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)

DISCLOSEABLE TRANSACTION

AMENDMENTS TO THE TERMS AND CONDITIONS OF THE PURCHASE OF STEAM TURBINE GENERATOR

Reference is made to the announcement (the "Announcement") of the Company dated 31 December 2020 in relation to the purchase of the Turbine Generator. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

On 8 January 2021, the Purchaser and the Supplier entered into an agreement (the "Supplemental Agreement") to amend certain terms and conditions of the Agreement.

As one or more of the applicable percentage ratios in respect of the Agreement, as amended by the Supplemental Agreement, continue to exceed 5% but all remain below 25%, the entering into of the Agreement, as amended by the Supplemental Agreement, constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

^{*} For identification purpose only

AMENDMENTS TO THE AGREEMENT

The Board is pleased to announce that on 8 January 2021, the Purchaser and the Supplier entered into the Supplemental Agreement, pursuant to which certain terms and conditions of the Agreement are amended as follows:

Particulars of the Turbine Generator

The specifications of the Turbine Generator are modified, mainly by changing the design from double-layer to single-layer axial exhaust setting.

Consideration

USD1,100,000 (exclusive of VAT) (the "Adjusted Consideration"), to be settled in the following manner:

- (i) the Purchaser shall pay USD220,000 to the Supplier as a down payment (the "**Down Payment**"), which is equivalent to 20% of the Adjusted Consideration, of which USD23,000 is payable as a deposit (the "**Deposit**") to the Supplier within seven days after the signing of the Supplemental Agreement. The Purchaser shall pay the remaining USD197,000 of the Down Payment to the Supplier within 75 days after the signing of the Supplemental Agreement;
- (ii) within 40 days after paying the full Down Payment, the Purchaser shall pay USD220,000 to the Supplier, which is equivalent to 20% of the Adjusted Consideration;
- (iii) within 90 days after paying the full Down Payment, the Purchaser shall pay USD220,000 to the Supplier, which is equivalent to 20% of the Adjusted Consideration; and
- (iv) 20 days before delivery of the Turbine Generator and upon the issuance of a bank guarantee in favour of the Purchaser in respect of the quality of the Turbine Generator, in an amount that is 10% of the Adjusted Consideration, the Purchaser shall pay the remaining USD440,000, which is equivalent to 40% of the Adjusted Consideration.

The Adjusted Consideration was determined between the parties after arm's length negotiations and on normal commercial terms, taking into account the prevailing market price of equipment and machinery similar to the Turbine Generator. The Adjusted Consideration will be funded by banking facilities.

Delivery

The Turbine Generator shall (i) be dispatched by the Supplier from the Port of Shanghai within nine months of the Purchaser having paid the Down Payment, and (ii) reach the Bangka Project site within one month after such dispatchment.

The Supplemental Agreement will be effective upon signing.

Save for the amendments above, all other principal terms and conditions of the Agreement remain unchanged.

REASONS FOR THE AMENDMENTS

As disclosed in the Announcement, Group has been actively exploring alternatives for its Indonesian power supply business, including but not limited to the development of biofuel pellets business and the expansion of its business footprint into other parts of Indonesia. The purchase of the Turbine Generator is essential for the development of the Group's plans to develop a new power plant in Bangka, Indonesia with a capacity of 10 megawatts to generate electricity for distribution by a national power supplier under a pre-existing power supply arrangement. After further discussion on the construction and installation blueprint of the Turbine Generator, despite the increment in consideration, the total cost of construction will decrease as a result of the reduction in landscaping cost based on the modified construction plan. The Directors considered that the modified construction plan is more cost effective and suitable for the needs of the Bangka Project.

The Directors consider that the terms and conditions of the Supplemental Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Agreement, as amended by the Supplemental Agreement, continue to exceed 5% but all remain below 25%, the entering into of the Agreement, as amended by the Supplemental Agreement, constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

INFORMATION ON THE SUPPLIER

The Supplier is a company incorporated under the laws of the PRC, principally engaged in designing and manufacturing turbine generator and related equipment for various industries including the petroleum, construction, textile and electricity industries in the PRC. Based on information publicly available, the Supplier is directly held as to approximately 60.8% by Hangzhou Steam Turbine Company Limited* (杭州汽輪機股份有限公司), the majority stake of which is indirectly held by the State-owned Assets Supervision and Administration Commission of Hangzhou Municipal Government* (杭州市人民政府國有資產監督管理委員會). To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Supplier and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

INFORMATION ON THE GROUP AND THE PURCHASER

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 two wastewater treatment facilities, one in Haian County and the other in the Rugao Economic and Technical Development Zone. The Group also owns a biomass power generation powerplant in Jambi City, Indonesia.

The Purchaser is a company incorporated in Indonesia and indirectly held as to 95% by the Company. It is principally engaged in investment in the development and operation of biomass power plants.

* For identification purposes only

By order of the Board

ELL Environmental Holdings Limited

Chan Kwan

Executive Director and Chief Executive Officer

Hong Kong, 8 January 2021

As at the date of this announcement, the Board comprises Mr. Chau On Ta Yuen (Chairman), Mr. Chan Kwan (Chief Executive Officer), Mr. Radius Suhendra and Mr. Chau Chi Yan Benny as executive Directors, Mr. Chan Pak Lam Brian as non-executive Director, and Ms. Ng Chung Yan Linda, Mr. Ng Man Kung and Ms. Leung Bo Yee Nancy as independent non-executive Directors.