

TARGET

Intelligence Report

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KIMOU ENVIRONMENTAL HOLDING LTD:

THE SHARE PRICE KEEPS FALLING

Since obtaining a listing on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), Senior Management of Kimou Environmental Holding Ltd () (Code: 6805, Main Board, The Stock Exchange of Hongkong Ltd) has watched its share price sink ... lower, and lower, and lower.

With the very uncomfortable social unrest that has gripped the HKSAR, over the past four months or so, this Company's share price has suffered along with most other companies' scrip.

Aside from the extremely violent, riotous situations that continue to proliferate on the streets of the territory, becoming ever more of concern, on a weekly basis, both to the HKSAR Government as well as the peace-loving residents of these 416 square miles, there may be good and valid reasons for the share price of Kimou Environmental Holding Ltd to continue its descent to lower levels.

Case in Point: The Company's Interim Results

On Monday, August 26, 2019, Management of Kimou Environmental Holding Ltd published its Interim Report with regard to the six months, ended June 30, 2019.

The following are some of the highlights, copied from the Consolidated Statement of Profit or Loss:

<u>Item</u>	<u>Six Months, Ended June 30</u>	
	2019	2018
	(Denominated In Renminbi'000)	
Revenue	281,685	207,349
Profit from Operations	50,261	46,006
Profit for the Period	3,151	11,655
Net Profit Attributable to Shareholders	9,654	14,935
Bank Loans and Other Borrowings	154,781	105,666

In respect of Bank Loans and Other Borrowings, found at Page 14 of the Interim Report, it was noted that Total Borrowings, as at June 30, 2019, stood at 1,039,268,000 renminbi.

As at December 31, 2018, Total Borrowings were standing at 871,878.000 renminbi.

At Page 15 of the Interim Report, it was stated:

‘During the six months ended 30 June 2019, the Group obtained other borrowings from a financial institution amounted to RMB33,000,000, among which RMB10,000,000 was paid in form of cash, RMB20,000,000 was paid in form of bills receivables, and the remaining RMB3,000,000 was reserved by the financial institution as deposits, which would be fully recovered to the Group upon maturity of the other borrowings.’

The share price of Kimou Environmental Holding Ltd, at noon yesterday, was about 91 cents, down about 32 percent from the \$HK1.33 Offer Price Per Share, announced on July 15, 2019.

The Initial Public Offering (IPO) Of Kimou Environmental Holding Ltd

Kimou Environmental Holding Ltd published and disseminated its Share Offer Prospectus on June 29, 2019.

Management Offered a total of 280 million, 10-cent Shares at the Offer Price Per Share, ranging from a low of \$HK1.08 to a high of \$HK1.44.

On July 15, 2019, Subscribers to the Shares on Offer were informed that the Offer Price Per Share had been stuck at \$HK1.33 and that the net proceeds from the Share Offer were expected to be about \$HK332.20 million.

Investors of then HKSAR had been Offered 28 million Shares (the HKSAR Shares Offer tranche) and (presumably) International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with any corporate entity in which they held equity control – were Offered 252 million Shares via Share Placements (the Placing Shares Offer tranche).

According to the July 15, 2019, '**ANNOUNCEMENT OF OFFER PRICE AND ALLOTMENT RESULTS**', the HKSAR Shares Offer tranche had been '*moderately over-subscribed*' by about 1.96 times the 28 million Shares, available under this tranche.

As for the Placing Shares Offer tranche, one was told that it had been '*slightly over-subscribed*' and that 121 Places had been allocated the 252 million Shares, available under ... [CLICK TO ORDER FULL ARTICLE](#)

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