

*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 year ended 31 December 2018 (“**FY2018**”), the Group is expected to record a net loss of approximately HK\$160 million for FY2018, which represented an increase by approximately HK\$99.3 million or 163.5%, as compared with a net loss of approximately HK\$60.7 million for the year ended 31 December 2017 (“**FY2017**”).

The Board considers that the increase in net loss for FY2018 was mainly attributed to (i) an impairment to the goodwill of approximately HK\$40 million (FY2017: HK\$43.9 million) and (ii) an impairment on fixed assets of approximately HK\$90 million (FY2017: nil) for FY2018 of Weal Union Limited (“**Weal Union**”), a wholly-owned subsidiary of the Company that holds 95% of the share capital of PT Rimba Palma Sejahtera Lestari (“**RPSL**”). RPSL is a subsidiary of the Company incorporated in Indonesia that operates a biomass power plant (the “**Biomass Plant**”). Such impairment was a result of a lower than expected growth rate of the market and economy in

*\* For identification purpose only*

the vicinity of the Biomass Plant and hence a lower than expected utilisation of the Biomass Plant since the completion of the acquisition of Weal Union by the Group in 2016, which continued in FY2018. The impairment also reflects the competition of the electricity market in Indonesia resulting a potential decrease in electricity price in the coming years as offered by the counterparty.

The valuation of the fixed assets of RPSL was based on the discounted cash flow approach with the assumption that the plant is going to continue its operation. As at 31 December 2018, there was no reliable source of information on the market value of the Biomass Plant that we can refer to.

The information contained in this announcement is based solely on a preliminary assessment by the Board with reference to the Management Accounts for FY2018 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 interim results announcement of the Company for FY2018, which is expected to be published on 22 March 2019. The related annual report for FY2018 will be published subsequently. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 15 March 2019

As at the date of this announcement, the Directors are:

***Executive Directors:***

Mr. Chau On Ta Yuen (*Chairman*)

Mr. Chan Kwan (*Chief Executive Officer*)

Mr. Radius Suhendra

***Non-executive Directors:***

Mr. Chan Pak Lam Brian

Mr. Chau Chi Yan Benny

***Independent Non-executive Directors:***

Ms. Ng Chung Yan Linda

Mr. Ng Man Kung

Mr. Sze Yeuk Lung Benedict