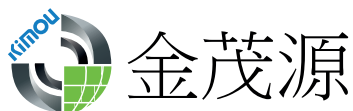


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Kimou Environmental Holding Limited

金茂源環保控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6805)

DISCLOSEABLE TRANSACTION: ACQUISITION OF LAND USE RIGHTS IN SICHUAN PROVINCE, THE PRC

The Board is pleased to announce that Qingshen Jinyuan, an indirect wholly-owned subsidiary of the Company, has successfully bid and won the public tender for the land use right of the Sichuan Land 3, and Qingshen Jinyuan and the Public Resources Centre signed the Confirmation Letter confirming the winning of the tender of the land use right of the Sichuan Land 3 on 17 May 2021. Together with the acquisition of the land use rights of the Sichuan Land 1 and the Sichuan Land 2 by the Group earlier in April 2021, it is intended that the Acquisition of the Sichuan Lands is to be used for the development of an electroplating industrial park and related facilities for the expansion of the Group's principal business.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition, in aggregate, exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

ACQUISITION OF LAND USE RIGHTS

The Board is pleased to announce that Qingshen Jinyuan, an indirect wholly-owned subsidiary of the Company, has successfully bid and won the public tender for the land use right of the Sichuan Land 3, and Qingshen Jinyuan and the Public Resources Centre signed the Confirmation Letter confirming the winning of the tender of the land use right of the Sichuan Land 3 through the process of the listing-for-sale (掛牌出讓) on 17 May 2021. Together with the acquisition of the land use rights of the Sichuan Land 1 and the Sichuan Land 2 by the Group earlier in April 2021, it is intended that the Acquisition of the Sichuan Lands is to be used for the development of an electroplating industrial park and related facilities for the expansion of the Group's principal business. Details of the Acquisition are summarised below:

(A) Acquisition of the Sichuan Land 1 and the Sichuan Land 2

On 8 April 2021:

- (1) Qingshen Jinyuan, an indirect wholly owned subsidiary of the Company, and QCNRB entered into the Land Agreement 1 in respect of the transfer of land use right of Sichuan Land 1; and
- (2) Sichuan Jinmaoyuan, an indirect wholly owned subsidiary of the Company, and QCNRB entered into the Land Agreement 2 in respect of the transfer of land use right of Sichuan Land 2.

Each of Qingshen Jinyuan and Sichuan Jinmaoyuan was the successful bidder in the process of the listing-for-sale of the Sichuan Land 1 and the Sichuan Land 2 respectively. The principal terms of the Land Agreement 1 and the Land Agreement 2 are as follows:

Land Agreement 1

- Date : 8 April 2021
- Parties : QCNRB as transferor; and
Qingshen Jinyuan as transferee.
- Information of the Sichuan Land 1 : a parcel of land situated at Jinmao Road, Qingshen County, Sichuan Province, the PRC, with a total site area of approximately 204,637 square metres.
- Use : Industrial use.
- Consideration : Approximately RMB21.5 million, which shall be paid in full in one payment within 30 days of the signing of the agreement.
- The consideration was arrived at a successful bid by Qingshen Jinyuan under a public tender held in accordance with the relevant PRC laws and regulations. In determining the bidding price, the Group has considered a number of factors, such as the location and size of the Sichuan Land 1 and the prevailing market conditions.
- The consideration was funded from the internal resources of the Group.
- Term of grant : 50 years from the date of completion of the acquisition of the land use right of the Sichuan Land 1.

Completion of the Land Agreement 1 has taken place and the Group has acquired the relevant real property ownership certificate of the Sichuan Land 1.

Land Agreement 2

- Date : 8 April 2021
- Parties : QCNRB as transferor; and
Sichuan Jinmaoyuan as transferee.
- Information of the Sichuan Land 2 : A parcel of land situated at Jinmao Road, Qingshen County, Sichuan Province, the PRC, with a total site area of approximately 116,052 square metres.
- Use : Industrial use.
- Consideration : Approximately RMB12.2 million, which shall be paid in full in one payment within 30 days of the signing of the agreement.
- The consideration was arrived at a successful bid by Sichuan Jinmaoyuan under a public tender held in accordance with the relevant PRC laws and regulations. In determining the bidding price, the Group has considered a number of factors, such as the location and size of the Sichuan Land 2 and the prevailing market conditions.
- The consideration was funded from the internal resources of the Group.
- Term of grant : 50 years from the date of completion of the acquisition of the land use right of the Sichuan Land 2.

Completion of the Land Agreement 2 has taken place and the Group has acquired the relevant real property ownership certificate of the Sichuan Land 2.

(B) The Confirmation Letter in relation to the acquisition of the Sichuan Land 3

In addition to the acquisitions of the Sichuan Land 1 and Sichuan Land 2, Qingshen Jinyuan, an indirect wholly-owned subsidiary of the Company, has successfully bid and won the public tender for the land use right of the Sichuan Land 3, and Qingshen Jinyuan and the Public Resources Centre signed the Confirmation Letter confirming the winning of the tender of the land use right of the Sichuan Land 3 through the process of the listing-for-sale on 17 May 2021. Further particulars of the Confirmation Letter are as follows:

- Date : 17 May 2021
- Parties : The Public Resources Centre as the responsible public tender administrator of the government; and
Qingshen Jinyuan, as successful bidder.
- Purchase price : The successful bidding price for the land use right of the Sichuan Land 3 is RMB8,843,100.
- The purchase price was arrived at a successful bid by Qingshen Jinyuan under a public tender held in accordance with the relevant PRC laws and regulations. In determining the bidding price, the Group has considered a number of factors, such as the location and size of the Sichuan Land 3 and the prevailing market conditions.
- The Group will fund the purchase price by its internal resources.
- Subject matter : The land use right of the Sichuan Land 3 which is situated at Qingzhu Jiedao, Qingshen County, Sichuan Province, the PRC, with a total site area of approximately 84,220 square metres for industrial use. The term of the land use right of the Sichuan Land 3 is for 50 years from the date of the completion of the acquisition of the Sichuan Land 3.
- Land Use Right Contract : Qingshen Jinyuan shall sign the Land Use Right Contract for the Sichuan Land 3 with QCNRB within 10 days of the date of the Confirmation Letter pursuant to the Confirmation Letter.

INFORMATION OF THE PARTIES

The Group is principally engaged in the business of providing wastewater treatment and other ancillary services for the development and operation of electroplating industrial parks. Each of Qingshen Jinyuan and Sichuan Jinmaoyuan is an indirect wholly-owned subsidiary of the Company; Qingshen Jinyuan is principally engaged in rental of real property and

property management services of industrial complexes and Sichuan Jinmaoyuan is principally engaged in provision of electroplating wastewater treatment and environmental related technical services.

Each of QCNRB and the Public Resources Centre is a PRC government authority which is mainly engaged in the management and operation of the state-owned lands in Qingshen County, Sichuan Province, the PRC. To the best of the knowledge, information and belief of the Directors after making all reasonable enquiries, each of QCNRB and the Public Resources Centre and their ultimate beneficial owner(s) is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the business of providing wastewater treatment and other ancillary services for the development and operation of electroplating industrial parks.

As a long-term strategy, the Group intends to devote more resources on development of new electroplating industrial parks in different regions of the PRC to seize further business opportunities in order to increase the return to the Shareholders. The Group intended through the Acquisition to acquire the Sichuan Lands, where the three adjacent pieces of land situated in Qingshen County, Sichuan Province, the PRC, for the purpose of developing an electroplating industrial park and related facilities for the expansion of the Group's principal business, which could pave the way forward for the Group's further growth in the provision of wastewater treatment and other ancillary services.

The Directors are of the view that the Acquisition is in the interest of the Company and the terms of the Acquisition are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the Land Agreement 1 and the Land Agreement 2 in respect of the acquisitions of the Sichuan Land 1 and the Sichuan Land 2 were entered into within a 12-month period prior to and inclusive of the date of the Confirmation Letter, the acquisitions of the Sichuan Lands were aggregated pursuant to Rule 14.22 of the Listing Rules. Each of the transactions contemplated under the Land Agreement 1, the Land Agreement 2 and the Confirmation Letter, standalone, did not constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition, in aggregate, exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

“Acquisition”	the acquisition of the Sichuan Land 1, the Sichuan Land 2 and the Sichuan Land 3
“Board”	the board of the Directors

“Company”	Kimou Environmental Holding Limited (金茂源環保控股有限公司), a company incorporated in Cayman Islands with limited liability, the shares of which are listed on Main Board of the Stock Exchange
“Confirmation Letter”	the confirmation letter confirming the winning of the tender of the land use right of the Sichuan Land 3 dated 17 May 2021 and signed by Qingshen Jinyuan and the Public Resource Centre
“connected person”	has the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Independent Third Party”	a party independent of the Company and the connected persons of the Company
“Land Agreement 1”	the state-owned land use right assignment contract dated 8 April 2021 entered into between Qingshen Jinyuan and QCNRB in respect of the Sichuan Land 1
“Land Agreement 2”	the state-owned land use right assignment contract dated 8 April 2021 entered into between Sichuan Jinmaoyuan and QCNRB in respect of the Sichuan Land 2
“Land Use Right Contract”	the relevant state-owned land use right assignment contract to be entered into between Qingshen Jinyuan and QCNRB in respect of the Sichuan Land 3
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Public Resource Centre”	Qingshen County Branch of Meishan Public Resources Trading Centre* (眉山市公共資源交易中心青神縣分中心)
“QCNRB”	Qingshen County Natural Resources Bureau* (青神縣自然資源局)
“Qingshen Jinyuan”	Qingshen Jinyuan Environmental Technology Co., Ltd.* (青神金源環保科技有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company

“Sichuan Jinmaoyuan”	Sichuan Jinmaoyuan Environmental Protection Technology Co., Ltd.* (四川金茂源環保科技有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Sichuan Land 1”	a parcel of land situated at Jinmao Road, Qingshen County, Sichuan Province, the PRC, with a total site area of approximately 204,637 square metres
“Sichuan Land 2”	a parcel of land situated at Jinmao Road, Qingshen County, Sichuan Province, the PRC, with a total site area of approximately 116,052 square metres
“Sichuan Land 3”	a parcel of land situated at Qingzhu Jiedao, Qingshen County, Sichuan Province, the PRC, with a total site area of approximately 84,220 square metres
“Sichuan Lands”	collectively, the Sichuan Land 1, the Sichuan Land 2 and Sichuan Land 3
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

On behalf of the Board
Kimou Environmental Holding Limited
Zhang Lianghong
Chairman

17 May 2021

As at the date of this announcement, the Board comprises Mr. Zhang Lianghong (Chairman), Mr. Zhu Heping (Chief Executive Officer), Mr. Lee Yuk Kong and Mr. Huang Shaobo as executive Directors, and Mr. Li Xiaoyan, Mr. Li Yinquan and Mr. Kan Chung Nin, Tony SBS, JP as independent non-executive Directors.

* *For identification purposes only*