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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

|  |                     |      | Balance at the end of      | Balance at the beginning |
|--|---------------------|------|----------------------------|--------------------------|
| Items                                  |                     | Note | the period                 | of the period            |
| Current Assets:                        |                     |      |                            |                          |
| Monetary capital                       |                     |      | 703,735,172.68             | 1,826,049,952.31         |
| Bills receivable and accounts receiv   | able                |      | 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 y    | vear                |      | 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:                  | Person-in-charge of |      | The head of the accounting |                          |
|  | accounting:         |      | department:                |                          |
| ZHAO Juanxian                          | LI Zhaoliang        |      | ZHANG Weiz                 | chong                    |

ZHAO Juanxian (alias, ZHAO Junxian)

### **CONSOLIDATED BALANCE SHEET (Continued)**

30 September 2018

(alias, ZHAO Junxian)

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

Unit: RMB Yuan

| Items   |                                 | Note | Balance at<br>the end of<br>the period | Balance at<br>the beginning<br>of the period |
|---|---------------------------------|------|--|--|
| Current liabilities:                                      |                                 |      |  |  |
| Short-term borrowings                                     |                                 |      | 1,665,251,750.00                       | 2,128,000,000.00                             |
| Bills payable and accounts payable                        |                                 |      | 1,602,112,974.37                       | 1,275,312,458.38                             |
| Receipts in advance                                       |                                 |      | — —                                    | 66,340,827.34                                |
| Contract liabilities                                      |                                 |      | 15,722,904.15                          | _  |
| Salary payable to employees                               |                                 |      | 4,593,347.11                           | 4,879,216.07                                 |
| Tax payable   |                                 |      | 44,456,404.19                          | 46,240,840.63                                |
| Other payables  |                                 |      | 540,100,887.58                         | 440,151,490.87                               |
| Non-current liabilities due within or                     | ne year                         |      | 1,668,729,982.13                       | 1,653,700,743.75                             |
| Total current liabilities                                 |                                 |      | 5,540,968,249.53                       | 5,614,625,577.04                             |
| Non-current liabilities:                                  |                                 |      |  | —  |
| Long-term borrowings                                      |                                 |      | 4,009,503,202.45                       | 3,433,702,444.01                             |
| Bonds payable   |                                 |      | 1,264,849,660.81                       | 948,840,943.79                               |
| Including: Preference shares                              |                                 |      |  |  |
| Perpetual bonds   |                                 |      |  |  |
| Long-term payable   |                                 |      | 8,766,636.75                           | 2,798,286.04                                 |
| Deferred income   |                                 |      | 15,679,166.67                          | 34,766,666.67                                |
| Deferred income tax liabilities                           |                                 |      | 608,784,975.46                         | 568,597,542.24                               |
| Total non-current liabilities<br>Total liabilities        |                                 |      | 5,907,583,642.14                       | 4,988,705,882.75                             |
|   |                                 |      | 11,448,551,891.67                      | 10,603,331,459.79                            |
| <b>Owners' equity:</b><br>Paid-up capital (Share capital) |                                 |      | 1,730,000,000.00                       | 1,730,000,000.00                             |
| Capital reserves  |                                 |      | 10,474,410.90                          | 9,929,940.38                                 |
| Less: Treasury shares                                     |                                 |      | 10,474,410.90                          | 9,929,940.30                                 |
| Other consolidated income                                 |                                 |      | 5,100,000.00                           | 99,450,000.00                                |
| Surplus reserves  |                                 |      | 15,427,197.11                          | 15,427,197.11                                |
| Unallocated profit  |                                 |      | 2,454,682,138.99                       | 2,168,969,233.90                             |
| Total equity attributable to the ov                       | wners of the parent             |      | 2,101,002,100.99                       | 2,100,707,200.70                             |
| company   |                                 |      | 4,215,683,747.00                       | 4,023,776,371.39                             |
| Minority interests  |                                 |      | 204,176,597.40                         | 203,547,349.97                               |
| Total owners' equity                                      |                                 |      | 4,419,860,344.40                       | 4,227,323,721.36                             |
| Total liabilities and owners' equit                       | У                               |      | 15,868,412,236.07                      | 14,830,655,181.15                            |
| Legal representative:                                     | Person-in-charge of accounting: |      | The head of the accounting department: |  |
| ZHAO Juanxian   | LI Zhaoliang                    |      | ZHANG Weiz                             | zhong  |

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### CONSOLIDATED INCOME STATEMENT

30 September 2018

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

### Unit: RMB Yuan

| Item       | IS  | Note | Amount for the period | Amount for the previous period |
|------------|---|------|-----------------------|--------------------------------|
| I.         | Operating income  |      | 2,137,567,625.95      | 1,528,788,344.32               |
| 1.         | 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.        | <b>Operating profit ("–" represents losses)</b>   |      | 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                 |
| **7        | 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                 |
| <b>X</b> 7 | 2. Net profit from discontinued operations  |      | 04 250 000 00         | 105 202 0/5 42                 |
| v.         | Other comprehensive net income after taxation   |      | -94,350,000.00        | 127,303,965.42                 |
|            | (I) Other comprehensive income not to be<br>subsequently reclassified into profit or loss |      | -94,350,000.00        |                                |
|            | 1. Net changes caused by re-measurement of defined  |      | -94,350,000.00        | _                              |
|            | 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<br>the period               | Amount for the previous period |
|---|---------------------------------|------|--|--------------------------------|
| <ul> <li>VI. Total comprehensive income</li> <li>VII. Earnings per share: <ul> <li>(I) Basic earnings per share</li> <li>(II) Diluted earnings per share</li> </ul> </li> </ul> |                                 |      | 202,993,555.91<br>                     | 370,658,910.10                 |
| Legal representative:   | Person-in-charge of accounting: |      | The head of the accounting department: |                                |
| ZHAO Juanxian   | 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

(alias, ZHAO Junxian)

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