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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)

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 six months ended 30 June 2018 (“**HY2018**”), the Group is expected to record a net loss of approximately HK\$45.0 million for HY2018, which represented an increase by approximately HK\$38.6 million or 603%, as compared with a net loss of approximately HK\$6.4 million for the six months ended 30 June 2017 (“**HY2017**”).

The Board considers that the increase in net loss for HY2018 was mainly attributed to an impairment to the goodwill of approximately HK\$38.5 million (HY2017: nil) for HY2018 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**”). The impairment was a result of a lower than expected growth rate of the market and economy in 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

** For identification purpose only*

in HY2018. Based on our understanding on the latest local development, the electricity grid construction by the government to connect the South Sumatra region, where the power plants of RPSL were located, and the North Sumatra region, where the demand of electricity is higher, has been aborted. As a result, the growth of electricity demand and hence the utilisation of the Biomass Plant in the near future are expected to further reduce.

The information contained in this announcement is based solely on a preliminary assessment by the Board with reference to the Management Accounts for HY2018 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 HY2018, which is expected to be published on 24 August 2018. The related interim report for HY2018 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, 21 August 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.