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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)

PROFIT WARNING

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 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 Future Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) would like to inform shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group (the “**Management Accounts**”) for the six months ended 30 June 2016 (“**HY2016**”), the Group is expected to record a significant decrease of not less than 60% in its net profit for HY2016 as compared to a net profit of approximately HK\$17.0 million for the six months ended 30 June 2015.

The Board believes that the decrease in the net profit of the Group for HY2016 can mainly be attributed to (1) the decrease in construction profit; (2) the substantial increase in cost of raw materials and overhead costs in relation to the operation of the wastewater treatment facilities; and (3) that the Group is still in negotiation with the local governments for water tariff adjustments for the wastewater treatment facilities to cover the aforesaid increase in costs of raw materials and overheads for HY2016.

** For identification purpose only*

The information contained in this announcement is solely based on a preliminary assessment by the Board with reference to the Management Accounts for HY2016 along with any information currently available to the Company, which have neither been audited nor reviewed by the Company's auditors or the audit committee of the Company. Further details of the Group's financial results and performance will be disclosed in the interim results announcement of the Company for HY2016 which is expected to be published on 22 August 2016 and the related interim report for HY2016 will be published subsequently.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 12 August 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.