

**TO: BUSINESS EDITOR
 【FOR IMMEDIATE RELEASE】**



ELL ENVIRONMENTAL HOLDINGS LIMITED
強泰環保控股有限公司*

**ELL Environmental Announces its Proposed Listing
 on the Main Board of the Stock Exchange of Hong Kong
 Offer Price Set Between HK\$0.4 and HK\$0.6 Per Offer Share**

***Capitalise on PRC Government's Rising Awareness of Environmental Protection
 and Favourable Policies***

[11 September 2014, Hong Kong] **ELL Environmental Holdings Limited** ("ELL Environmental" or the "Company" and together with its subsidiaries, the "Group"; stock code:1395), today announced details of its proposed listing on the Main Board ("Main Board") of the Stock Exchange of Hong Kong Limited ("HKEx").

ELL Environmental plans to offer an aggregate of 200,000,000 Shares, comprising 20,000,000 Public Offer Shares and 180,000,000 Placing Shares, at an Offer Price of up to HK\$0.6 per Share. The Public Offer will open at 9:00 a.m. on 12 September 2014, Friday and close at 12:00 noon on 17 September 2014, Wednesday. Dealings in Shares on the HKEx are expected to commence on 26 September 2014, Friday, in board lots of 5,000 Shares each.

Quam Capital Limited is the Sponsor. Quam Securities Company Limited is the Sole Global Coordinator. Quam Securities Company Limited and Convoy Investment Services Limited are the Joint Bookrunners and Joint Lead Managers. Yicko Securities Limited is the Co-lead Manager. Brilliant Norton Securities Company Limited, SBI China Capital Financial Services Limited, Kingsway Financial Services Group Limited and Great Roc Capital Securities Limited are the Co-Managers.

ELL Environmental has three wastewater treatment facilities in Jiangsu Province, China, namely Hai'an Hengfa Facility, Rugao Hengfa Facility and Rugao Honghao Facility. The Company offers a one-stop approach to the provision of wastewater treatment services, which covers municipal, industrial and heavy metal wastewater treatment. For the years ended 31 December 2011, 2012 and 2013, the Group recorded continued growth with total revenue increasing from approximately HK\$44.6 million in 2011 to approximately HK\$65.1 million in 2013, representing a CAGR of 20.9%. For the five months ended 31 May 2014, the Group generated total revenue of approximately HK\$35.5 million, up 42.2% year-on-year.

**** For identification purposes only***



As a result of industrialisation and urbanisation, China's volume of wastewater discharged has risen steadily. According to the Ministry of Water Resources, 68.5 billion tons of wastewater was discharged in 2012, representing a five-year CAGR of 4.22%. According to the CBRE Industry Report, the total wastewater discharge is projected to reach 77.0 billion tons by 2015.

At the time of economic development, the PRC government has poured an increasing amount of capital into the wastewater treatment industry. It has been one of the key growth drivers of the industry. The official investment budget as noted in the 12th Five-Year Plan to develop wastewater treatment facilities from 2011 to 2015 was RMB430 billion, ahead of the RMB376 billion spent from 2006 to 2010. The government has also set aggressive targets for the industry including improving the wastewater treatment rate from 77.5% in 2010 to 85% in 2015, and increasing the total municipal wastewater treatment capacity from approximately 125 million m³ in 2010 to 208 million m³ per day in 2015.

ELL Environmental will grasp the opportunities of the PRC wastewater treatment market and proactively expand its businesses. After a decade of development, the Group has accumulated rich experience and has a proven track record in providing customised and integrated wastewater treatment services in Jiangsu Province. Its management team is experienced and stable, with extensive industry knowledge and an in-depth understanding of the Group's operations. They also have strong working relationships with local government authorities and administrative committees in Jiangsu Province.

Adopting BOT Model

The Company offers a one-stop approach to the provision of wastewater treatment services using the "Build — Operate — Transfer" (or BOT) model. Under the BOT project model, the relevant local government authorities or administrative committees will usually grant the project company a concession right to build and then operate the designated facility for a specific period of time pursuant to a BOT agreement. During the concession period, the project company is normally responsible for designing, constructing, operating and maintaining the facility as well as financing its construction. In return, the project company is granted to charge service fees.

The Company currently has three wastewater treatment projects in operation, all of which are at a relatively early stage in their respective concession periods. Concession periods of all three wastewater treatment projects will expire in 2035 or after. Under the relevant BOT agreements, the Company will receive a guaranteed minimum tariff regardless of the actual volume of wastewater treated by each of its wastewater treatment facilities, in order to help recover the investment costs as well as lower the investment risks.

Experience and Proven Track Record in Providing Customised and Integrated Wastewater Treatment Services in Jiangsu Province

The Company provides an array of customised and integrated wastewater treatment services covering the entire value chain, including design, construction management, procurement as well as operation and maintenance. It has gained substantial knowledge, techniques and wastewater treatment know-how through its experience of providing a wide range of customised solutions, ranging from the treatment of basic municipal wastewater to the treatment of combinations of municipal and industrial effluent, and heavy metal wastewater. As one of the earliest wastewater treatment operators in Nantong City of Jiangsu Province, the Company has built up a reliable network of suppliers and contractors. The network enables the Company to plan procurement, appoint suitable contractors and source the necessary equipment and raw materials while containing costs.



Strong Working Relationships with Local Government Authorities and Administrative Committees in Jiangsu Province

The Company worked closely with the local government in the regions operated and have established good working relationships with them. Having long-term working relationships with the relevant authorities fosters greater mutual understanding which in turn, enables them to better understand the Company's capabilities as well as gives the company the ability to better identify their needs and requirements. ELL Environmental's track record of stable operation of the facilities also gives the local government confidence in its expertise and capability. Closer and stronger working relationships with such authorities or committees keep the Company updated of the latest developments and shifts in government policies. These relationships can improve the chances of capturing future business by enhancing the Company's reputation and providing a valuable reference for prospective project tenders.

Mr. Chau On Ta Yuen, the Executive Director and Chairman of ELL Environmental Holdings Limited said, "ELL Environmental is in an industry with stable and future growth momentum. With the PRC's rising awareness of environmental protection, demand on wastewater treatment industry will be boosted. We will continue to grasp the opportunities brought by the favourable policies implemented by the government by fine-tuning our business strategies in order to further expand our business."

Looking forward, Mr. Chau noted, "In the future, we will strengthen our market position in Jiangsu Province through obtaining new wastewater treatment projects. In addition, we will upgrade our existing wastewater treatment facilities in order to further enhance our competitiveness in the regions where we are already operating and improve our chances of securing future wastewater treatment projects. We will also target regions that have an increasing demand for wastewater treatment services. To further enhance our competitiveness, we intend to opportunistically pursue strategic acquisitions, joint ventures, partnerships and other opportunities in wastewater treatment and other environmental protection projects in and outside China."

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About ELL Environmental Holdings Limited

ELL Environmental was initially founded in 2002 when Haian Hengfa was established for the development of its first wastewater treatment facility in Haian County, Jiangsu Province, China. Currently, it has three wastewater treatment facilities in Jiangsu Province, China, namely Haian Hengfa Facility, Rugao Hengfa Facility and Rugao Honghao Facility. The Company offers a one-stop approach to the provision of wastewater treatment services, which covers municipal, industrial and heavy metal wastewater treatment. It uses the "Build — Operate — Transfer" (or BOT) model, covering the whole spectrum of activities from the design of wastewater treatment facilities, through the procurement of suitable equipment and materials, to the supervision of their construction as well as the on-going operation and maintenance of the facilities throughout long-term concession periods. The Company has three wastewater treatment projects in operation, all of which are at a relatively early stage in their respective concession periods and will expire in 2035 or after.





強泰環保控股有限公司
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Factsheet

Offering Summary:

Number of Offer Shares	200,000,000 Shares
Number of Public Offer Shares	20,000,000 Shares (subject to re-allocation)
Number of Placing Shares	180,000,000 Shares (subject to re-allocation)
Maximum Offer Price	HK\$0.6 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars, subject to refund on final pricing)
Nominal Value	HK\$0.0001 per Share
Board Lot	5,000 Shares
Price per Board Lot	HK\$3,030.24
Public Offer Begins	9:00 a.m., 12 September 2014 (Friday)
Public Offer Ends	12:00 noon, 17 June 2014 (Wednesday)
Expected Price Determination Date	19 September 2014 (Friday)
Announcement of Allotment Results	25 September 2014 (Thursday)
Expected Listing Date	26 September 2014 (Friday)
Stock Code	1395

Use of Net Proceeds:

ELL Environmental estimates that the aggregate net proceeds from the Share Offer, after deducting underwriting fees and commissions and estimated expenses in connection with the Share Offer, will be approximately HK\$67.9 million assuming an Offer Price of HK\$0.5 (being the mid-point of the Offer Price range stated in the prospectus). ELL Environmental currently intends to apply these net proceeds in the following manner:

Usage	As a Percentage of Net Proceeds
For the capital expenditure for the upgrade works of the Haiian Hengfa Facility	9.7%
For the capital expenditure for the upgrade works of the Rugao Hengfa Facility	71.1%
For making potential investment into new wastewater treatment or other environmental protection projects	15.9%
For capital and other general corporate purposes	3.3%



Track Record:

Below is the Financial Highlights:

	For the year ended 31 December			For the 5 months ended 31 May	
	2011 RMB'000	2012 RMB'000	2013 RMB'000	2013 RMB'000 (Unaudited)	2014 RMB'000
Revenue	44,560	46,900	65,090	24,993	35,541
Gross Profit	34,052	36,550	49,321	20,190	22,134
Gross Profit Margin	76.4%	77.9%	75.8%	80.8%	62.3%
Net Profit	25,541	27,034	33,894	16,487	2,027
Net Profit Margin	57.3%	57.6%	52.1%	66.0%	5.7%
Net Profit Margin (excluding listing expenses)	57.3%	57.6%	54.5%	66.0%	38.5%

Issued by Trinity Communications Group Limited for and on behalf of **ELL Environmental Holdings Limited**.

For further information, please contact:

Trinity Communications Group Limited

Pauline Ma	852-3758 2293	pauline.ma@tri-hk.com
Karl Cheung	852-3758 2284	karl.cheung@tri-hk.com
Rachel Liu	852-3758 2219	rachel.liu@tri-hk.com

