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ELL Environmental Holdings Limited

強泰環保控股有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1395)

CONNECTED TRANSACTION DISPOSAL OF AVAILABLE-FOR-SALE INVESTMENTS

On 1 December 2016, the Company disposed of the Bridgeway Fund Units, which were estimated to have an aggregate fair value of HK\$22.0 million, to Mr. CK Chan, a connected person of the Company. The Disposal was made as repayment of shareholder loans of approximately US\$2.8 million (equivalent to approximately HK\$22.0 million) extended to the Company by Mr. CK Chan on 29 September 2016. Immediately after the completion of the Disposal, the Company is no longer interested in any Bridgeway Fund Units.

As the applicable percentage ratios of the Disposal calculated pursuant to Rule 14.07 of the Listing Rules exceed 1% but do not exceed 5%, the Disposal constituted a connected transaction of the Company that is subject to the reporting and announcement requirements, but exempt from the independent Shareholders' approval requirement, under Chapter 14A of the Listing Rules.

THE DISPOSAL

Date: 1 December 2016

Vendor: The Company

Purchaser: Mr. CK Chan, father of Mr. Chan Kwan (an executive Director and the chief executive officer of the Company) and Mr. Chan Pak Lam Brian (a non-executive Director). Accordingly, Mr. CK Chan is a connected person of the Company.

** For identification purpose only*

Asset disposed of:	The Bridgeway Fund Units, which were estimated to have an aggregate fair value of HK\$22.0 million as at 30 June 2016 as set out in the Company's interim report.
Consideration:	As repayment of approximately US\$2.8 million (equivalent to approximately HK\$22.0 million) of shareholder loans extended to the Company by Mr. CK Chan (the “ Repayment Amount ”).
Completion:	Immediately before the Disposal, the Company was the beneficial owner of the Bridgeway Fund Units. Immediately after the completion of the Disposal, the Company is no longer interested in any Bridgeway Fund Units.

FINANCIAL EFFECT OF THE DISPOSAL

The Group does not expect to recognize any gain or loss for the year ending 31 December 2016 (subject to the audit to be performed by the Company's independent auditors) as a result of the Disposal, as there is no material difference between the Repayment Amount and the aggregate fair value of the Bridgeway Fund Units as shown in the Group's latest published unaudited consolidated financial statements as at 30 June 2016. No net proceeds are expected to result from the Disposal.

INFORMATION ON BRIDGEWAY FUND UNITS

The Bridgeway Fund Units are shares in BRIDGEWAY MONEY SQ P2P FUND SP, which have been accounted for as available-for-sale investments in the Company's consolidated financial statements as at 30 June 2016. To the best of the knowledge of the Directors upon due enquiries, BRIDGEWAY MONEY SQ P2P FUND SP is a peer-to-peer investment fund incorporated in the Cayman Islands and is independent of the Company and its connected persons. The Bridgeway Fund Units had been acquired and was held by the Company for less than 12 months, and the original acquisition cost of such Bridgeway Fund Units was approximately HK\$22.0 million.

INFORMATION ON THE PURCHASER

Mr. CK Chan is the father of Mr. Chan Kwan (an executive Director and the chief executive officer of the Company) and Mr. Chan Pak Lam Brian (a non-executive Director). As such, Mr. CK Chan is an associate of each of Mr. Chan Kwan and Mr. Chan Pak Lam Brian, and hence a connected person of the Company.

INFORMATION ON THE GROUP

The Company is an investment holding company incorporated in the Cayman Islands. The Group is principally engaged in providing wastewater treatment facilities in Jiangsu Province, China, using the “Build — Operate — Transfer” (or BOT) model. It currently operates three wastewater treatment facilities, with one in Haian County and two in the Rugao ETDZ. The Group is also engaged in the production of kernel palm oil and the operation of a renewable energy powerplant in the Jambi City of Indonesia.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company obtained a loan of approximately HK\$38.6 million from Mr. CK Chan on 29 September 2016 on normal commercial terms with interest accruing at 5.0% per annum and on an unsecured basis. Such funds were borrowed to provide working capital for certain capital expenditure of PT Rimba Palma Sejahtera Lestari, a company incorporated under the laws of Indonesia, which was acquired by the Company in October 2016. For details relating to the acquisition, please refer to the Company's announcements dated 17 June 2016, 23 September 2016 and 21 October 2016 and circular dated 23 August 2016. Such lending arrangements constituted fully exempt financial assistance under Chapter 14A of the Listing Rules. To reduce the Company's gearing ratio and considering that the Bridgeway Fund Units had been generating return on investments of approximately 5.5% per annum, which is close to the interest rate of the loans extended to the Company by Mr. CK Chan, the Directors considered that it is financially favourable to transfer the Bridgeway Fund Units to Mr. CK Chan as part repayment of the aforementioned loan at a portion that is equivalent to the estimated aggregate fair value of the Bridgeway Fund Units. The Directors (including the independent non-executive Directors) considered the Disposal fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the Disposal and accordingly none of the Directors have abstained from voting in respect of the Disposal.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios of the Disposal calculated pursuant to Rule 14.07 of the Listing Rules exceed 1% but do not exceed 5%, the Disposal constituted a connected transaction for the Company that is subject to the reporting and announcement requirement, but exempt from the independent Shareholders' approval requirement, under Chapter 14A of the Listing Rules.

DEFINITIONS

Unless otherwise defined, terms used in this announcement shall have the same respective meanings as those defined below:

"associate"	has the meaning ascribed to it in the Listing Rules
"Board"	the board of Directors
"Bridgeway Fund Units"	220,000 shares in BRIDGEWAY MONEY SQ P2P FUND SP
"Company"	ELL Environmental Holdings Limited (stock code: 1395), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange

“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Disposal”	the disposal of the Bridgeway Fund Units by the Company to Mr. CK Chan on 1 December 2016
“Group”	the Company and its subsidiaries
“Indonesia”	the Republic of Indonesia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. CK Chan”	Mr. Chan Chun Keung, father of Mr. Chan Kwan (an executive Director and the chief executive officer of the Company) and Mr. Chan Pak Lam Brian, a non-executive Director
“percentage ratio(s)”	has the meaning ascribed to it under Chapter 14 of the Listing Rules to be applied for determining the classification of a transaction
“Rugao ETDZ”	Rugao Economic and Technological Development Zone (國家級如皋經濟技術開發區)
“Shareholders”	holders of the ordinary shares of the Company with nominal value of HK\$0.0001 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“US\$” United States dollars, the lawful currency of United States of America

“%” percent

By order of the Board
ELL Environmental Holdings Limited
Chan Kwan
Executive Director and Chief Executive Officer

Hong Kong, 20 December 2016

As at the date of this announcement, the Board comprises Mr. Chau On Ta Yuen (Chairman) and Mr. Chan Kwan (Chief Executive Officer) and Mr. Radius Suhendra as executive Directors, Mr. Chan Pak Lam Brian and Mr. Chau Chi Yan Benny as non-executive Directors, and Ms. Ng Chung Yan Linda, Mr. Ng Man Kung and Mr. Sze Yeuk Lung Benedict as independent non-executive Directors.