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中滔環保

CT ENVIRONMENTAL GROUP LIMITED

中滔環保集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1363)

DISCLOSEABLE TRANSACTION

**ENTERING INTO OF AN INVESTMENT AGREEMENT IN RELATION TO
AN INDUSTRIAL WASTEWATER TREATMENT PLANT AND AN INDUSTRIAL
WATER SUPPLY PLANT UNDER THE BUILD-OWN-OPERATE MODEL**

The Board is pleased to announce that the Company entered into the Investment Agreement with the Yinghong Government (英德市英紅鎮人民政府) on 6 July 2015, pursuant to which the Yinghong Government agreed to grant to the Company the exclusive operation right, under BOO, to construct the Facility and operate and manage the industrial wastewater treatment services and industrial water supply services in the Industrial Park. The Facility is located in Yingde City under Qingyuan City Guangdong Province.

The investment amount is estimated to be approximately RMB420 million (including the cost of acquiring the land use rights for constructing the Facility).

As one or more of the percentage ratios applicable to the Company exceeds 5% but all are less than 25%, the transaction contemplated under the Investment Agreement constitutes a discloseable transaction for the Company under the Listing Rules, and is therefore subject to the reporting and announcement requirements under the Listing Rules.

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The principal terms of the Investment Agreement are set out below:

INVESTMENT AGREEMENT

Date: 6 July 2015

Parties: (i) the Company; and
(ii) the Yinghong Government

the Yinghong Government, to the best of the knowledge, information and belief of the Directors and after making all reasonable enquiries, is a third party independent of the Company and its connected persons.

Subject matter

Pursuant to the Investment Agreement, the Yinghong Government agreed to grant the exclusive operation right to the Company, under BOO, in relation to the construction of the Facility and the provision of industrial water supply and industrial wastewater treatment services at the Industrial Park.

Under the Investment Agreement, the Facility will be developed in phases. The ultimate designed industrial wastewater treatment capacity is 80,000 tons per day, with the designed capacity of the first phase of the wastewater treatment plant to be approximately 20,000 tons per day. The designed industrial water supply capacity of the industrial water supply plant is 200,000 tons per day, to be developed in phases according to the water demand, with the designed capacity of the first phase to be approximately 50,000 tons per day.

The Industrial Park was established in August 2008 with total planned area of 37.8 km². There are five key industry bases, namely the Machinery and Equipment Production Base, the Comprehensive Industry Base, the Intelligent Logistics Base, the Electronic Devices and Applicants Base and the Fine Chemical Base, which are all having great development potential.

Acquisition of land use rights for the Facility

Under the Investment Agreement, the Company shall obtain the relevant land use rights through the tender, auction or listing-for-sale before the commencement of the construction work of the Facility, to be funded by the investment amount of approximately RMB420 million. The areas to be stipulated by the Yinghong Government for each of the industrial wastewater treatment plant and the industrial water supply plant are approximately 180 mu and approximately 100 mu respectively, which are subject to the actual area set out in contract for the grant of the land use rights of the respective site.

During the construction and operation phase of the Project, Yinghong Government will also provide ancillary facilities (such as water and electricity supply and road connection) with supportive policies being implemented. It is expected that the construction of the Project will be commenced during the year, and the first phase of the project will be completed and commenced operation in the second half of 2016.

Other terms

Pursuant to the minimum guaranteed clause under the Investment Agreement, the Yinghong Government shall provide to the Company subsidy if the utilisation rate of each of the industrial wastewater treatment plant and industrial water supply plant fail to reach 60%, 85% and 100% respectively of the designed industrial wastewater treatment capacity for the first three years since the completion of the construction work and commencement of trial operation. The Yinghong Government shall take into account the financial results with respect to the industrial wastewater treatment plant and the industrial water supply plant when determining the unit tariff to be used in the calculation of the subsidy amount granted to the Company.

Investment amount

The total investment amount under the Investment Agreement is estimated to be approximately RMB420 million, which is determined based on the construction cost of Facility and the estimated cost of acquiring the land use rights for the Facility. Such amount is expected to be utilised for the acquisition of the land use right for the Facility and the construction of water tanks, installation of water pipes and the equipment. The Company intends to finance the total investment amount by bank borrowings and/or internal resources of the Group.

REASONS FOR AND BENEFITS OF THE INVESTMENT AGREEMENT

The Group is a provider of one-stop centralized and customized wastewater treatment and industrial water supply services in the PRC, focusing on industrial wastewater treatment. With services covering the whole value chain of the wastewater treatment and industrial water supply services industry, from design planning, procurement and construction, to operations and maintenance of the wastewater treatment and water supply facilities, the Group is one of the first enterprises in Guangdong Province to engage in centralized treatment for industrial wastewater. The Group is also engaged in sludge treatment services and industrial solid wastes treatment services, being the largest enterprise in Guangdong Province in terms of sludge treatment capacity.

The entering into of the Investment Agreement is in line with the business strategies of the Group to intensify its business and reinforce the Group's market position in the industry. The Board considers that the Group can replicate its business model (i.e. BOO) for the Project and the Investment Agreement can strengthen revenue base of the Group after the Group commences operation of the Facility. Moreover, the Project will be developed by phases so as to alleviate the working capital pressure and the external borrowings of the Group, and more funds can be reserved as working capital of the Group for the Project and other businesses of the Group. Coupled with the subsidies that may be

granted by the Yinghong Government in case utilisation rate of industrial wastewater treatment plant failing to reach relevant percentage of the designed capacity as set out in the Investment Agreement, the Group is exposed to lower risk in respect of the Project.

Leveraging on its own competitive edges, the Group will expand its operation scale and scope in centralized treatment for industrial wastewater and industrial water supply in addition to textile printing and dyeing, thereby further enhance its profitability and strengthen its competitiveness.

Based on the reasons and benefits discussed above, the Directors are of the view that the terms of the Investment Agreement, which have been agreed after arm's length negotiations between the parties thereto, are on normal commercial terms and such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the percentage ratios applicable to the Company exceeds 5% but all are less than 25%, the transaction contemplated under the Investment Agreement constitutes a discloseable transaction for the Company under the Listing Rules, and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

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| “Board” | board of the Directors |
| “BOO” | Build-Own-Operate, the core business operation model of the Group |
| “Company” | CT Environmental Group Limited, a company incorporated in the Cayman Islands with limited liability, and its Shares are listed on the Main Board of the Stock Exchange |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | director(s) of the Company |
| “Facility” | the industrial wastewater treatment plant and industrial water supply plant to be constructed at the Industrial Park, operated and managed by the Company under the Investment Agreement |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |

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| “Industrial Park” | 清遠市華僑工業園英德英紅園 (Yingde Yinghong Park of Qingyuan Huaqiao Industrial Park) |
| “Investment Agreement” | the investment agreement entered into between the Company and the Yinghong Government on 6 July 2015 in respect of the Project |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, Macao Special Administrative Region and Taiwan |
| “Project” | investment in the construction of the Facility and the operation and management of the provision of industrial wastewater treatment and industrial water supply services at the Industrial Park under the exclusive operation right granted under the Investment Agreement |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share(s)” | ordinary share(s) of HK\$0.1 each in the issued share capital of the Company |
| “Shareholder(s)” | holder(s) of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Yinghong Government” | 英德市英紅鎮人民政府 (People’s Government of Yinghong Town of Yingde City) |
| “mu” | 畝, a Chinese unit of measurement in terms of area and one mu is equivalent to approximately 666.67 sq.m. |

English translation of the Chinese names is included in this announcement for information purpose only, and should not be regarded as the official English translation of such names.

By order of the board
CT ENVIRONMENTAL GROUP LIMITED
TSUI Cham To
Chairman

Hong Kong, 6 July 2015

As at the date of this announcement, the executive Directors are Mr. Tsui Cham To, Mr. Lu Yili, Mr. Xu Ju Wen, Mr. Xu Shu Biao, Mr. Xu Zi Tao, and the independent non-executive Directors are Mr. Du Hequn, Mr. Lien Jown Jing, Vincent and Mr. Liu Yung Chau.