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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 JIANGSU PROVINCE, THE PRC

The Board is pleased to announce that the Group has successfully bid and won the public tender for the land use right of the Taixing Lands, and signed the Confirmation Letters confirming the winning of the tender of the land use right of the Taixing Lands on 17 December 2021. The Acquisition of the Taixing Lands is to be used for the development of a surface treatment recycling economy industrial park in Jiangsu Province 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 the Group has successfully bid and won the public tender for the land use right of the Taixing Lands, and signed the Confirmation Letters confirming the winning of the tender of the land use right of the Taixing Lands through the process of the listing-for-sale (掛牌出讓) on 17 December 2021. Details of the Acquisition are summarised below:

The Confirmation Letters

Date : 17 December 2021

Parties : TCNRPB as the responsible public tender administrator of the government; and

(1) Jinmao Chengxing, as successful bidder for Taixing Land 1; and

(2) Taizhou Jincheng, as successful bidder for Taixing Land 2.

Subject matter : The land use right of the Taixing Lands, which consists of:

(1) Taixing Land 1, with a total site area of approximately 23,837 square metres; and

(2) Taixing Land 2, with a total site area of approximately 105,910 square metres.

The Taixing Lands are situated at Taixing Economic Development Zone* (泰興經濟開發區), in Taixing City, Jiangsu Province, PRC and are for industrial use. The term of the land use right of the Taixing Lands is for 50 years from the date of the completion of the acquisition of the Taixing Lands.

Purchase price : The successful bidding price for the land use right of Taixing Land 1 is RMB9,550,000.

The successful bidding price for the land use right of Taixing Land 2 is RMB42,400,000.

The purchase price was arrived at a successful bid by Taixing Lands 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 Taixing Lands and the prevailing market conditions.

The Group will fund the purchase price by its internal resources.

Land Use Right Contract : The respective successful bidders shall sign the Land Use Right Contract for the respective Taixing Land within 10 business days of the date of the Confirmation Letters pursuant to the Confirmation Letters.

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.

Jinmao Chengxing is an indirect non wholly-owned subsidiary of the Company indirect owned as to 68% by the Group and Taizhou Jincheng is a wholly-owned subsidiary of Jinmao Chengxing. Jinmao Chengxing is principally engaged in electroplating wastewater treatment and environmental related technical services and Taizhou Jincheng is principally engaged in rental of real property and property management services of electroplating industrial complexes.

TCNRPB is a PRC government authority which is mainly engaged in the management and operation of the state-owned lands in Taixing City, Jiangsu Province, the PRC. To the best of the knowledge, information and belief of the Directors after making all reasonable enquiries, TCNRPB and its 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 Taixing Lands, being two parcels of land situated in Taixing Economic Development Zone in Taixing City, Jiangsu Province, the PRC, for the purpose of developing a surface treatment recycling economy industrial park as a strategic move of the Group to expand and consolidate its business in Jiangsu Province and the Yangtze River Delta, the PRC.

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 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 Taixing Lands
“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 Letters”	the confirmation letters confirming the winning of the tender of the land use right of: (1) Taixing Land 1 dated 17 December 2021 and signed by Jinmao Chengxing and TCNRPB; and (2) Taixing Land 2 dated 17 December 2021 and signed by Taizhou Jincheng and TCNRPB
“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
“Jinmao Chengxing”	Jiangsu Jinmao Chengxing Environmental Protection Technology Co., Ltd.* (江蘇金茂成興環保科技有限公司), a company established in the PRC and an indirect non wholly-owned subsidiary of the Company
“Land Use Right Contract”	the relevant state-owned land use right assignment contract to be entered into by the successful bidder in respect of the respective Taixing Land
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taixing Land 1”	a parcel of land situated at Taixing Economic Development Zone, Taixing City, Jiangsu Province, PRC, the PRC with a total site area of approximately 23,837 square metres
“Taixing Land 2”	a parcel of land situated at Taixing Economic Development Zone, Taixing City, Jiangsu Province, PRC, the PRC with a total site area of approximately 23,837 square metres
“Taixing Lands”	collectively, Taixing Land 1 and Taixing Land 2
“Taizhou Jincheng”	Taizhou Jincheng Environmental Protection Technology Co., Ltd.* (泰州金成環保科技有限公司), a company established in the PRC and an indirect non wholly-owned subsidiary of the Company

“TCNRPB”

Taixing City Natural Resources and Planning Bureau* (泰興市自然資源和規劃局)

“%”

per cent.

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

17 December 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*