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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)

VOLUNTARY ANNOUNCEMENT UPDATE ON PRC LEGAL PROCEEDINGS

Reference is made to the announcements of ELL Environmental Holdings Limited (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) dated 12 November 2017 and 14 November 2017, respectively, in relation to the Proceedings (the “**Announcements**”). Except as otherwise defined, all capitalised terms used in this announcement shall have the same respective meanings given to them in the Announcements.

On 29 March 2018, the Court handed down a judgment in relation to the Proceedings (the “**Judgment**”). According to the Judgment, the Court ruled that Rugao Hengfa was guilty of having breached the environmental pollution related regulations by allowing the discharge of wastewater containing pollutants of levels that exceeded the statutorily prescribed standards, and ordered Rugao Hengfa to pay a penalty of RMB60,000 (the “**Penalty**”). Having discussed with the PRC Counsel and duly considered the Judgment and the quantum of the Penalty, management

** For identification purpose only*

of the Company has decided not to make an appeal against the Judgment. As at the date of this announcement, the Company has settled the Penalty in full, and the operations of Rugao Hengfa and the Group have remained uninterrupted. The Directors confirm that neither the Judgment nor the Penalty has resulted in any material adverse impact on the business, operations and financial performance of Rugao Hengfa and the Group as a whole.

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

Hong Kong, 9 May 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.