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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)**

### **INSIDE INFORMATION ANNOUNCEMENT IN RELATION TO THE COMMENCEMENT OF ARBITRATION BY A SUBSIDIARY OF THE COMPANY**

This announcement is made by ELL Environmental Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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).

Reference is made to the (i) announcement of the Company dated 21 July 2022 (the “**Announcement**”) and (ii) the circular of the Company dated 29 August 2022 (the “**Circular**”) relating to the disposal of 70% of the equity interest of Hai'an Hengfa Wastewater Treatment Company Limited (海安恆發污水處理有限公司) (the “**Target Company**”) by Everbest Water Treatment Development Company Limited (“**Everbest**”), an indirect wholly-owned subsidiary of the Company. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

As disclosed in the Announcement and the Circular, Everbest and CGN Environmental Protection Industry Co., Ltd. (中廣核環保產業有限公司) (“**CGN Environmental**”) entered into the Sale and Purchase Agreement on 21 July 2022, pursuant to which Everbest conditionally agreed to sell, and CGN Environmental conditionally agreed to acquire, 70% of the equity interest of the Target Company at the total Consideration of approximately RMB68.2 million. According to the Sale and Purchase Agreement, the Consideration was to be settled in three instalments of (i) RMB34,083,000, (ii) RMB20,449,800 and (iii) RMB13,633,200, respectively.

As at the date of this announcement, the first and second instalments have been settled. However, as at the date of this announcement, the third instalment of the Consideration amounting to RMB13,633,200 (the “**Third Instalment**”) was past due and has not been settled by CGN Environmental, despite the fulfillment of the conditions on the part of Everbest according to the terms of the Sale and Purchase Agreement.

Everbest has been taking all necessary and appropriate steps to recover the outstanding amount pursuant to its rights under the Sale and Purchase Agreement, and has applied to the Shenzhen Court of International Arbitration for arbitration against CGN Environmental (“**Arbitration**”) requesting for (i) payment of the Third Instalment, (ii) liquidated damages, exchange rate loss and legal fees of approximately RMB2.2 million in total, and (iii) all costs of the Arbitration. Everbest received a Notice of Arbitration issued by the Shenzhen Court of International Arbitration on 5 February 2024.

As of the date of this announcement, as the Arbitration is still in its initial stage, the Group is unable to accurately predict the outcome of the Arbitration or evaluate the impact of the Arbitration on the Group’s financial position. The Company will make further announcement(s) to update its shareholders on any material developments in relation to the Arbitration proceedings as and when appropriate, in compliance with the Listing Rules.

**Shareholders of the Company and potential investors 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, 14 February 2024

*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 a 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*