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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 —  
CONSTRUCTION AGREEMENT IN RELATION TO CONSTRUCTION OF  
AN ELECTROPLATING WASTEWATER TREATMENT PLANT  
IN TAIXING ECONOMIC DEVELOPMENT ZONE**

On 8 April 2022, Jiangsu Jinmao, an indirect non-wholly-owned subsidiary of the Company, entered into the Wastewater Plant Construction Agreement with Taixing Xinxing for the provision of construction services for an electroplating wastewater treatment plant in Taixing Economic Development Zone at a consideration of approximately RMB74.7 million. Such electroplating wastewater treatment plant will be used by the Group to operate its wastewater treatment services.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions contemplated under the Wastewater Plant Construction Agreement (on a standalone basis) exceeds 5% but is less than 25%, the transaction contemplated under the Wastewater Plant Construction Agreement (on a standalone basis) constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

Reference is made to the 2022 March Announcement in respect of, among other things, the entering into of the Plant Construction Agreements by and among Taizhou Jincheng, Guangdong Jinjunda and Taixing Xinxing for the provision of construction services for factory buildings in Taixing Economic Development Zone. The Construction Agreements are entered into within a 12-month period, involve construction works at the same site, and the Plant Construction Agreement B was entered into between the Group and Taixing Xinxing.

Prior to the date of this announcement, the Company has obtained shareholders' written approval in respect of the Plant Construction Agreements in accordance with Rule 14.44 of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions contemplated under the Construction Agreements (on an aggregated basis) exceeds 25% but is less than 100%, the transactions contemplated under the Construction Agreements (on an aggregated basis) constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

## THE WASTEWATER PLANT CONSTRUCTION AGREEMENT

On 8 April 2022, Jiangsu Jinmao, an indirect non-wholly-owned subsidiary of the Company, entered into the Wastewater Plant Construction Agreement with Taixing Xinxing for the provision of construction services for an electroplating wastewater treatment plant in Taixing Economic Development Zone at a consideration of approximately RMB74.7 million. Such electroplating wastewater treatment plant will be used by the Group to operate its wastewater treatment services.

The principal terms of the Wastewater Plant Construction Agreement are set out below.

- Date** : 8 April 2022
- Parties** : (1) Jiangsu Jinmao, an indirect non-wholly-owned subsidiary of the Company; and  
(2) Taixing Xinxing, as the contractor
- Subject matter** : Jiangsu Jinmao agreed to engage Taixing Xinxing as contractor for the provision of, and Taixing Xinxing agreed to provide to Jiangsu Jinmao, construction services including, among other things, civil engineering and installation of public works, for the construction of an electroplating wastewater treatment plant with an aggregate construction area of approximately 29,199 sq. m.
- Construction period** : The construction works are expected to commence on a mutually agreed date (which is expected to be on or around 9 April 2022 and expected to complete by 8 April 2023 subject to other terms of the Wastewater Plant Construction Agreement.
- Consideration** : approximately RMB74.7 million (inclusive of 9% value-added tax) and shall be settled in the following manner:  
(1) 20% of the consideration shall be paid upon the completion of the foundation works;

- (2) by instalments of part of the consideration shall be paid upon certain milestones of the construction works having been attained such that up to 75% of the consideration will have been paid after filing of the completion of the construction works; and
- (3) the remaining 5% of the consideration shall be withheld as retention money, and 3% and 2% of the retention money shall be released respectively after the first anniversary and the second anniversary of the date of filing of the completion of the construction works.

The consideration of the Wastewater Plant Construction Agreement was determined based on arm's length negotiation between the parties with reference to the scope and complexity, the estimated material and labour costs to be incurred by, and the current market price of construction projects of comparable scale and complexity to the proposed construction works and the relevant experience, qualifications, capacity and background of Taixing Xinxing. The consideration will be funded by the internal resources of the Group and/or bank loans.

## **INFORMATION OF THE PARTIES**

Jiangsu Jinmao, an indirect non-wholly-owned subsidiary of the Company, is principally engaged in the business of wastewater treatment and recycling and the provision of environmental protection technical services.

Taixing Xinxing is principally engaged in building construction and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Taixing Xinxing is ultimately owned as to 60% by Zhang Xinsheng\* (張新生), 10% by Ding Fengyu\* (丁鳳玉), 10% by Zhang Yuanhong\* (張元紅), 10% by Zhang Xinhua\* (張新華) and 10% by Zhang Zhongliang\* (張忠亮), each an individual and each of Taixing Xinxing and its ultimate beneficial owner(s) is an Independent Third Party.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE WASTEWATER PLANT CONSTRUCTION AGREEMENT**

The Group is principally engaged in the business of providing wastewater treatment and other ancillary services for the development and operation of surface treatment recycling eco-industrial park.

As disclosed in the announcement of the Company dated 17 December 2021 and the 2022 March Announcement, the Group intends to devote more resources on development of new surface treatment recycling eco-industrial park in different regions of the PRC to seize further business opportunities in order to increase the return to the Shareholders. The Group acquired two parcels of lands situated at Taixing Economic Development Zone and engaged construction service contractors for the purpose of developing a surface treatment recycling eco-industrial park as a strategic move of the Group to expand and consolidate its business in Jiangsu Province and Yangtze River Delta, the PRC. For details of the Plant Construction Agreements, please refer to the 2022 March Announcement. The Directors believe that the Wastewater Plant Construction Agreement and the transactions contemplated thereunder signify a further step for the development of a new surface treatment recycling eco-industrial park in Taixing Economic Development Zone. The electroplating wastewater treatment plant to be constructed under the Wastewater Plant Construction Agreement will be used by the Group to operate its wastewater treatment services.

The Directors are of the view that the transactions contemplated under the Wastewater Plant Construction Agreement are in the interest of the Company and the terms of the Wastewater Plant Construction Agreement 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 highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions contemplated under the Wastewater Plant Construction Agreement (on a standalone basis) exceeds 5% but is less than 25%, the transaction contemplated under the Wastewater Plant Construction Agreement (on a standalone basis) constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

Reference is made to the 2022 March Announcement in respect of, among other things, the entering into of the Plant Construction Agreements by and among Taizhou Jincheng, Guangdong Jinjunda and Taixing Xinxing for the provision of construction services for factory buildings in Taixing Economic Development Zone. The Construction Agreements are entered into within a 12-month period, involve construction works at the same site, and the Plant Construction Agreement B was entered into between the Group and Taixing Xinxing.

Prior to the date of this announcement, the Company has obtained shareholders' written approval in respect of the Plant Construction Agreements in accordance with Rule 14.44 of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions contemplated under the Construction Agreements (on an aggregated basis) exceeds 25% but is less than 100%, the transactions contemplated under the Construction Agreements (on an aggregated basis) constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

## DEFINITIONS

“2022 March Announcement”	the announcement of the Company dated 18 March 2022 in respect of, among other things, the entering into of the Plant Construction Agreements
“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
“connected person”	has the meaning as defined in the Listing Rules
“Construction Agreements”	collectively, the Wastewater Plant Construction Agreement and the Plant Construction Agreements
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangdong Jinjunda”	Guangdong Jinjunda Construction Engineering Co., Ltd.* (廣東金竣達建設工程有限公司), a limited liability company established in the PRC
“Hong Kong”	Hong Kong Administrative Region of the People's Republic of China
“Independent Third Party”	a party independent of the Company and the connected persons of the Company
“Jiangsu Jinmao”	Jiangsu Jinmao Chengxing Environmental Protection Technology Co., Ltd* (江蘇金茂成興環保科技有限公司), a limited liability company established in the PRC and an indirect non-wholly-owned subsidiary of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Plant Construction Agreements”	collectively, Plant Construction Agreement A and Plant Construction Agreement B
“Plant Construction Agreement A”	the plant construction agreement dated 18 March 2022 entered into between Taizhou Jincheng and Guangdong Jinjunda in respect of the construction of 6 factory buildings in the Taixing Economic Development Zone, the particulars of which are set out in the 2022 March Announcement
“Plant Construction Agreement B”	the plant construction agreement dated 18 March 2022 entered into between Taizhou Jincheng and Taixing Xinxing in respect of the construction of 4 factory buildings in the Taixing Economic Development Zone, the particulars of which are set out in the 2022 March Announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“sq. m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taixing Economic Development Zone”	Taixing County Economic Development Zone* (泰興經濟開發區), in Taixing City, Jiangsu Province, the PRC
“Taixing Xinxing”	Taixing Xinxing Construction Engineering Co., Ltd* (泰興市新興建築工程有限公司), a limited liability company established in the PRC
“Taizhou Jincheng”	Taizhou Jincheng Environmental Protection Technology Co., Ltd* (泰州金成環保科技有限公司), a limited liability company established in the PRC and an indirect subsidiary of the Company

“Wastewater Plant Construction Agreement” the wastewater plant construction agreement dated 8 April 2022 entered into by and among Jiangsu Jinmao and Taixing Xinxing in respect of the construction services for a electroplating wastewater treatment plant in Taixing Economic Development Zone

“%” per cent.

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

8 April 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.*

*\* For identification purposes only*