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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO
INVESTMENT AGREEMENT OF
SANJIANGKOU ENERGY CONSERVATION AND
ENVIRONMENTAL PROTECTION ECOLOGICAL
INDUSTRIAL PARK**

Reference is made to the announcement of the Company dated 31 July 2018 (the “**Announcement**”). Unless otherwise defined, terms defined in the Announcement shall have the same meanings as those used in this announcement.

Further to the Announcement, the Company is pleased to set out additional information in relation to the Investment Agreement as follows:

THE INVESTMENT AGREEMENT

Date: 27 July 2018

Parties: (a) the Company

(b) the People’s Government of Xiangzhou County, Laibin City, Guangxi Zhuang Autonomous Region (“**Xiangzhou Government**”)

MODE OF COOPERATION AND ROLES AND RESPONSIBILITIES

The parties of the Investment Agreement agreed to cooperate for the construction of the Project in Shilong Industrial Park, Xiangzhou County.

Pursuant to the Investment Agreement, the Company shall, among others things:

- Be responsible for building, operating and managing the construction of the Project (except for the production facilities to be constructed by the customers on their own);
- Participate or procure the customers (i.e. the industrial enterprises who want to enter into the Ecological Industrial Park) to participate in the bid in the public listing-for-sale process of the land (the “**Land**”) in relation to the Project;
- Contribute capital to develop water supply, wastewater management, heat supply, electricity supply, waste disposal and other environmental support infrastructure development works at the Project;
- Handle and pay the fees in relation to the launching of the Project, environmental impact assessment, fire safety and manufacturing safety assessments and other administrative matters;
- Complete preliminary works within half a year after the Xiangzhou Government obtained the Land, and then be responsible for the land levelling in relation to the Land.

Pursuant to the Investment Agreement, the Xiangzhou Government, shall, among others things:

- Provide companies who enter the Ecological Industrial Park with comprehensive services and, together with the Company, attract industrial enterprises to the Ecological Industrial Park;
- Be responsible for completing preparatory works (三通一平) in relation to the Project and to connect the Land with water, electricity and road access from sources outside the Land;
- Organize the public listing-for-sale process for the Land;
- Support the development of the Project;

- In accordance with national and Guangxi Zhuang Autonomous Region policies, provide support to the Company, including subsidy and policy support, as appropriate; and
- Provide preferential treatment in terms of the level of fee during the course of various registrations and filings in relation to the Project as well as to expedite all necessary approvals.

TOTAL INVESTMENT AMOUNT

The total investment amount of the Project is approximately RMB15 billion. This amount was estimated with reference to the Company's other existing project in Guangxi Zhuang Autonomous Region, including one located in Fumian District (in operation) ("**Fumian Project**") and another one located in Bobai County (under construction) ("**Bobai Project**"). It is expected that the total investment amount will be applied as follows:

Investment (RMB)	Purpose
3 billion	Phase I of the Project: construction of environmental infrastructure in the Ecological Industrial Park by the Company, including industrial wastewater treatment facilities with a capacity of 100,000 tons/day (RMB600 million), industrial water supply facilities with a capacity of 100,000 tons/day (RMB150 million), electricity and heat cogeneration facilities with a capacity of 220 tons/hour (RMB400 million), other infrastructure and preliminary expenses (RMB500 million), and construction of production facilities by the customers with an area of 1 million square meters (RMB1.35 billion).
3.5 billion	Phase II of the Project: construction of industrial water supply and wastewater treatment facilities with a capacity of 100,000 tons/day each (RMB600 million in aggregate), electricity and heat cogeneration facilities with a capacity of 220 tons/hour (RMB300 million), other infrastructure and preliminary expenses (RMB350 million), biological return-to-resources treatment facilities with a capacity of 1,000 tons/day (RMB400 million) and construction of production facilities by the customers with an area of 1 million square meters (RMB1.85 billion).

- 3.5 billion Phase III of the Project: construction of industrial water supply and wastewater treatment facilities with a capacity of 100,000 tons/day each (RMB600 million in aggregate), electricity and heat cogeneration facilities with a capacity of 220 tons/hour (RMB300 million), other infrastructure and preliminary expenses (RMB350 million) and construction of production facilities by the customers with an area of 1 million square meters (RMB2.25 billion).
- 5 billion Investment into the sub-project named “Silk-Featured Town”(絲綢特色小鎮) with planned residential area of 1,000 mu. The “Silk-Feature Town” will be constructed in two phases (largely dependent on the progress of development of the Ecological Industrial Park) to become an optimized eco-living and service area ancillary to the Ecological Industrial Park, catering for the needs of approximately 30,000 employees of the enterprises in the Ecological Industrial Park and their families who are in pursuit of living and comprehensive services.

Pursuant to the Investment Agreement, except for the funding related to the construction of production facility by the customers, the funding to be invested into the Project shall be raised by the Company.

REASONS AND BENEFITS

The Group is of the view that the investment to the Project is in the usual ordinary course of business of the Company and in line with its business strategy. The board of directors of the Company believes that the Project is in the interests of the Company and its shareholders as a whole. In addition, the success in the implementation of the Fumian Project in Guangxi Zhuang Autonomous Region (details of the recent business updates of the Fumian Project was disclosed in the Company’s announcement dated 23 July 2018), together with the smooth progress of the Bobai Project, had further increased the confidence of the Company in the execution of the Project and the Company believes that all the three projects together will provide the Group with sustainable and remarkable growth in the long run.

The Ecological Industrial Park is located in Xiangzhou County, Laibin City, Guangxi Zhuang Autonomous Region. The Company believes that the area offers a good opportunity for industrial development, and would be an attractive location for players in the clothing industry, including those in wool textile, linen textile, chemical fiber textile and printing, dyeing and fine processing. The Project can also be served as a good alternative base for the recent relocation of industrial enterprises from other provinces (mainly the Guangdong Province) and the Company believes that these industrial enterprises are in a strong demand for a total solution to satisfy their environmental protection requirement and exposure.

LISTING RULES IMPLICATIONS

Should the acquisition of the Land materialize, it is expected that, depending on the amount of final consideration for the Land, the acquisition of Land by the Company may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Furthermore, should the proposed investment in the Project consisting of two sub-projects, namely Ecological Industrial Park and Silk-Featured Town, materialize, such proposed investment by the Company may or may not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement(s) (if any) will be made in this regard in compliance with the Listing Rules as and when appropriate.

On behalf of the Board
CT Environmental Group Limited
Tsui Cham To
Chairman

Hong Kong, 24 September 2018

As at the date of this announcement, the executive Directors are Mr. Tsui Cham To, Mr. Xu Zhencheng, Mr. Xu Shubiao, Mr. Xu Juwen, the non-executive Director is Mr. Yang Chunlin and the independent non-executive Directors are Mr. Suen To Wai, Mr. Zhang Lu Fu and Mr. Liu Yung Chau.