

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

PROFIT WARNING

This announcement is made by ELL Environmental Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group (the “**Management Accounts**”) for the twelve months ended 31 December 2017 (“**FY2017**”), the Group is expected to record a net loss of not less than HK\$60.0 million for FY2017 as compared with a net profit of approximately HK\$11.5 million for the twelve months ended 31 December 2016 (“**FY2016**”).

The Board believes that the net loss for FY2017 was mainly attributed to:

- (i) the absence of construction profit in FY2017 as a result of the completion of the recognition of construction costs of the upgrade works in the wastewater treatment facility operated by Rugao Hengfa Water Treatment Company Limited, a wholly-owned subsidiary of the Company, prior to the commencement of FY2017. Such construction profit of HK\$10.7 million was recorded in FY2016;
- (ii) the decrease in the gross profit of the Group’s wastewater treatment operations, primarily due to the increase in raw materials and overhead costs;

** For identification purpose only*

- (iii) a net loss (excluding the impairment loss on goodwill of Weal Union Limited, a wholly-owned subsidiary of the Company (“**Weal Union**”)) incurred by the biomass power plant (the “**Biomass Plant**”) operated by PT Rimba Palma Sejahtera Lestari, a 95%-owned subsidiary of the Company in Indonesia and an impairment to the goodwill of Weal Union of not less than HK\$43.0 million for FY2017, both as a result of a lower than expected growth rate of the market and economy in the vicinity of the Biomass Plant in FY2017.

The information contained in this announcement is based solely on a preliminary assessment by the Board with reference to the Management Accounts for FY2017 along with any information currently available to the Company, which have neither been audited nor reviewed by the Company’s auditors or the audit committee of the Company. Further details of the Group’s financial results and performance will be disclosed in the annual results announcement of the Company for FY2017, which is expected to be published on 23 March 2018. The related annual report for FY2017 will be published subsequently. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 19 March 2018

As at the date of this announcement, the Board comprises Mr. Chau On Ta Yuen (Chairman), 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.