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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)

INSIDE INFORMATION — UPDATE ON FINANCIAL INFORMATION

This announcement is made by Kimou Environmental Holding Limited (“**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules).

The board (“**Board**”) of directors (“**Directors**”) of the Company wishes to inform the shareholders and potential investors of the Company that based on the preliminary assessment of the consolidated management accounts of the Group for the year ended 31 December 2021 (“**FY2021**”) and the information currently available, the Group is expected to record a decrease in profit attributable to equity shareholders of the Company for FY2021 of not more than 55%, as compared to the profit attributable to equity shareholders of approximately RMB102.6 million for the year ended 31 December 2020 (“**FY2020**”).

The expected decrease in profit is principally attributable to the combined effect of (i) the increase in cost arising from (a) the increase in costs of Surface Treatment Circular Economy Industrial Park (formerly described as “**Electroplating Industrial Park**”) located in Huizhou City, Guangdong Province, the PRC in FY2021 due to the increase in production capacity and the increase in treatment capacity which requires an increase in emission targets, (b) an increase in the cost of inventories, and (c) the additional depreciation and amortisation expenses incurred as a result of the addition of investment properties and the opening of Huazhong Surface Treatment Circular Economy Industrial Park, in Jingzhou, Hubei Province, the PRC in FY2021; (ii) an increase in the finance costs for FY2021 due to the increase in bank loans; and (iii) an increase in staff costs for FY2021 arising from the increase in the number of employees and emolument adjustments due to the expansion of the Group’s business and the absence of the exemption of the Group’s contributions to the pension insurance, unemployment insurance and work injury insurance in FY2021.

The information contained in this announcement is only based on the preliminary assessment by the management of the Company with reference to the consolidated management accounts of the Group and the information currently available, and may be subject to adjustments and changes. Details of the Group's financial information and performance will be disclosed in the 2021 annual results announcement of the Company, which is expected to be published in late March 2022.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 10 March 2022

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.