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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)

DISCLOSEABLE TRANSACTION MASTER PROCUREMENT AGREEMENT

THE AGREEMENT

The Board is pleased to announce that on 16 November 2021, PT SJP (a subsidiary which is indirectly held as to 95% by the Company) and Jinan Co entered into the Agreement, pursuant to which PT SJP has agreed to entrust, and Jinan Co has agreed to be entrusted to procure and handle cargo transportation and export customs clearance procedures for the machineries and materials for the Bangka Project at a total consideration of approximately RMB16,570,000 (exclusive of applicable tax).

LISTING RULES IMPLICATIONS

On 21 January 2021, PT SJP who acted as the purchaser and Jinan Co who acted as the supplier, entered into a boiler purchase agreement. As such transaction was conducted within a 12-month period, it was therefore aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Agreement, when calculated on an aggregated basis as mentioned above, exceed 5% but are all below 25%, therefore, the entering into of the Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 16 November 2021, PT SJP (a subsidiary which is indirectly held as to 95% by the Company) and Jinan Co entered into the Agreement, pursuant to which PT SJP has agreed to entrust, and Jinan Co has agreed to be entrusted to procure and handle cargo transportation and export customs clearance procedures for the machineries and materials for the Bangka Project at a total consideration of approximately RMB16,570,000 (exclusive of applicable tax).

THE AGREEMENT

The principal terms of the Agreement are set out as follows:

- Date: 16 November 2021
- Parties:
- (i) PT Sentosa Jaya Purnama, a subsidiary which is indirectly held as to 95% by the Company; and
 - (ii) Jinan Boiler Group Company Limited* (濟南鍋爐集團有限公司).
- Scope of Service
- (i) PT SJP shall source the Equipment and finalise the specifications, price and other terms with the third party suppliers;
 - (ii) Jinan Co shall inspect the Equipment procured according to the specifications and standards as stipulated under the separate procurement agreements with third party suppliers;
 - (iii) Jinan Co shall handle export customs and ports clearance as well as tax filings for the Equipment in accordance with the relevant rules and regulations; and
 - (iv) Jinan Co shall arrange shipping and transportation of the Equipment to the designated site.

- Consideration: The total consideration comprised of:
- (i) the total price of the Equipment in the amount of not more than RMB16,370,000 (exclusive of VAT); and
 - (ii) the total procurement service fee in the amount of RMB200,000 (exclusive of withholding tax) (the “**Service Fee**”).

- Payment terms: In respect of the Service Fee:
- (i) Within seven days upon signing the Agreement, PT SJP shall pay 30% of the Service Fee as prepayment to Jinan Co;
 - (ii) Within seven days upon the customs clearance of the last batch of the Equipment and the delivery of such Equipment to the shipping carrier, PT SJP shall pay 40% of the Service Fee to Jinan co;
 - (iii) Within seven days upon the arrival of the last batch of the Equipment at the designated site and the completion of its inspection, PT SJP shall pay the remaining 30% of the Service Fee to Jinan Co; and
 - (iv) Any expenses or charges incurred in the process of cargo transportation or customs clearances shall be paid by Jinan Co in advance which shall be subsequently reimbursed by PT SJP.

In respect of the consideration of the Equipment, PT SJP shall pay the relevant consideration to Jinan Co in the same manner as stipulated under the separate procurement agreements with third party suppliers in advance to the respective deadline as stated therein which Jinan Co will in turn settle the payment with the third party suppliers.

REASONS FOR ENTERING INTO THE AGREEMENT

As disclosed in the announcements of the Company dated 31 December 2020, 8 January 2021 and 21 January 2021 (the “**Announcements**”), the Group has been exploring alternatives for its biomass power generation business in Jambi City, Indonesia (the “**Jambi Biomass Power Plants**”), including but not limited to the development of biofuel pellets business and the expansion of its business footprint into other parts of Indonesia. In particular, the Group plans to develop the Bangka Project which will have a capacity of 10 megawatts to generate electricity for distribution by a national power supplier under a pre-existing power supply arrangement. As such, the Company believes that by leveraging on Jinan Co’s expertise in handling the logistics and port clearance and other services under the Agreement will enable the Group to focus on sourcing the suitable Equipment and managing the progress of the Bangka Project, which in turn will help the Group to complete the Bangka Project in a timely and cost-efficient manner. The Group considers that the entering of the Agreement would be essential for the overall development and management of the Bangka Project.

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

LISTING RULES IMPLICATIONS

On 21 January 2021, PT SJP who acted as the purchaser and Jinan Co who acted as the supplier, entered into a boiler purchase agreement, pursuant to which PT SJP has agreed to purchase and Jinan Co has agreed to manufacture and sell the Boiler at a total consideration of RMB10,380,000 (exclusive of VAT) (the “**Previous Transaction**”). As the Previous Transaction was conducted within a 12-month period, it was therefore aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Agreement, when calculated on an aggregated basis as mentioned above, exceed 5% but are all below 25%, therefore, the entering into of the Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

INFORMATION ON JINAN CO

Jinan Co is a company incorporated under the laws of the PRC, principally engaged designing and manufacturing boilers and researching and developing technologies in relation to the environmental protection industry in the PRC. Based on information publicly available as at the date of this announcement, Jinan Co is indirectly held as to approximately 38.7% by Yang Xu* (楊栩) and all other registered owners of Jinan Co hold less than 30% of its registered capital. To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, Jinan Co and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

INFORMATION ON THE GROUP AND PT SJP

The Group is principally engaged in providing wastewater treatment facilities in Jiangsu Province, the PRC, 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.

PT SJP 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.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Agreement”	the master procurement agreement dated 16 November 2021 entered into between PT SJP and Jinan Co
“Bangka Project”	a new power plant to be developed by the Group in Bangka, Indonesia
“Board”	the board of Directors
“Boiler”	a sub-high temperature and sub-high pressure hybrid efficient water-cooling vibrating grate boiler set
“Company”	ELL Environmental Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code:1395)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of our Company
“Equipment”	machineries and equipment for the purpose of the Bangka Project such as Boiler auxiliary machine, turbine generator auxiliary machine, water treatment systems and oil purification systems

“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Indonesia”	the Republic of Indonesia
“Jinan Co”	Jinan Boiler Group Company Limited* (濟南鍋爐集團有限公司), a company incorporated under the laws of the PRC, an independent third party of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong and the Macau Special Administrative Region
“PT SJP”	PT Sentosa Jaya Purnama, being a subsidiary which is indirectly held as to 95% by the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of par value HK\$0.0001 each in the share capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules

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

Hong Kong, 16 November 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.

* For identification purposes only