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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)

VOLUNTARY ANNOUNCEMENT

This is a voluntary announcement made by Kangda International Environmental Company Limited (the “**Company**”).

Chongqing Kangda Environmental Protection Industry (Group) Co., Ltd.* (重慶康達環保產業(集團)有限公司, “**Chongqing Kangda**”), an indirectly wholly-owned subsidiary of the Company, issued the Super & Short-term Commercial Paper in the People’s Republic of China (“**PRC**”) on 19 April 2018 and 3 September 2018, respectively. The documents relating to the issuance have been published on the website of Shanghai Clearing House at <http://www.shclearing.com/>.

According to the relevant rules and regulations in the PRC, during the lives of the Super & Short-term Commercial Paper, Chongqing Kangda is required to publish its quarterly management accounts each year. As the third quarter financial information in 2018 of Chongqing Kangda is available only in Chinese, the Company wishes to provide the following unaudited consolidated balance sheet statement as at 30 September 2018 and the unaudited consolidated income statement for the nine months ended 30 September 2018 prepared by Chongqing Kangda. The Chinese version of such information which is published at the website of Shanghai Clearing House shall prevail. The English translation set out in this announcement is for reference only.

The board of directors of the Company (the “**Board**”) wishes to remind investors that the financial information contained herein is prepared based on the Chinese Accounting Standards for Business Enterprises and the unaudited management accounts. Such information has not been reviewed or audited by the auditors of Chongqing Kangda and the Company.

The financial information contained herein is the information of the significant subsidiary of the Company. The investors are cautioned not to unduly rely on such information and are advised to exercise caution when dealing in the shares of the Company.

CONSOLIDATED BALANCE SHEET

30 September 2018

Prepared by: Chongqing Kangda Environmental Protection Industry (Group) Co., Ltd.*

Unit: RMB Yuan

Items	Note	Balance at the end of the period	Balance at the beginning of the period
Current Assets:			
Monetary capital		703,735,172.68	1,826,049,952.31
Bills receivable and accounts receivable		1,398,393,060.17	1,192,673,293.56
Prepayments		125,829,197.21	79,313,013.25
Other receivables		1,956,986,049.35	884,690,249.10
Inventories		11,133,251.10	10,298,505.85
Contract assets		206,658,311.27	—
Non-current assets due within one year		1,370,097,020.80	1,370,199,766.73
Other current assets		166,284,864.69	65,677,825.99
Total current assets		5,939,116,927.27	5,428,902,606.79
Non-current assets:			
Long-term receivable		5,758,710,641.35	7,330,050,290.18
Long-term equity investment		327,494,987.36	321,557,716.73
Other investments in equity instrument		510,000,000.00	621,000,000.00
Investment properties		10,704,767.39	11,231,460.27
Fixed assets		121,618,794.69	118,920,300.95
Construction in progress		15,842,295.90	24,954,419.33
Intangible assets		250,853,476.59	389,378,996.80
Goodwill		60,218,767.11	60,218,767.11
Long-term deferred expenses		66,965,817.28	54,979,208.68
Deferred income tax assets		112,801,023.93	90,511,414.31
Contract assets		2,152,210,894.71	—
Other non-current assets		541,873,842.49	378,950,000.00
Total non-current assets		9,929,295,308.80	9,401,752,574.36
Total assets		15,868,412,236.07	14,830,655,181.15

Legal representative:

ZHAO Juanxian

(alias, ZHAO Junxian)

Person-in-charge of accounting:

LI Zhaoliang

The head of the accounting department:

ZHANG Weizhong

CONSOLIDATED INCOME STATEMENT

30 September 2018

Prepared by: Chongqing Kangda Environmental
Protection Industry (Group) Co., Ltd.*

Unit: RMB Yuan

Items	Note	Amount for the period	Amount for the previous period
I. Operating income		2,137,567,625.95	1,528,788,344.32
Less: Operating cost		1,344,871,470.21	887,304,029.83
Taxes and surcharges		31,008,694.81	29,860,794.38
Selling expenses		8,066,181.85	7,384,012.45
Administrative expenses		180,661,950.93	167,779,303.73
Research and development expenses		2,184,236.87	4,291,511.52
Financial expenses		293,389,286.94	215,004,673.74
Including: Interest expenses		340,270,804.29	144,030,213.88
Interest income		22,275,830.11	19,344,362.42
Asset impairment loss		2,566,568.00	4,716,809.39
Credit impairment loss		443,577.46	—
Add: Other income		77,709,219.03	76,335,958.70
Investment income (“-” represents losses)		51,854,424.08	38,923,539.73
Including: Income from investment in associates and joint ventures		-6,568,224.83	37,799,279.73
Gains from changes in fair value (“-” represents losses)		—	—
Gains on disposal of assets (“-” represents losses)		-84,590.64	-32,260.26
II. Operating profit (“-” represents losses)		403,854,711.35	327,674,447.45
Add: Non-operating income		850,749.89	213,503.99
Less: Non-operating expenses		10,774,337.89	2,130,461.54
III. Total profit (“-” represents total losses)		393,931,123.35	325,757,489.90
Less: Income tax expenses		96,587,567.44	82,402,545.22
IV. Net profit (“-” represents net losses)		297,343,555.91	243,354,944.68
1. Net profit from continuing operations		297,343,555.91	243,354,944.68
2. Net profit from discontinued operations		—	—
V. Other comprehensive net income after taxation		-94,350,000.00	127,303,965.42
(I) Other comprehensive income not to be subsequently reclassified into profit or loss		-94,350,000.00	—
1. Net changes caused by re-measurement of defined benefit plans		—	—
2. Other comprehensive income not to be reclassified into profit or loss under the equity method		—	—
3. Changes in fair value of other equity instrument investments		-94,350,000.00	—
4. Others		—	—
(II) Other comprehensive income to be subsequently reclassified into profit or loss		—	127,303,965.42
1. Other comprehensive income to be reclassified into profit or loss under the equity method		—	127,303,965.42
2. Changes in fair value of other debt investments		—	—
3. Others		—	—

CONSOLIDATED INCOME STATEMENT (Continued)

30 September 2018

Prepared by: Chongqing Kangda Environmental
Protection Industry (Group) Co., Ltd.*

Unit: RMB Yuan

Items	Note	Amount for the period	Amount for the previous period
VI. Total comprehensive income		202,993,555.91	370,658,910.10
VII. Earnings per share:		—	—
(I) Basic earnings per share		—	—
(II) Diluted earnings per share		—	—

Legal representative:	Person-in-charge of accounting:	The head of the accounting department:
ZHAO Juanxian (alias, ZHAO Junxian)	LI Zhaoliang	ZHANG Weizhong

By order of the Board
Kangda International Environmental Company Limited
ZHAO Juanxian (alias, ZHAO Junxian)
Chairman

Hong Kong, 31 October 2018

As at the date of this announcement, the Board comprises 9 directors, namely Mr. ZHAO Juanxian (alias, ZHAO Junxian), Mr. ZHANG Weizhong, Ms. LIU Zhiwei, Mr. GU Weiping, Mr. WANG Litong and Mr. WANG Tianci as executive directors; and Mr. TSUI Yiu Wa Alec, Mr. PENG Yongzhen and Mr. CHANG Qing as independent non-executive directors.

* For identification purposes only