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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 13 July 2017 and 14 September 2017, respectively, and issued Short-term Commercial Paper in PRC on 10 August 2017. 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 and Short-term Commercial Paper, Chongqing Kangda is required to publish its quarterly management accounts each year. As the third quarter financial information in 2017 of Chongqing Kangda is available only in Chinese, the Company wishes to provide the following unaudited consolidated balance sheet statement as at 30 September 2017 and the unaudited consolidated income statement for the nine months ended 30 September 2017 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 subsidiary of the substantial 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 2017

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		998,147,109.31	702,716,909.53
Clearing provision		—	—
Funds for lending		—	—
Financial assets at fair value with its changes through profit or loss for the period		—	—
Derivative financial assets		—	—
Bills receivable		—	15,074,400.00
Accounts receivable		993,630,289.27	931,612,213.82
Prepayments		81,707,057.14	88,990,672.52
Premium receivable		—	—
Reinsurance accounts receivable		—	—
Provision for reinsurance contract receivable		—	—
Interests receivable		—	—
Dividends receivable		—	—
Other receivables		1,091,737,355.57	808,819,547.02
Financial assets purchased with agreement to re-sell		—	—
Inventories		2,126,419.40	36,464,724.66
Assets classified as held-for-sale		—	—
Non-current assets due within one year		1,441,769,028.56	1,216,782,615.45
Other current assets		9,100,000.00	14,400,000.00
Total current assets		4,618,217,259.25	3,814,861,083.00
Non-current assets:			
Issued loans and advances		—	—
Available-for-sale financial assets		—	—
Held-to-maturity investments		—	—
Long-term receivable		6,855,296,325.68	5,495,109,166.89
Long-term equity investment		980,318,229.14	688,075,190.18
Investment properties		1,404,577.66	1,597,443.52
Fixed assets		88,444,298.92	84,438,188.38
Construction in progress		51,523,792.81	14,880,493.41
Construction materials		—	—
Disposal of fixed assets		—	—
Productive biological assets		—	—
Oil and gas assets		—	—
Intangible assets		359,765,018.56	279,633,615.53
Development expenditure		—	—
Goodwill		84,088,113.03	60,218,767.11
Long-term deferred expenses		52,934,751.88	50,321,887.55
Deferred income tax assets		65,263,555.72	46,644,413.84
Other non-current assets		265,000,000.00	262,750,000.00
Total non-current assets		8,804,038,663.40	6,983,669,166.41
Total assets		13,422,255,922.65	10,798,530,249.41

Legal representative:

ZHAO Juanxian
(alias, ZHAO Junxian)

Person-in-charge of
accounting:

LI Zhaoliang

The head of the accounting
department:

ZHANG Weizhong

CONSOLIDATED BALANCE SHEET (Continued)

30 September 2017

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 liabilities:			
Short-term borrowings		2,088,000,000.00	1,456,000,000.00
Borrowings from central bank		—	—
Absorbed deposits and interbank deposits		—	—
Borrowings		—	—
Financial liabilities at fair value with its changes through profit or loss for the period		—	—
Derivative financial liabilities		—	—
Bills payable		89,241,599.21	117,847,776.37
Accounts payable		834,813,987.94	787,548,515.64
Receipts in advance		307,146.60	392,000.00
Financial assets sold for repurchase		—	—
Handling fees and commission payable		—	—
Salary payable to employees		3,401,495.97	4,892,022.17
Tax payable		-4,812,497.38	41,639,491.82
Interests payable		50,999,449.67	9,686,418.24
Dividends payable		3,170,292.80	3,170,292.80
Other payables		525,007,676.36	242,417,083.56
Reinsurance accounts payable		—	—
Provision for insurance contract		—	—
Funds arising from acting trading of securities		—	—
Funds arising from acting underwriting of securities		—	—
Liabilities classified as held-for sale		—	—
Non-current liabilities due within one year		607,807,418.23	1,054,592,669.17
Other current liabilities		16,133,333.33	16,133,333.33
Total current liabilities		4,214,069,902.73	3,734,319,603.10
Non-current liabilities:			
Long-term borrowings		2,806,893,274.22	2,016,556,333.18
Bonds payable		1,748,332,724.42	946,824,639.09
Including: Preference shares		—	—
Perpetual bonds		—	—
Long-term payable		7,735,839.52	—
Long-term salary payable to employees		—	—
Special payable		—	—
Estimated liabilities		—	—
Deferred income		—	—
Deferred income tax liabilities		483,396,246.86	370,879,110.41
Other non-current liabilities		5,733,333.33	17,833,333.33
Total non-current liabilities		5,052,091,418.35	3,352,093,416.01
Total liabilities		9,266,161,321.08	7,086,413,019.11

CONSOLIDATED BALANCE SHEET (Continued)

30 September 2017

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
Owners' equity:			
Paid-up capital (Share capital)		1,730,000,000.00	1,730,000,000.00
Other equity instruments		—	—
Including: Preference shares		—	—
Perpetual bonds		—	—
Capital reserves		60,804,270.69	17,294,689.51
Less: Treasury shares		—	—
Other consolidated income		127,303,965.42	14,394,987.38
Special reserves		—	—
Surplus reserves		10,441,341.31	10,441,341.31
Provision for general risk		—	—
Unallocated profit		2,026,752,325.13	1,793,566,237.96
Total equity attributable to the owners of the parent company		3,955,301,902.55	3,565,697,256.16
Minority interests		200,792,699.02	146,419,974.14
Total owners' equity		4,156,094,601.57	3,712,117,230.30
Total liabilities and owners' equity		13,422,255,922.65	10,798,530,249.41

Legal representative: Person-in-charge of
ZHAO Juanxian accounting:
(alias, ZHAO Junxian) LI Zhaoliang

The head of the accounting
department:
ZHANG Weizhong

CONSOLIDATED INCOME STATEMENT

30 September 2017

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. Total operating income		1,528,788,344.32	1,014,708,197.35
Including: Revenue from operations		1,528,788,344.32	1,014,708,197.35
Interest income		—	—
Premium earned		—	—
Handling fees and commission income		—	—
II. Total operating cost		1,316,341,135.04	857,929,009.88
Including: Operating cost		887,304,029.83	530,177,423.19
Interest expenditure		—	—
Handling fees and commission expense		—	—
Cash surrender amount		—	—
Net expenses of claim settlement		—	—
Net provision for insurance contracts		—	—
Policyholder dividend expenses		—	—
Reinsurance expenses		—	—
Taxes and surcharges		29,860,794.38	-1,967,817.31
Sales expense		7,384,012.45	7,659,132.23
Management expense		172,070,815.25	130,579,069.89
Finance expense		215,004,673.74	191,481,201.88
Impairments loss of assets		4,716,809.39	—
Add: Gains from changes in fair value (loss indicated by “-”)		—	—
Gains from investment (loss indicated by “-”)		38,923,539.73	6,678,565.05
Including: Gains from investment in associated companies and joint ventures		37,799,279.73	2,883,066.99
Exchange gains (loss indicated by “-”)		—	—
III. Operating profit (loss indicated by “-”)		251,370,749.01	163,457,752.52
Add: Non-operating income		76,551,626.68	63,654,915.04
Including: Revenue from disposal of non-current assets		6,513.71	795,830.71
Less: Non-operating expenses		2,164,885.79	16,942,818.90
Including: Loss from disposal of non-current assets		74,271.70	225.00
IV. Total profit (total loss indicated by “-”)		325,757,489.90	210,169,848.66
Less: Income tax expense		82,402,545.22	54,392,806.87
V. Net profit (net loss indicated by “-”)		243,354,944.68	155,777,041.79
Net profit attributable to the owners of the parent company		233,186,087.17	147,571,458.78
Profit or loss of minority interest		10,168,857.51	8,205,583.01
VI. Other comprehensive income, net of tax		127,303,965.42	—
Other comprehensive income attributable to the owners of the parent company, net of tax		127,303,965.42	—
(I) Other comprehensive income that will not be reclassified subsequently into profit or loss		—	—
1. Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans		—	—
2. Share of other comprehensive income that will not be reclassified subsequently into profit or loss by investees under the equity method		—	—
3. Others		—	—

CONSOLIDATED INCOME STATEMENT (Continued)

30 September 2017

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

Unit: RMB Yuan

Items	Note	Amount for the period	Amount for the previous period
(II) Other comprehensive income that will be reclassified subsequently into profit or loss		127,303,965.42	—
1. Share of other comprehensive income that will be reclassified subsequently into profit or loss by investees under the equity method		127,303,965.42	—
2. Profit or loss from changes in fair value of available-for-sale financial assets		—	—
3. Profit or loss from held-to-maturity investment reclassified as available-for-sale financial assets		—	—
4. Effective portion of profit or loss from cash flows hedges		—	—
5. Exchange differences arising from translation of foreign currency financial statements		—	—
6. Others		—	—
Other comprehensive income attributable to minority interest, net of tax		—	—
VII. Total comprehensive income		370,658,910.10	155,777,041.79
Total comprehensive income attributable to the owners of the parent company		360,490,052.59	147,571,458.78
Total comprehensive income attributable to minority interest		10,168,857.51	8,205,583.01
VIII. Earnings per share:		—	—
(I) Basic earnings per share (RMB per share)		—	—
(II) Diluted earnings per share (RMB per share)		—	—

Legal representative:	Person-in-charge of	The head of the accounting
ZHAO Juanxian	accounting:	department:
(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, 30 October 2017

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