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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)**

### **DISCLOSEABLE TRANSACTION CONSTRUCTION CONTRACT**

The Board is pleased to announce that on 12 August 2021, PT SJP, a subsidiary which is indirectly held as to 95% by the Company, entered into the Construction Contract with PT HYPEC, pursuant to which PT HYPEC has agreed to provide construction services to PT SJP at a contract price of IDR18,930,485,055 (which is equivalent to approximately HK\$10,222,000).

As one or more of the applicable percentage ratios in respect of the Construction Contract exceed 5% but are all below 25%, the entering into of the Construction Contract constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

\* *For identification purpose only*

## INTRODUCTION

The Board is pleased to announce that on 12 August 2021, PT SJP, a subsidiary which is indirectly held as to 95% by the Company, entered into the Construction Contract with PT HYPEC, pursuant to which PT HYPEC has agreed to provide construction services to PT SJP.

## CONSTRUCTION CONTRACT

The principal terms of the Construction Contract are set out below:

- Date : 12 August 2021
- Parties : (i) PT SJP; and  
(ii) PT HYPEC.
- Scope of construction services : The design, supply and construction of the Temporary Buildings used for the preparation and monitoring of future potential construction works of the Bangka Project (as defined below), including office buildings, life buildings for staff and concrete batching station.
- Contract price : IDR18,930,485,055 (inclusive of withholding tax and value added tax) (which is equivalent to approximately HK\$10,222,000), which shall be paid by PT SJP to PT HYPEC in the following manner:
- (i) 40% of the contract price shall be paid within seven working days upon the signing of the Construction Contract (the “**Advance Payment**”);
  - (ii) 45% of the contract price shall be paid within seven workings days upon the arrival of the materials of the Temporary Buildings at the Site; and
  - (iii) 15% of the contract price shall be paid within seven working days upon the completion of construction of the Temporary Buildings (except some minor defects which will not prevent or impair the normal use of the Bangka Project).

All of the aforementioned payments shall be made in cash by way of bank transfer. The contract price will be financed by the Group's internal resources.

The contract price was determined between the parties after arm's length negotiations and on normal commercial terms, taking into account the prevailing market price of construction of similar scale and complexity of the materials, equipment and facilities required and labour costs for the construction of the Temporary Buildings.

- Conditions to commence construction :
- A notice to proceed shall only be issued by PT SJP to PT HYPEC upon the fulfillment of the following conditions precedent:
- (i) PT SJP shall have paid the Advance Payment to PT HYPEC;
  - (ii) the parties shall have duly obtained the Applicable Permits for the performance of the construction works as may be required under applicable laws;
  - (iii) PT HYPEC shall have received PT SJP's approval of the drawings of the Temporary Buildings; and
  - (iv) PT SJP shall have connected water and electricity, completed soil backfilling and compaction and construction of access road to the Site.

Construction period : 120 days starting from the Commencement Date.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION CONTRACT**

As disclosed in the announcements of the Company dated 31 December 2020, 8 January 2021 and 21 January 2021, the Group has been exploring alternatives for its biomass power generation business in Jambi City, Indonesia, including but not limited to the development of biofuel pellets business and the expansion of its business footprint into other parts of Indonesia. In particular, the Group plans to develop a new power plant in Bangka, Indonesia, which will have a capacity of 10 megawatts to generate electricity for distribution by a national power supplier under a pre-existing power supply arrangement (the "**Bangka Project**"). The entering into of the Construction Contract is for the construction of the Temporary Buildings as offices and working spaces for the preparation and monitoring of future potential construction works of the Bangka Project.

The Directors consider that the terms of the Construction Contract are on normal commercial terms and are fair and reasonable and that the transaction contemplated under the Construction Contract is in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Construction Contract exceed 5% but are all below 25%, the entering into of the Construction Contract constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

## **INFORMATION ON THE GROUP AND PT SJP**

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 two wastewater treatment facilities, one in Haiyan County and the other in the Rugao Economic and Technical Development Zone. The Group also owns a biomass power generation powerplant in Jambi City, Indonesia.

PT SJP is a limited liability company incorporated under the laws of Indonesia and indirectly held as to 95% by the Company. It is principally engaged in investment in the development and operation of biomass power plants.

## **INFORMATION ON PT HYPEC**

PT HYPEC is a limited liability company incorporated under the laws of Indonesia, principally engaged in planning, design, construction, mechanical and electrical installation and operation and maintenance in the fields of electric power and renewable energy. To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, PT HYPEC and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Applicable Permits”	all formal and informal permits, licenses, visas, clearances, rights and any other authorisation and approval from the Board or any governmental agency which are required in connection with the construction works
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“Board”	the board of Directors
“Commencement Date”	upon the receipt of notice to proceed in writing from PT SJP to PT HYPEC
“Company”	ELL Environmental Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1395)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Construction Contract”	the construction contract dated 12 August 2021 entered into between PT SJP and PT HYPEC in respect of the design, supply and construction of the Temporary Buildings used for the construction of the Bangka Project
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Indonesia”	the Republic of Indonesia
“IDR”	Indonesian Rupiah, the lawful currency of Indonesia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong and the Macau Special Administrative Region
“PT HYPEC”	PT HYPEC International, a limited liability company incorporated under the laws of Indonesia, an independent third party of the Company
“PT SJP”	PT Sentosa Jaya Purnama, a subsidiary which is indirectly held as to 95% by the Company

“Site”	the place where the construction works are to be executed and other places as may be specifically designated in the Construction Contract as forming part of the Site, including the area for the construction of the Temporary Buildings
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Temporary Buildings”	the office buildings, life buildings for staff, concrete batching station and other buildings for temporary use for the preparation and monitoring of future potential construction works of the Bangka Project
“%”	per cent.

For and on behalf of  
**ELL Environmental Holdings Limited**  
**Chan Kwan**  
*Executive Director and Chief Executive Officer*

Hong Kong, 12 August 2021

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