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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)

POSITIVE PROFIT ALERT

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 (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 of directors of the Company (the “**Directors**” and the “**Board**”, respectively) would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group (“**Management Accounts**”) for the year ended 31 December 2019 (“**FY2019**”), the Group expects to record a profit after tax of not less than HK\$9.0 million for FY2019 as compared with a loss of approximately HK\$144.7 million for the year ended 31 December 2018 (“**FY2018**”).

The Board considers that the profit after tax for FY2019 was mainly attributed to an increase in the revenue from the Group’s wastewater treatment facilities operation services by not less than HK\$30.0 million when compared to that of approximately HK\$21.5 million in FY2018. Such increase in revenue was mainly attributable to an upward adjustment in the water tariff chargeable by Haian Hengfa Wastewater Treatment Company Limited (“**Haian Hengfa**”), one of the Company’s subsidiaries, to the local authorities of Haian County, Jiangsu Province, the People’s Republic of China, where the wastewater treatment facility operated by Haian Hengfa is located,

** For identification purpose only*

in FY2019. In addition, the Group recognised an impairment loss of HK\$119.6 million in respect of the goodwill arising from the acquisition of Weal Union Limited and to the property, plant and equipment of PT Rimba Palma Sejahtera Lestari, the Company's indirect non-wholly owned subsidiary, during FY2018. As at the date of this announcement, no impairment loss is expected to be recognised by the Group for FY2019. Based on the aforesaid, the Group's profitability for FY2019 had improved substantially.

The information contained in this announcement is based solely on a preliminary assessment by the Board by reference to the Management Accounts for FY2019 along with the information currently available to the Company, which have neither been audited nor reviewed by the Company's independent auditors or the audit committee of the Board. Further details of the Group's financial results and performance will be disclosed in the annual results announcement of the Company for FY2019, which is expected to be published on 27 March 2020. The Company's annual report for FY2019 will be published subsequently in the manner as required by the Listing Rules. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

For and on behalf of
ELL Environmental Holdings Limited
Chan Kwan
Executive Director and Chief Executive Officer

Hong Kong, 19 March 2020

As at the date of this announcement, the Directors are:

Executive Directors:

Mr. Chau On Ta Yuen (*Chairman*)

Mr. Chan Kwan (*Chief Executive Officer*)

Mr. Radius Suhendra

Mr. Chau Chi Yan Benny

Non-executive Director:

Mr. Chan Pak Lam Brian

Independent Non-executive Directors:

Ms. Ng Chung Yan Linda

Mr. Ng Man Kung

Ms. Leung Bo Yee Nancy