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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)

COMPLETION OF RECTIFICATION MEASURES BY RPSL FOR NON-COMPLIANCE MATTERS

AND

EXTENSION OF LONG STOP DATE FOR THE COMPLETION OF THE ACQUISITION AND ISSUE OF CONSIDERATION SHARES

AND

DESIGNATION OF NOMINEE BY FUSION JOY FOR THE ISSUE AND ALLOTMENT OF THE CONSIDERATION SHARES

AND

REDUCTION OF CONSIDERATION FOR THE ACQUISITION

Completion of Rectification Measures by RPSL for Non-compliance Matters

The Board is pleased to announced that RPSL has completed all the rectification measures set out in the paragraph headed “Letter from the Board — 3. Information on the Parties to the SPA — Compliance with Indonesian Laws” in the Circular, including but not limited to having obtained the Industrial Business Licence for its operation of the Mill. Eternity Time has confirmed that the legal and regulatory non-compliance matters in relation to the Target Group and its business and operations have been resolved to its satisfaction.

** For identification purpose only*

Extension of Long Stop Date

On 23 September 2016, the parties to the SPA entered into the Supplement Agreement to extend the long-stop date for the fulfilment and/or waiver of the conditions precedent of the SPA from 30 September 2016 to 31 October 2016.

Designation of Nominee by Fusion Joy

Under the Supplemental Agreement, the parties agreed that the 143,300,000 Consideration Shares which Fusion Joy is entitled to pursuant to the terms of the SPA upon Completion shall be issued and allotted to Morgan Top, a nominee of Fusion Joy.

Reduction of Consideration of the Acquisition

Pursuant to the terms of the Supplemental Agreement, the parties agreed to reduce the aggregate consideration of the Acquisition to approximately US\$21.516 million. The aforesaid reduction of consideration will only result in the reduction of the aggregate amount of cash consideration payable by Eternity Time to the Vendors for the purpose of the Acquisition. The total number of Consideration Shares to be issued by the Company shall remain unchanged.

Further announcement will be made by the Company upon Completion.

Shareholders and investors are reminded to exercise caution when dealing with the Shares.

Reference is made to the circular (the “**Circular**”) of ELL Environmental Holdings Limited (the “**Company**”) dated 24 August 2016 and the announcement of the Company dated 8 September 2016 in relation to the poll results of the EGM held on 8 September 2016. Capitalised terms used herein shall have the same meanings as those given to them in the Circular.

Completion of Rectification Measures by RPSL for Non-compliance Matters

The Board is pleased to announced that RPSL has completed all the rectification measures set out in the paragraph headed “Letter from the Board — 3. Information on the Parties to the SPA — Compliance with Indonesian Laws” in the Circular, including but not limited to having obtained the Industrial Business Licence for its operation of the Mill. Eternity Time has confirmed that the legal and regulatory non-compliance matters in relation to the Target Group and its business and operations have been resolved to its satisfaction.

The parties to the SPA is actively working to fulfil the remaining condition precedents of the SPA, including the permission to deal in all the Consideration Shares on the Stock Exchange, and the completion of the sale and purchase of the Sale Shares.

As at the date of this announcement, the parties of the SPA expect the remaining condition precedents of the SPA to be fulfilled, and the Completion to take place after 30 September 2016, being the original long stop date for the fulfilment of the condition precedents, but before 31 October 2016.

Extension of Long Stop Date

On 23 September 2016, the parties to the SPA entered into a supplemental agreement to the SPA (the “**Supplemental Agreement**”) pursuant to which the parties agreed to extend the long-stop date for the fulfilment and/or waiver of the conditions precedent of the SPA from 30 September 2016 to 31 October 2016.

Designation of Nominee by Fusion Joy

As disclosed in the Circular, the Consideration Shares may be issued to the respective nominees of the Vendors. Under the Supplemental Agreement, the parties agreed that the 143,300,000 Consideration Shares which Fusion Joy is entitled to pursuant to the terms of the SPA upon Completion shall be issued and allotted to Morgan Top Trading Co., Ltd. (“**Morgan Top**”), the company designated by Fusion Joy as its nominee for the purpose of such issue and allotment. Morgan Top is a company incorporated in the BVI and, to the best of the knowledge of the Directors, an affiliate of Fusion Joy and an independent third party of the Company as at the date of this announcement.

Reduction of Consideration of the Acquisition

Pursuant to the terms of the Supplemental Agreement, the parties agreed to reduce the aggregate consideration of the Acquisition by US\$742,000 (equivalent to approximately HK\$5.8 million), to approximately US\$21.516 million (equivalent to approximately HK\$166.7 million). The reduction was determined by the parties to the SPA upon arm’s length negotiations, taking into account the net loss of approximately US\$742,000 (equivalent to approximately HK\$5.8 million) incurred by RPSL for the eight months ended 31 August 2016, based on RPSL’s latest unaudited management accounts. The reduced aggregate consideration for the Sale Shares shall be satisfied as follows upon Completion:

- (a) US\$7,967,800 (equivalent to approximately HK\$61.8 million) to be payable in cash to Fusion Joy, and 143,300,000 Consideration Shares to be issued and allotted to Morgan Top as nominee of Fusion Joy; and

- (b) US\$3,290,200 (equivalent to approximately HK\$25.5 million) to be payable in cash, and 15,700,000 Consideration Shares to be issued and allotted, to Carlton Asia.

The aforesaid reduction of consideration will only result in the reduction of the aggregate amount of cash consideration payable by Eternity Time to the Vendors for the purpose of the Acquisition. The total number of Consideration Shares to be issued by the Company shall remain unchanged.

Further announcement will be made by the Company upon Completion.

Shareholders and investors are reminded to exercise caution when dealing with the Shares.

By order of the Board
ELL Environmental Holdings Limited
Chan Kwan
Executive Director and Chief Executive Officer

Hong Kong, 23 September 2016

As at the date of this announcement, the Board comprises Mr. Chau On Ta Yuen (Chairman) and Mr. Chan Kwan (Chief Executive Officer) as executive Directors, Mr. Chan Pak Lam Brian and Mr. Chau Chi Yan Benny as non-executive Directors, and Ms. Ng Chung Yan Linda, Mr. Ng Man Kung and Mr. Sze Yeuk Lung Benedict as independent non-executive Directors.