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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)

Placing Agents

Convoy Investment Services Limited
康宏証券投資服務有限公司



TOP-UP PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER THE GENERAL MANDATE

THE TOP-UP PLACING AND TOP-UP SUBSCRIPTION

On 22 April 2015 (after trading hours), the Subscriber and the Placing Agents entered into the Top-up Placing Agreement pursuant to which the Subscriber agreed to sell up to 160,000,000 existing Top-up Placing Shares and the Placing Agents agreed, as agents of the Subscriber, to place to not less than six Places an aggregate of up to 160,000,000 Top-up Placing Shares on a best effort basis.

On the same day, the Subscriber and the Company entered into the Top-up Subscription Agreement, pursuant to which, the Subscriber conditionally agreed to subscribe for such number of the Top-up Placing Shares that are successfully placed by the Placing Agents.

* For identification purpose only

The Top-up Placing Price (and the Top-up Subscription Price) have been fixed at HK\$0.98 which represents (i) a discount of approximately 18.3% to the closing price of HK\$1.200 per Share as quoted on the Stock Exchange on the date of the Top-up Placing Agreement and the Top-up Subscription Agreement; (ii) a discount of approximately 18.3% to the closing price of HK\$1.200 per Share as quoted on the Stock Exchange on the trading date before the date of the Top-up Placing Agreement and the Top-up Subscription Agreement; (iii) a discount of approximately 18.3% to the average closing price per Share of HK\$1.200 as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Top-up Placing Agreement and the Top-up Subscription Agreement; and (iv) a discount of approximately 14.2% to the average closing price per Share of HK\$1.142 as quoted on the Stock Exchange for the last ten consecutive trading days prior to the date of the Top-up Placing Agreement and the Top-up Subscription Agreement.

Up to 160,000,000 Top-up Placing Shares (and up to 160,000,000 Top-up Subscription Shares) represent (i) approximately 20.0% of the existing issued share capital of the Company of 800,000,000 Shares as at the date of this announcement; and (ii) approximately 16.7% of the issued share capital of the Company of 960,000,000 Shares as enlarged by the Top-up Subscription. The Top-up Subscription is conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Top-up Subscription Shares; and (ii) completion of the Top-up Placing. The Top-up Placing is unconditional.

The gross proceeds from the Top-up Subscription will be HK\$156.8 million. The net proceeds of approximately HK\$151.1 million from the Top-up Subscription are intended to be used for (i) the potential acquisition of the Wuping Facility and other potential investments, subject to the execution of the relevant definitive agreements for such potential acquisition and investments, and (ii) for further capital expenditure required for the upgrade works of the Rugao Hengfa Facility, in addition to the projected capital expenditure disclosed in the Prospectus.

The Top-up Subscription is subject to a the fulfilment of certain conditions and each of the Top-up Placing and the Top-up Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE TOP-UP PLACING AGREEMENT

Date

22 April 2015 (after trading hours)

Parties involved

The Subscriber and the Placing Agents

Subscriber

The Subscriber is a shareholder of the Company currently holding 225,000,000 Shares, representing approximately 28.1% of the existing issued share capital of the Company as at the date of this announcement.

Placing Agents

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Convoy Investment Services Limited and Yicko Securities Limited, the Placing Agents, and their respective associates are third parties independent of the Company and its connected persons.

Placees

Subject to the terms and conditions of the Top-up Placing Agreement, the Top-up Placing Shares will be placed to not less than six Placees. It is expected that neither of the Placing Agents nor any Placee will become a substantial shareholder (as defined in the Listing Rules) of the Company as a result of the Top-up Placing and the Top-up Subscription.

Top-up Placing Price

The Top-up Placing Price (and the Top-up Subscription Price) have been fixed at HK\$0.98 which represents:

- (i) a discount of approximately 18.3% to the closing price of HK\$1.200 per Share as quoted on the Stock Exchange on the date of the Top-up Placing Agreement and the Top-up Subscription Agreement;
- (ii) a discount of approximately 18.3% to the closing price of HK\$1.200 per Share as quoted on the Stock Exchange on the trading date before the date of the Top-up Placing Agreement and the Top-up Subscription Agreement;

- (iii) a discount of approximately 18.3% to the average closing price per Share of HK\$1.200 as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Top-up Placing Agreement and the Top-up Subscription Agreement; and
- (iv) a discount of approximately 14.2% to the average closing price per Share of HK\$1.142 as quoted on the Stock Exchange for the last ten consecutive trading days prior to the date of the Top-up Placing Agreement and the Top-up Subscription Agreement.

The Top-up Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis and entered into by and among the Subscriber, the Company and the Placing Agents. The Directors (including the independent non-executive Directors) consider that the terms of the Top-up Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Number of the Top-up Placing Shares

Up to 160,000,000 Top-up Placing Shares (and up to 160,000,000 Top-up Subscription Shares) represent (i) approximately 20.0% of the existing issued share capital of the Company of 800,000,000 Shares as at the date of this announcement; and (ii) approximately 16.7% of the issued share capital of the Company of 960,000,000 Shares as enlarged by the Top-up Subscription.

Ranking of Top-up Placing Shares

The Top-up Placing Shares rank *pari passu* among themselves and with Shares in issue as at the date of this announcement.

Conditions to the completion of the Top-up Placing

The completion of the Top-up Placing is unconditional.

Completion

The Top-up Placing is expected to be completed on 4 May 2015. In the event that the Top-up Placing does not complete on or before 4 May 2015 (or such other date as the Subscriber and the Placing Agents shall agree), the Top-up Placing Agreement and all rights and obligations thereunder will cease and terminate.

THE TOP-UP SUBSCRIPTION AGREEMENT

Date

22 April 2015 (after trading hours)

Parties involved

The Company and the Subscriber

The Top-up Subscription Price

The Top-up Subscription Price is HK\$0.98 per Share, which is the same as the Top-up Placing Price, was determined after arm's length negotiation between the Company and the Subscriber with reference to the Top-up Placing Price. The net price per Top-up Subscription Share is approximately HK\$0.945 per Share.

Number of Top-up Subscription Shares

The maximum number of Top-up Subscription Shares is equivalent to the number of Top-up Placing Shares successfully placed under the Top-up Placing, being 160,000,000 Shares.

Ranking of Top-up Subscription Shares

The Top-up Subscription Shares, when issued and fully paid, will rank *pari passu* among themselves and with the Shares in issue, including the rights to all dividends and other distributions declared at the time of issue and allotment of the Top-up Subscription Shares.

The Top-up Subscription Shares

The Top-up Subscription Shares are to be issued under the general mandate granted to the Directors by our Shareholders by way of Shareholders' resolutions passed on 5 September 2014. Under such general mandate, the Directors were authorised to allot, issue and deal with Shares with a total nominal value not exceeding 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Share Offer, on which date the Company had 800,000,000 Shares in issue. Accordingly, the aforesaid the general mandate granted to the Directors was to issue up to 160,000,000 Shares. As at the date of this announcement, no Shares have been issued pursuant to such general mandate. As a result the Top-up Subscription is not subject to any further Shareholders' approval to the extent such subscription is completed before the lapse of the aforesaid general mandate, which is expected to be 8 May 2015, the date on which the Company's next annual general meeting concludes.

The Company has not repurchased any Shares in the 30 days immediately preceding the date of the Top-up Placing Agreement and the Top-up Subscription Agreement. Upon completion of the Top-up Subscription and assuming all 160,000,000 Top-up Subscription Shares are issued, the Company no longer has any unused general mandate to issue new Shares.

Conditions of the Top-up Subscription

The Top-up Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Top-up Subscription Shares; and
- (ii) completion of the Top-up Placing pursuant to the terms of the Top-Up Placing Agreement and the Top-Up Subscription Agreement.

Completion of the Top-up Subscription

Under Rule 14A.92(4)(a)(ii) of the Listing Rules, the Top-up Subscription must be completed within 14 days from the date of the Top-up Placing Agreement, that is, on or before 6 May 2015. In the event that the conditions to the Top-up Subscription Agreement are not fulfilled by 6 May 2015, or such later date as may be agreed between the Company and the Subscriber, the rights and obligations of the parties thereunder the Top-up Subscription Agreement shall cease and be of no further effect, in which event the parties thereto shall be released from such obligations without any liability save as to any antecedent breach and provided that any right or remedies which shall have accrued shall not be prejudiced or affected.

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE TOP-UP PLACING AND THE TOP-UP SUBSCRIPTION

Set out below is the table of the shareholdings in the Company before and after completion of the Top-up Placing and the Top-up Subscription:

	As at the date of this announcement		Immediately after Top-up Placing but before the Top-up Subscription		Immediately after Top-up Placing and the Top-up Subscription	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Everbest Environmental Investment Limited ⁽¹⁾	375,000,000	46.88	375,000,000	46.88	375,000,000	39.06
Wealthy Sea Holdings Limited ⁽²⁾	225,000,000	28.13	65,000,000	8.13	225,000,000	23.44
Placees	—	—	160,000,000	20.00	160,000,000	16.67
Public Shareholders (other than the Placees)	200,000,000	25.00%	200,000,000	25.00	200,000,000	20.83
Total	800,000,000	100	800,000,000	100	960,000,000	100

Notes:

- (1) Everbest Environmental Investment Limited is owned as to 50%, 30% and 20% by Ms. Wong Shu Ying, Ms. Judy Chan and Mr. Chan Kwan, an executive Director and Chief Executive Officer of the Company, respectively, and, therefore, Ms. Wong Shu Ying is deemed to be interested in the 375,000,000 Shares held by Everbest Environmental Investment Limited pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Ms. Wong Shu Ying is the mother of Mr. Chan.
- (2) Wealthy Sea Holdings Limited is owned as to 90% and 10% by Mr. Chau On Ta Yuen, an executive Director and the Chairman of the Company, and Ms. Wong Mei Ling, the wife of Mr. Chau, respectively. Ms. Wong Mei Ling is, therefore, deemed to be interested in the 225,000,000 Shares held by Wealthy Sea Holdings Limited controlled by Mr. Chau pursuant to Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company completed the Share Offer pursuant to which 200,000,000 Shares were offered at an offer price of HK\$0.55 per Share on 26 September 2014. The net proceeds received by the Company from the Share Offer, after deducting the relevant underwriting commissions and other related listing expenses payable by the Company, was approximately HK\$77.6 million and were intended to be applied as follows:

- approximately 9.7%, or approximately HK\$6.6 million, of the net proceeds to be used for the capital expenditure for the upgrade works of the Hai'an Hengfa Facility;
- approximately 71.1%, or approximately HK\$48.3 million, of the net proceeds to be used for the capital expenditure for the upgrade works of the Rugao Hengfa Facility;
- approximately 15.9%, or approximately HK\$10.8 million, of the net proceeds to be used for making potential investment into new wastewater treatment or other environmental protection projects in and outside China; and
- approximately 3.3%, or approximately HK\$2.2 million, of the net proceeds to be used for capital and general corporate purposes, including administration expenses.

For details relating to the intended use of proceeds from the Share Offer, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus.

As of the date of this announcement, the Group had utilised HK\$17.3 million of the net proceeds from the Share Offer for the capital expenditure for the upgrade works of the Rugao Hengfa Facility and the unutilised portion of the net proceeds is held in cash and cash equivalents. Such remaining portion of the net proceeds are intended to be applied in a manner consistent with that in the Prospectus.

Save as disclosed above, the Company has not carried out any other capital raising activities during the 12 months immediately preceding the date of this announcement.

REASONS FOR THE TOP-UP PLACING AND THE TOP-UP SUBSCRIPTION AND USE OF PROCEEDS

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 three wastewater treatment facilities, with one in Haian County and two in the Rugao Economic and Technological Development Zone** (國家級如皋經濟技術開發區).

The Company has, on 16 April 2015, entered into a letter of intent for a proposed acquisition of the Wuping Facility located in Wuping County, Fujian Province, the PRC. For further details, please refer to the Company’s announcement dated 16 April 2015. The Top-up Placing and Top-up Subscription are being carried out for the Company to raise fund for (i) the potential acquisition of the Wuping Facility and other potential investments, subject to the execution of the relevant definitive agreements for such potential acquisition and investments, and (ii) for further capital expenditure required for the upgrade works of the Rugao Hengfa Facility, in addition to the projected capital expenditure disclosed in the Prospectus.

The net price per Top-up Placing Share (or the Top-up Subscription Share) is expected to be approximately HK\$0.945 and the net proceeds from the Top-up Placing and the Top-up Subscription are expected to be approximately HK\$151.1 million. It is expected that approximately HK\$122.7 million from the net proceeds will be used in, subject to the entering of definitive agreements, the potential acquisition of the Wuping Facility and other potential investments, and the remaining HK\$28.4 million from the net proceeds will be used by the Company for the further capital expenditure required for the upgrade works of the Rugao Hengfa Facility.

The Subscriber, Wealthy Sea Holdings Limited, is an investment holding company incorporated in the British Virgin Islands. It is a substantial shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Top-up Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules which require independent Shareholders’ approval at general meeting by way of poll. However, the Top-up

Subscription is exempted from independent Shareholders' approval under Rule 14A.92(4) of the Listing Rules if, among other things, the completion of the Top-up Subscription takes place within 14 days after the date of the Top-up Placing Agreement.

The Top-up Subscription is subject to a the fulfilment of certain conditions and each of the Top-up Placing and the Top-up Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“associates”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Company”	ELL Environmental Holdings Limited, a company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange;
“connected persons”	has the meaning ascribed to it in the Listing Rules;
“Convoy Investment Services Limited”	Convoy Investment Services Limited, a licensed corporation to carry out regulated activities type 1, 2, 4 and 9 (dealing in securities, dealing in futures contracts, advising on securities and asset management) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Director(s)”	director(s) of the Company from time to time;
“Group”	the Company and its subsidiaries;
“Haian Hengfa Facility”	the wastewater treatment facility operated by Haian Hengfa Wastewater Treatment Company Limited *(海安恆發污水處理有限公司), a non-wholly owned subsidiary of our Company and a limited liability company established in the PRC

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placee(s)”	person(s), firm(s) or company(ies) (i) whom the Placing Agents or its agent(s) has procured to purchase any of the Top-up Placing Shares, and (ii) who and whose ultimate beneficial owners (a) are independent of, and will not as a result of the purchase of the Top-up Placing Shares become a connected person of the Company or (b) will not as a result of the purchase of Top-up Placing Shares, have acquired on its own or together with persons acting in concert with it in respect of the Company, 30% or more of the voting rights of the Company in aggregate;
“Placing Agents”	Convoy Investment Services Limited and Yicko Securities Limited
“PRC”	the People’s Republic of China (and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan);
“Rugao Hengfa Facility”	the wastewater treatment facility operated by Rugao Hengfa Water Treatment Company Limited (如皋恆發水處理有限公司), an indirect wholly-owned subsidiary of our Company established in the PRC
“Share(s)”	ordinary shares of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Share Offer”	the share offer of the Company completed on 26 September 2014 under which 200,000,000 Shares were offered at an offer price of HK\$0.55 per Share;

“Prospectus”	the Company’s prospectus dated 26 September 2014 in connection with the Share Offer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Wealthy Sea Holding Limited, a company incorporated in Hong Kong and is owned as to 90% and 10% by Mr. Chau, On Ta Yuen, an executive Director and the Chairman of the Company and Ms. Wong Mei Ling, the wife of Mr. Chau On Ta Yuen, respectively;
“Top-up Placing”	the placing of up to 1600,000,000 existing Shares pursuant to the terms of the Top-up Placing Agreement;
“Top-up Placing Agreement”	the agreement dated 22 April 2015 entered into by and among the Subscriber, the Company and the Placing Agents in relation to the Top-up Placing;
“Top-up Placing Price”	HK\$0.98 per Placing Share;
“Top-up Placing Share(s)”	up to 160,000,000 Shares to be placed pursuant to the Top-up Placing Agreement;
“Top-up Subscription”	the subscription of up to 160,000,000 new Shares pursuant to the terms of the Top-up Subscription Agreement;
“Top-up Subscription Share(s)”	up to 160,000,000 new Shares to be subscribed;
“Top-up Subscription Agreement”	the agreement dated 22 April 2015 entered into between the Subscriber and the Company in relation to the Top-up Subscription;
Top-up Subscription Price”	HK\$.98 per Top-up Subscription Share;
“Wuping Facility”	Wuping Second Waste Water Treatment Facility ** (武平縣第二污水處理廠);

Yicko Securities
Limited

Yicko Securities Limited, a licensed corporation to carry out regulated activities type 1 (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and

“%”

per cent.

*The English translation of names or any descriptions in Chinese which are marked with “**” is for identification purpose only.*

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

Hong Kong, 22 April 2015

As at the date of this announcement, the Board comprises Mr. Chau On Ta Yuen (Chairman) and Mr. Chan Kwan (Chief Executive Officer) 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.