into the Finance Lease and Incidental Documentation with the Lessor, pursuant to which the Lessor agreed to, among other things, acquire the ownership of the Assets from the Lessee for RMB30,000,000, and lease back the same to the Lessee for its use and possession for a term of 72 months commencing from the payment date of the said consideration.

Reference is made to the Previous Announcements. The Group also entered into the Previous Finance Lease and Incidental Documentations with the Lessor on 22 October 2024, 13 February 2025 and 27 June 2025 respectively, pursuant to which the Lessor agreed to, among other things, acquire the ownership of certain assets from the Group for an aggregate of RMB120,000,000, and lease back the same to the Group for its use and possession for a respective term of 72 months.

LISTING RULES IMPLICATIONS

Since the Previous Finance Lease and Incidental Documentations and the Finance Lease and Incidental Documentation were all entered into by the Group with the Lessor within a 12-month period, the transactions contemplated under the Previous Finance Lease and Incidental Documentations and the Finance Lease and Incidental Documentation are required to be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

As one of more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the transactions contemplated under the Finance Lease and Incidental Documentation, when calculated on an aggregate basis with the Previous Finance Lease and Incidental Documentations is/are more than 5% but less than 25%, the entering into of the Finance Lease and Incidental Documentation, on an aggregate basis, constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

THE FINANCE LEASE AND INCIDENTAL DOCUMENTATION

Date: 6 August 2025

Parties:

(1) The Lessor, as the lessor;

(2) the Lessee, being an indirect wholly-owned subsidiary of the Company; and

(3) the Guarantors, each being an indirect wholly-owned subsidiary of the Company.

The Lessor is a company established in the PRC with limited liability which is principally engaged in the provision of finance, including through finance leasing, with a focus on environmental protection projects in the PRC. The Lessor is a subsidiary of Hing Yip Holdings, being a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 132). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lessor and its ultimate beneficial owners are Independent Third Parties and do not hold any shares in the Company.

Transfer of the Assets and consideration:

Pursuant to the Finance Lease Agreement and the sale and leaseback asset transfer agreement, the Lessor shall acquire the unencumbered ownership of the Assets from the Lessee on an "as-is" basis for a consideration of RMB30,000,000 in cash and, payable by the Lessor to the Lessee within twelve months from the date of the sale and leaseback asset transfer agreement, subject to the fulfilment or waiver (as the case may be) of the payment conditions set out therein. The sale and leaseback asset transfer agreement for the Assets was entered into between the Lessor and the Lessee on the date of the Finance Lease Agreement, effecting the terms of the Finance Lease Agreement in relation to the transfer of the Assets from the Lessee to the Lessor.

Such consideration amount was determined following arm's length negotiations by the parties with reference to, among others, the original cost of the Assets of approximately RMB31,153,104, and their state including serviceable condition and depreciable life.

Lease period:

The Lessor will lease back the Assets to the Lessee for its use and possession for a term of 72 months commencing from the payment date of the consideration for the transfer of the Assets under the sale and leaseback asset transfer agreement.

Lease payments: In respect of the Finance Lease Agreement, the total amount of lease payments is approximately RMB36,680,331, comprising (a) the lease principal payment of RMB30,000,000; and (b) the aggregate lease interest and other fees and expenses under the Finance Lease and Incidental Documentation of approximately RMB6,680,331. Both the lease principal and the interest shall be payable every three months in twenty-four (24) installments during the lease period.

The terms of the Finance Lease Agreement were determined after arm's length negotiations between the parties to the Finance Lease Agreement with reference to the consideration under the sale and leaseback asset transfer agreement, the lending and interest rate environment including the loan prime rate published by the National Interbank Funding Center from time to time, which was 3.0% as at the date of the Finance Lease Agreement, the average fair price of similar equipment and the amount of financing agreed to be provided by the Lessor. The other fees and expenses, including but not limited to the finance lease advisory fees, which represented approximately 1.0% per annum of the lease principal under the Finance Lease Agreement for the lease period of 72 months, which is line with the fees and expenses incurred in the Group's other loans and borrowings, which ranged from 0.65% to 1.5% per annum of the principal loan amount.

Termination and purchase option: The Lessee may, by serving a 60 days' prior written notice to the Lessor and upon obtaining the Lessor's written consent, terminate the Finance Lease Agreement, provided that, as at the time of early termination, (a) all outstanding lease payments due; (b) the total outstanding lease principal; (c) a compensation equivalent to 20% of the total outstanding lease interest amount as at the time of early termination; and (d) any other outstanding amounts due thereunder have been settled by the Lessee. At the end of the lease period or in the event of an early termination of the Finance Lease Agreement, subject to the settlement of all outstanding amounts due, the Lessee will have the right to purchase the Assets at a nominal purchase price of RMB100.

Guarantee deposit: The Lessee will pay an interest-free deposit of RMB300,000 to the Lessor on the same day on which the consideration for the transfer of the Assets has been paid by Lessor to secure its payment obligations under the Finance Lease Agreement.

Guarantee:	Each of the Guarantors executed a guarantee on the date of the Finance Lease Agreement guaranteeing the Lessor, effectively on a joint and several basis, the due and punctual settlement of any and all amount payable by the Lessee under the Finance Lease Agreement.
Pledges:	Pursuant to the Finance Lease and Incidental Documentation, the Lessee executed a legal charge over the Assets in favour of Lessor as security of the Lessee's payment obligations under the Finance Lease Agreement. Pursuant to the Finance Lease and Incidental Documentation, Guarantor 1 pledged the entire equity interests in the Lessee (representing a registered share capital of RMB94,180,000) in favour of the Lessor for a term of 7 years, as security of the Lessee's payment obligations under the Finance Lease Agreement. Pursuant to the Finance Lease and Incidental Documentation, the Lessee pledged its rights in receivables in the sewage treatment charges under the sewage treatment plant franchise agreements of a sewage treatment plant situated at Weifang City in the Shandong Province, the PRC as security of the Lessee's payment obligations under the Finance Lease Agreement. Pursuant to the Finance Lease and Incidental Documentation, the Lessee pledged 100% of its interests in a bank account in favour of the Lessor for a term of 7 years, as security of the Lessee's payment obligations under the Finance Lease Agreement.
Default:	If the Lessee defaults, the Lessor shall be entitled to, among others, (i) terminate the Finance Lease Agreement; (ii) take possession or prohibit the Lessee from using the Assets; (iii) enforce the security documents; and (iv) claim for compensation for all losses and expenses incurred as a result of the default against the Lessee.

THE PREVIOUS FINANCE LEASE AND INCIDENTAL DOCUMENTATIONS

Please refer to the Previous Announcements for the principal terms of the Previous Finance Lease and Incidental Documentations.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AGREEMENT

The Directors believe that the Group will be able to derive additional liquidity through the financial arrangements under the Finance Lease Agreement and benefit from additional working capital to support its business and finance the operational activities of the Lessee.

The Directors considered that the Finance Lease and Incidental Documentation and the transactions contemplated thereunder are entered into in the ordinary course of business of the Group, on normal commercial terms which are made on an arm's length basis and are fair and reasonable and in the best interests of the Group and the Shareholders as a whole.

INFORMATION ON THE ASSETS

The assets to be transferred and lease back under the sale and leaseback asset transfer agreement and the Finance Lease Agreement (the "Assets") comprise sewage treatment facilities situated at Weifang City in the Shandong Province, the PRC.

INFORMATION ON THE LESSEE AND THE GROUP

The Lessee is a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the construction and operation of wastewater treatment plants in the PRC.

The Group is mainly engaged in investing in and operating wastewater treatment facilities in the PRC.

INFORMATION ON THE LESSOR

The Lessor is a limited liability company established in the PRC, and a subsidiary of Hing Yip Holdings. The Lessor is principally engaged in the provision of finance, including through finance leasing, with a focus on environmental protection projects in the PRC.

LISTING RULES IMPLICATIONS

Since the Previous Finance Lease and Incidental Documentations and the Finance Lease and Incidental Documentation were all entered into by the Group with the Lessor within a 12-month period, the transactions contemplated under the Previous Finance Lease and Incidental Documentation and the Finance Lease and Incidental Documentation are required to be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

As one of more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the transactions contemplated under the Finance Lease and Incidental Documentation, when calculated on an aggregate basis with the Previous Finance Lease and Incidental Documentations is/are more than 5% but less than 25%, the entering into of the Finance Lease and Incidental Documentation, on an aggregate basis, constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"Assets"	shall have the meaning as disclosed in the section headed "Information on the Assets" in this announcement
"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 Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 6136)
"Director(s)"	the director(s) of the Company
"Finance Lease Agreement"	the finance lease agreement dated 6 August 2025 entered into between the Lessor and the Lessee in relation to the transfer of ownership and lease back of the Assets
"Finance Lease and Incidental Documentation"	the Finance Lease Agreement and the agreements incidental to the Finance Lease Agreement including the sale and leaseback asset transfer agreement, the guarantees, the consultancy agreement, the legal charge, the receivables pledge agreements, the share pledge agreements and the pledge agreements
"Group"	the Company and its subsidiaries
"Guarantor 1"	Chongqing Kangda Environmental Protection Industry Group Co., Ltd.* (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
"Guarantor 2"	Meiling Environmental Technology (Zibo) Co., Ltd.* (美陵環境科技(淄博)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Guarantor 3"	Qingzhou Meiling Sewage Purification Co., Ltd.* (青州市美陵污水淨化有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Guarantors"	collectively, Guarantor 1, Guarantor 2 and Guarantor 3

"Hing Yip Holdings"	Hing Yip Holdings Limited (興業控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 132)
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	(an) independent third party(ies) not connected with the Group and any Director, chief executive or substantial shareholder of the Group or any of its subsidiaries or their respective associate of any of them as defined in the Listing Rules
"Lessee"	Weifang Kangda Environmental Protection Water Co., Ltd.* (濰坊康達環保水務有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Lessor"	Canton Greengold Financial Leasing Ltd.* (廣東綠金融資租賃有限公司), a company established in the PRC with limited liability and a subsidiary of Hing Yip Holdings
"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 excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"Previous Announcements"	the announcements of the Company dated 22 October 2024, 13 February 2025 and 27 June 2025 in respect of the entering into of the Previous Finance Lease and Incidental Documentations
"Previous Finance Lease Agreements"	the finance lease agreement dated 22 October 2024, 13 February 2025 and 27 June 2025 entered into between the Lessor and the Group, details of which have been disclosed in the Previous Announcements
"Previous Finance Lease and Incidental Documentations"	the Previous Finance Lease Agreements and the agreements incidental to the Previous Finance Lease Agreements, including the transfer agreements, the guarantees, the consultancy agreements, the asset pledge agreements, the receivables pledge agreements, the share pledge agreements and the pledge agreements
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	shareholder(s) of the Company

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	percentage

* *For identification purposes only*

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

Hong Kong, 6 August 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.