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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 “**Board**”) 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 2021 (“**FY2021**”), the Group expects to record a profit after tax of not less than HK\$8.0 million for FY2021 as compared with a loss of approximately HK\$1.5 million for the year ended 31 December 2020.

The Board considers that the profit after tax for FY2021 was mainly attributed to an increase in the revenue from the Group’s wastewater treatment facilities operation services. Such increase in revenue was mainly attributable to an upward adjustment in the water tariff chargeable by an indirect wholly-owned subsidiary of the Company, Rugao Hengfa Water Treatment Company Limited, to the local authorities of Rugao County, Jiangsu Province, the People’s Republic of China in FY2021. In addition, the Group recognised a one-off retrospective upward adjustment in water tariff of an indirect wholly-owned subsidiary of the Company, Haiyan Hengfa Wastewater Treatment Company Limited. Details of the adjustment of water tariff are set out in the announcements of the Company dated 2 August 2021 and 21 January 2022. Based on the aforesaid, the Group’s profitability for FY2021 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 FY2021 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 FY2021, which is expected to be published on 31 March 2022. The Company's annual report for FY2021 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, 18 March 2022

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 purpose only*