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金茂源

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 TRANSACTIONS:
CONSTRUCTION AGREEMENTS IN RELATION TO CONSTRUCTION OF
FACTORIES IN QINGSHEN ECONOMIC DEVELOPMENT ZONE**

On 10 June 2021, Qingshen Jinyuan, an indirect wholly-owned subsidiary of the Company, entered into (1) the China-Europe Construction Agreements with China-Europe for the provision of construction services for factories in Qingshen Economic Development Zone at an aggregate consideration of approximately RMB69.3 million; and (2) the Qingshen Yuxiang and Jinjunda Construction Agreements with Qingshen Yuxiang and Guangdong Jinjunda for the provision of construction services for factories in Qingshen Economic Development Zone at an aggregate consideration of approximately RMB75.0 million.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of each of (i) the transactions contemplated under the China-Europe Construction Agreements; and (ii) the transactions contemplated under the Qingshen Yuxiang and Jinjunda Construction Agreements, exceeds 5% but is less than 25%, both the transactions contemplated under the China-Europe Construction Agreements and the Qingshen Yuxiang and Jinjunda Construction Agreements constitute a discloseable transaction respectively for the Company under the Listing Rules and are subject to the announcement requirement under Chapter 14 of the Listing Rules.

CONSTRUCTION AGREEMENTS

On 10 June 2021, Qingshen Jinyuan, an indirect wholly-owned subsidiary of the Company, entered into (1) the China-Europe Construction Agreements with China-Europe for the provision of construction services for factories in Qingshen Economic Development Zone at an aggregate consideration of approximately RMB69.3 million; and (2) the Qingshen Yuxiang and Jinjunda Construction Agreements with Qingshen Yuxiang and Guangdong Jinjunda for the provision of construction services for factories in Qingshen Economic Development Zone at an aggregate consideration of approximately RMB75.0 million.

Further particulars of the China-Europe Construction Agreements and the Qingshen Yuxiang and Jinjunda Construction Agreements are set out below.

(1) China-Europe Construction Agreements

The China-Europe Construction Agreements consist of the China-Europe Construction Agreement A and the China-Europe Construction Agreement B. Unless otherwise specified, the principal terms set out below are applicable to both the China-Europe Construction Agreement A and the China-Europe Construction Agreement B.

Date : 10 June 2021

Parties : (1) Qingshen Jinyuan, an indirect wholly-owned subsidiary of the Company; and
(2) China-Europe as contractor.

Subject matter : Qingshen Jinyuan agreed to engage China-Europe as the contractor for the provision of, and China-Europe agreed to provide to Qingshen Jinyuan, construction services including, among other things, civil engineering and installation of public works, for the construction of factories in Qingshen Economic Development Zone (factories #101 and #102 under the China-Europe Construction Agreement A and factories #201 and #202 under the China-Europe Construction Agreement B), with an aggregate construction area of approximately 43,900 sq. m.

Construction period : The construction works are expected to commence on 13 June 2021 for an estimated period of 11 months and expected to complete by not later than 13 May 2022 subject to other terms of the China-Europe Construction Agreements.

Consideration : *China-Europe Construction Agreement A*
RMB37,037,886 (inclusive of 9% value-added tax)

China-Europe Construction Agreement B
RMB32,267,487 (inclusive of 9% value-added tax)

Each of the consideration of the China-Europe Construction Agreement A and the China-Europe Construction Agreement B shall be settled as follows:

(1) as to 15% of the consideration shall be paid upon the completion of the foundation work and obtaining of the basic acceptance approval document;

- (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 95% of the consideration will have been paid after filing of the completion of the construction works; and
- (3) as to the remaining 5% of the consideration, 3% of which shall be released after the first anniversary of completion inspection of all construction works and 2% of which shall be released after the second anniversary of completion inspection of all construction works.

Each of the consideration of the China-Europe Construction Agreements was determined based on arm's length negotiation between the parties with reference to the scope and complexity of, the estimated material and labour costs to be incurred by, and 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 China-Europe. Accordingly, the Directors consider that each of the consideration of the China-Europe Construction Agreements is fair and reasonable. The Consideration will be funded by the internal resources of the Group.

(2) Qingshen Yuxiang and Jinjunda Construction Agreements

The Qingshen Yuxiang and Jinjunda Construction Agreements consist of the Qingshen Yuxiang and Jinjunda Construction Agreement A and the Qingshen Yuxiang and Jinjunda Construction Agreement B. Unless otherwise specified, the principal terms set out below are applicable to both the Qingshen Yuxiang and Jinjunda Construction Agreement A and the Qingshen Yuxiang and Jinjunda Construction Agreement B.

Date : 10 June 2021

Parties : (1) Qingshen Jinyuan, an indirect wholly-owned subsidiary of the Company; and

(2) Qingshen Yuxiang and Guangdong Jinjunda, as joint contractors.

- Subject matter** : Qingshen Jinyuan agreed to engage Qingshen Yuxiang and Guangdong Jinjunda as the joint contractors for the provision of, and Qingshen Yuxiang and Guangdong Jinjunda agreed to provide to Qingshen Jinyuan, construction services including, among other things, civil engineering and installation of public works, for the construction of the factories in Qingshen Economic Development Zone (factories #601 and #602 under Qingshen Yuxiang and Jinjunda Construction Agreement A and factories #701 and #702 under the Qingshen Yuxiang and Jinjunda Construction Agreement B), with an aggregate construction area of approximately 47,500 sq. m.
- Construction period** : The construction works are expected to commence on 13 June 2021 for an estimated period of 11 months and expected to complete by not later than 13 May 2022 subject to other terms of the Qingshen Yuxiang and Jinjunda Construction Agreements.
- Consideration** : *Qingshen Yuxiang and Jinjunda Construction Agreement A*
RMB27,754,343 (inclusive of 9% value-added tax)
- Qingshen Yuxiang and Jinjunda Construction Agreement B*
RMB47,253,818 (inclusive of 9% value-added tax)
- Each of the consideration of the Qingshen Yuxiang and Jinjunda Construction Agreement A and the Qingshen Yuxiang and Jinjunda Construction Agreement B shall be settled as follows:
- (1) as to 15% of the consideration shall be paid upon the completion of the foundation work and obtaining of the basic acceptance approval document;
 - (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 95% of the consideration will have been paid after filing of the completion of the construction works; and
 - (3) as to the remaining 5% of the consideration, 3% of which shall be released after the first anniversary of completion inspection of all construction works and 2% of which shall be released after the second anniversary of completion inspection of all construction works.

Each of the consideration of the Qingshen Yuxiang and Jinjunda Construction Agreements was determined based on arm's length negotiation between the parties with reference to the scope and complexity of, the estimated material and labour costs to be incurred by, and 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 Qingshen Yuxiang and Guangdong Jinjunda. Accordingly, the Directors consider that each of the consideration of the Qingshen Yuxiang and Jinjunda Construction Agreements is fair and reasonable. The Consideration will be funded by the internal resources of the Group.

INFORMATION OF THE PARTIES

Qingshen Jinyuan, an indirect wholly-owned subsidiary of the Company which is principally engaged in rental of real property and property management services of industrial complexes.

China-Europe is principally engaged in building construction and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, China-Europe is ultimately owned as to approximately 92.24% by Wang Yongcun and approximately 7.76% by Ye Hua, each an individual, and each of China-Europe and its ultimate beneficial owner(s) is an Independent Third Party.

Qingshen Yuxiang is principally engaged in building construction and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Qingshen Yuxiang is ultimately owned as to approximately 82.37% by Qingshen County State-owned Assets Management Co., Ltd.* (青神縣國有資產經營有限公司), a PRC government authority, and approximately 17.63% by Agricultural Development Bank of China, and each of Qingshen Yuxiang and its ultimate beneficial owner(s) is an Independent Third Party.

Guangdong Jinjunda is principally engaged in building construction and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Guangdong Jinjunda is ultimately owned as to approximately 80.0% by Huang Boji and approximately 20.0% by Gu Bokang, each an individual, and each of Guangdong Jinjunda and its ultimate beneficial owner(s) is an Independent Third Party.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION AGREEMENTS

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. As disclosed in the

announcement of the Company dated 17 May 2021, the Group acquired 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. The entering into of the Construction Agreements represents the next step in the development of the electroplating industrial park, and will allow the Group to pave the way forward for further growth in the provision of wastewater treatment and other ancillary services.

The Directors are of the view that the transactions contemplated under the China-Europe Construction Agreements and the Qingshen Yuxiang and Jinjunda Construction Agreements are in the interest of the Company and the terms of the China-Europe Construction Agreements and the Qingshen Yuxiang and Jinjunda Construction Agreements 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 each of (i) the transactions contemplated under the China-Europe Construction Agreements; and (ii) the transactions contemplated under the Qingshen Yuxiang and Jinjunda Construction Agreements, exceeds 5% but is less than 25%, both the transactions contemplated under the China-Europe Construction Agreements and the Qingshen Yuxiang and Jinjunda Construction Agreements constitute a discloseable transaction respectively for the Company under the Listing Rules and are subject to the announcement requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

“Board”	the board of the Directors
“China-Europe”	China-Europe International Construction Engineering Group Co. Ltd* (中歐國際建工集團有限公司), a limited liability company established in the PRC
“China-Europe Construction Agreement A”	The construction agreement dated 10 June 2021 entered into between Qingshen Jinyuan and China-Europe for the construction of the factories #101 and #102 in Qingshen Economic Development Zone
“China-Europe Construction Agreement B”	the construction agreement dated 10 June 2021 entered into between Qingshen Jinyuan and China-Europe for the construction of the factories #201 and #202 in Qingshen Economic Development Zone
“China-Europe Construction Agreements”	the China-Europe Construction Agreement A and the China-Europe Construction Agreement B

“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”	the China-Europe Construction Agreements and the Qingshen Yuxiang and Jinjunda 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
“Qingshen Yuxiang and Jinjunda Construction Agreement A”	the construction agreement dated 10 June 2021 entered into between Qingshen Jinyuan, Qingshen Yuxiang and Guangdong Jinjunda for the construction of the factories #601 and #602 in Qingshen Economic Development Zone
“Qingshen Yuxiang and Jinjunda Construction Agreement B”	the construction agreement dated 10 June 2021 entered into between Qingshen Jinyuan, Qingshen Yuxiang and Guangdong Jinjunda for the construction of the factories #701 and #702 in Qingshen Economic Development Zone
“Qingshen Yuxiang and Jinjunda Construction Agreements”	the Qingshen Yuxiang and Jinjunda Construction Agreement A and the Qingshen Yuxiang and Jinjunda Construction Agreement B
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Qingshen Economic Development Zone”	Qingshen County Economic Development Zone* (青神縣經濟開發區), Meishan City, Sichuan Province, the PRC

“Qingshen Jinyuan”	Qingshen Jinyuan Environmental Technology Co., Ltd.* (青神金源環保科技有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Qingshen Yuxiang”	Qingshen Yuxiang Construction Engineering Co., Ltd.* (青神羽翔建築工程有限公司), a limited liability company established in the PRC
“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
“%”	per cent.

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

10 June 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*