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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)

INSIDE INFORMATION AND RESUMPTION OF TRADING

This announcement is published pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the voluntary announcement released by the Kangda International Environmental Company Limited (the “**Company**”) on 18 May 2017 (the “**Announcement**”). Capitalized terms used herein shall have the same meaning as ascribed to them in the Announcement unless the context otherwise requires.

Chongqing Kangda, an indirectly wholly-owned subsidiary of the Company, issued the Super & Short-term Commercial Paper in the PRC on 7 December 2016. The documents relating to the issue of the Super & Short-term Commercial Paper 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 life of the Super & Short-term Commercial Paper, Chongqing Kangda is required to publish its quarterly management accounts each year. As the first 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 31 March 2017 and the unaudited consolidated income statement for the three months ended 31 March 2017 prepared by Chongqing Kangda.

The Board wishes to remind investors that the financial information contained herein is prepared based on the generally accepted accounting principles of the PRC and the unaudited management accounts. It has not been reviewed or audited by the auditors of Chongqing Kangda and 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

Prepared by Chongqing Kangda

Date: 31 March 2017

Unit: RMB

Items	The Group		Parent Company	
	31 December 2016	31 March 2017	31 December 2016	31 March 2017
Current Assets:				
Monetary capital	702,716,909.53	819,003,031.96	362,967,354.31	520,258,968.65
Notes receivable	15,074,400.00	45,000,000.00	15,000,000.00	45,000,000.00
Trade receivable	931,612,213.82	941,511,458.00	769,268,165.83	750,834,307.54
Financial receivable	—	—	—	—
Prepayment	88,990,672.52	132,802,897.81	32,780,226.25	39,670,993.91
Dividend receivable	—	6,368,078.40	—	—
Other receivables	808,819,547.02	841,339,256.86	2,843,762,059.43	2,935,696,562.04
Inventories	36,464,724.66	34,573,986.35	—	770,237.16
Deferred expenses	—	—	—	—
	—	—	—	—
	—	—	—	—
Financial assets held for trading	—	—	—	—
Non-current assets due within one year	1,216,782,615.45	1,242,892,208.28	4,818,000.00	4,818,000.00
Other current assets	14,400,000.00	9,700,000.00	—	—
Total current assets	3,814,861,083.00	4,073,190,917.66	4,028,595,805.82	4,297,049,069.30
Non-current assets:				
Long-term receivables	5,495,109,166.89	5,529,180,258.76	20,090,490.21	19,930,231.79
Long-term equity investment	688,075,190.18	694,257,531.34	2,742,839,724.05	2,750,807,543.92
Investment properties	1,597,443.52	1,533,154.90	1,597,443.52	1,533,154.90
Fixed assets	84,438,188.38	79,502,119.12	31,694,142.03	30,755,685.17
Construction in progress	14,880,493.41	16,311,433.30	13,444,135.04	13,731,223.66
Construction materials	—	—	—	—
Disposal of fixed assets	—	—	—	—
Intangible assets	279,633,615.53	299,040,036.41	3,018,542.30	2,968,596.59
Financial assets (over one year)	—	—	—	—
Cost of development	—	—	—	—
Goodwill	60,218,767.11	60,218,767.11	—	—
Long-term deferred expenses	50,321,887.55	48,202,255.67	15,000,190.52	14,307,096.04
Deferred income tax assets	46,644,413.84	52,760,274.08	45,183,101.16	51,420,128.06
Other non-current assets	262,750,000.00	266,500,000.00	262,750,000.00	266,500,000.00
Including: special reserve	—	—	—	—
	—	—	—	—
	—	—	—	—
Total non-current assets	6,983,669,166.41	7,047,505,830.68	3,135,617,768.83	3,151,953,660.13
				—
				—
Total assets	10,798,530,249.41	11,120,696,748.34	7,164,213,574.65	7,449,002,729.43

Person-in-charge
of the Company:

ZHAO Juanxian
(alias, ZHAO Junxian)

Person-in-charge of
accounting:

LI Zhaoliang

Prepared by:

SU Lihua

CONSOLIDATED BALANCE SHEET

Prepared by Chongqing Kangda

Date: 31 March 2017

Unit: RMB

Items	The Group		Parent Company	
	31 December 2016	31 March 2017	31 December 2016	31 March 2017
Current liabilities:				
Short-term borrowings	1,456,000,000.00	2,130,000,000.00	1,456,000,000.00	2,130,000,000.00
Notes payable	117,847,776.37	151,673,135.94	120,297,776.37	154,144,170.14
Trade payable	787,548,515.64	669,727,769.19	287,313,171.22	266,903,539.63
Prepayment	392,000.00	6,152,636.88	—	4,275,436.88
Salary payable to employees	4,892,022.17	4,950,057.20	493,745.40	190,773.27
Tax payable	41,639,491.82	24,150,704.81	14,266,629.39	10,857,671.08
Accruals	—	—	—	—
Interests payable	9,686,418.24	5,100,276.58	8,450,979.96	3,645,663.34
Dividend payable	3,170,292.80	3,170,292.80	—	—
Other payables	242,417,083.56	277,805,275.46	181,421,184.87	191,067,214.90
Long-term borrowings due within one year	754,592,669.17	591,778,232.47	608,012,000.00	444,412,000.00
Bonds payable due within one year	300,000,000.00	—	300,000,000.00	—
Other current liabilities	16,133,333.33	16,133,333.33	—	—
Total current liabilities	3,734,319,603.10	3,880,641,714.66	2,976,255,487.21	3,205,496,469.24
Non-current liabilities:	—	—	—	—
Long-term borrowings	2,016,556,333.18	2,140,677,050.14	1,220,708,000.00	1,307,908,000.00
Bonds payable	946,824,639.09	947,321,810.22	946,824,639.09	947,321,810.22
Long-term payables	—	—	—	—
Special payable	—	—	—	—
Estimated liabilities	—	—	—	—
Deferred income tax liabilities	370,879,110.41	380,299,750.49	5,958,479.09	5,796,907.15
Other non-current liabilities	17,833,333.33	13,799,999.98	—	—
Total non-current liabilities	3,352,093,416.01	3,482,098,610.83	2,173,491,118.18	2,261,026,717.37
Total liabilities	7,086,413,019.11	7,362,740,325.49	5,149,746,605.39	5,466,523,186.61
Owners' interests (or shareholders' interests):	—	—	—	—
Paid-in capital (share capital)	1,730,000,000.00	1,730,000,000.00	1,730,000,000.00	1,730,000,000.00
Less: Refunded investment	—	—	—	—
Net paid-in capital (or share capital)	1,730,000,000.00	1,730,000,000.00	1,730,000,000.00	1,730,000,000.00
Capital reserves	17,294,689.51	17,294,689.51	9,610,654.14	9,610,654.14
Surplus reserves	10,441,341.31	10,441,341.31	10,441,341.31	10,441,341.32
Including: statutory reserve	10,441,341.31	10,441,341.31	10,441,341.31	10,441,341.32
Unallocated profits	1,793,566,237.96	1,838,909,182.09	250,019,986.43	218,032,559.98
Other consolidated income	14,394,987.38	14,394,987.38	14,394,987.38	14,394,987.38
Foreign currency translation differences	—	—	—	—
Total equity attributable to the parent company's owners	3,565,697,256.16	3,611,040,200.29	2,014,466,969.26	1,982,479,542.82
Minority interest	146,419,974.14	146,916,222.55	—	—
Total shareholders' interests	3,712,117,230.30	3,757,956,422.84	2,014,466,969.26	1,982,479,542.82
Total liabilities and owners' equity	10,798,530,249.41	11,120,696,748.33	7,164,213,574.65	7,449,002,729.43

Person-in-charge of the Company:

ZHAO Juanxian
(alias, ZHAO Junxian)

Person-in-charge of accounting:

LI Zhaoliang

Prepared by:

SU Lihua

CONSOLIDATED INCOME STATEMENT

Prepared by Chongqing Kangda

Period: January to March 2017

Unit: RMB

Items	The Group		Parent Company	
	31 December 2016	31 March 2017	31 December 2016	31 March 2017
1. Total operating income	317,127,069.46	324,417,381.87	32,222,441.36	55,513,674.42
Including: operating income	317,127,069.46	323,631,036.15	32,222,441.36	54,077,831.32
Income from other businesses		786,345.72		1,435,843.10
2. Total operating cost	291,206,858.73	293,270,766.94	99,128,383.95	98,443,936.17
Including: operating cost	166,817,286.91	164,387,916.28	30,362,727.80	36,983,937.50
Business tax and surcharges	9,477,827.95	6,392,021.53	6,859,942.07	1,037.41
Sales expense	3,418,404.87	1,886,922.56	2,901,924.81	1,859,175.15
Management expense	49,391,052.52	56,039,399.13	22,907,638.34	20,530,224.74
Finance expense	62,102,286.48	64,564,507.44	36,096,150.93	39,069,561.37
Impairment loss of assets	—	—	—	—
Others	—	—	—	—
Add: Gain from change of fair value (loss indicated by “-”)	—	—	—	—
Investment gain (loss indicated by “-”)	2,503,398.26	6,281,196.76	365,528.87	4,532,976.03
Including: gain from investment in associated companies and joint ventures	2,131,951.58	5,682,341.15	—	3,967,819.87
Exchange gain (loss indicated by “-”)	—	—	—	—
3. Operating profit(loss indicated by “-”)	28,423,608.99	37,427,811.69	-66,540,413.72	-38,397,285.72
Add: Non-operating income	31,216,721.68	21,555,536.15	—	13,074.20
Including: revenue from disposal of non-current assets	67,199.27	—	—	—
Revenue from exchange of non-monetary assets	—	—	—	—
Government subsidies	31,149,522.41	20,709,163.50	—	13,074.20
Revenue from debt restructuring	—	—	—	—
Less: Non-operating expenses	672,977.60	71,669.26	225.00	1,813.75
Including: loss from disposal of non-current assets	225.00	—	225.00	—
Loss from exchange of non-monetary assets	—	—	—	—
Loss from debt restructuring	—	—	—	—
4. Total profit (total loss indicated by “-”)	58,967,353.07	58,911,678.58	-66,540,638.72	-38,386,025.27
Less: Income tax expense	12,143,236.23	13,072,486.05	-9,954,743.26	-6,398,598.82
5. Net profit (net loss indicated by “-”)	46,824,116.84	45,839,192.53	-56,585,895.46	-31,987,426.45
Net profit attributable to the parent company’s owners	44,406,132.78	45,342,944.13	-56,585,895.46	-31,987,426.45
Profit or loss of minority interest	2,417,984.06	496,248.41	—	—
6. Earnings per share:	—	—	—	—
Basic earnings per share	—	—	—	—
Diluted earnings per share	—	—	—	—
7. Other comprehensive income	—	—	—	—
8. Total comprehensive income	46,824,116.84	45,839,192.54	-56,585,895.46	-31,987,426.45
Total comprehensive income attributable to the parent company’s owners	44,406,132.78	45,342,944.13	-56,585,895.46	-31,987,426.45
Total comprehensive income attributable to minority interest	2,417,984.06	496,248.41	—	—

Person-in-charge of the Company:

ZHAO Juanxian
(alias, ZHAO Junxian)

Person-in-charge of accounting:

LI Zhaoliang

Prepared by:

SU Lihua

TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company (stock code: 6136) on the Stock Exchange has been halted with effect from 8:59 a.m. on Friday, 19 May 2017, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:00 a.m. on Monday, 22 May 2017.

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

Hong Kong, 19 May 2017

As at the date of this announcement, the Board comprises 8 directors, namely Mr. ZHAO Juanxian (alias, ZHAO Junxian), Mr. ZHANG Weizhong, Ms. LIU Zhiwei, Mr. GU Weiping and Mr. WANG Litong as executive directors; and Mr. TSUI Yiu Wa Alec, Mr. PENG Yongzhen and Mr. CHANG Qing as independent non-executive directors.