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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)

SUPPLEMENTAL ANNOUNCEMENT

DISCLOSEABLE TRANSACTION IN RELATION TO A FINANCE LEASE ARRANGEMENT

Reference is made to the announcement of Kimou Environmental Holding Limited (the “**Company**”) dated 5 June 2020 (the “**DT Announcement**”) and the clarification and supplemental announcement of the Company dated 9 June 2020 (the “**Supplemental Announcement**”, together with the DT Announcement, the “**Announcements**”) for a discloseable transaction in relation to a Finance Lease Arrangement. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Company wishes to supplement certain information in the Announcements. Pursuant to the S&P Agreement and Lease Agreement, the Company sold its Leased Assets to Far Eastern at a consideration of approximately RMB30,000,000 and the title and property rights of the Leased Assets shall be transferred back to Tianjin Bingang upon (i) early termination of the Lease Agreement and after fulfilling all payment obligations under the Lease Agreement; or (ii) when the lease expires and (iii) payment of the consideration of RMB1,000. The Company clarifies that the aforementioned arrangement is considered as a financing arrangement and the Leased Assets will still be recognised under property, plants and machinery in the financial books of the Company and the consideration received from Far Eastern of RMB30,000,000 will be accounted as bank loans and other borrowings in accordance with HKFRS 9. The accounting treatment for the interest paid to Far Eastern under the Lease Agreement will also be in accordance with HKFRS 9.

The Company has decided to publish this announcement to provide further information regarding the Finance Lease Arrangement after discussing with its compliance advisor, its legal advisor to Hong Kong laws and auditors of the Company.

Save as disclosed above, all other information in the Announcements shall remain unchanged. This announcement is supplemental to and should be read in conjunction with the Announcements.

By order of the Board
Kimou Environmental Holding Limited
Zhang Lianghong
Chairman

Hong Kong, 30 June 2020

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.