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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

(1) ACQUISITION OF SHARES BY CONTROLLING SHAREHOLDER; (2) PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

This announcement is made by ELL Environmental Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 and Rule 13.17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

ACQUISITION OF SHARES BY CONTROLLING SHAREHOLDER

The board (the “**Board**”) of directors (the “**Directors**”) of the Company has been informed by Everbest Environmental Investment Limited (“**Everbest Environmental**”), a controlling shareholder (as defined under the Listing Rules) of the Company, that on 2 November 2023, Everbest Environmental entered into a deed of share transfer (the “**Share Transfer Deed**”) as purchaser with Wealthy Sea Holdings Limited (“**Wealthy Sea**”) as vendor, pursuant to which Wealthy Sea has agreed to sell and Everbest Environmental has agreed to purchase 155,000,000 ordinary shares of the Company (the “**Sale Shares**”) (representing approximately 14.00% of the total issued share capital of the Company as at the date of this announcement) at an aggregate consideration of HK\$26,350,000 (the “**Consideration**”), representing HK\$0.17 per Sale Share (the “**Acquisition**”). The Consideration shall be satisfied by way of assignment of a loan (the “**Shareholder Loan**”) owing by the Company to Mr. Chan Chun Keung (“**Mr. CK Chan**”) by Mr. CK Chan in favour of Wealthy Sea in an aggregate amount equivalent to that of the Consideration. Immediately after completion of the Acquisition, (i) Wealthy Sea will hold 70,000,000 ordinary shares of the Company (the “**Shares**”) (representing approximately 6.32% of the total issued share capital of the Company as at the date of this announcement), and (ii) Everbest Environmental will hold 492,500,000 Shares (representing approximately 44.48% of the total issued share capital of the Company as at the date of this announcement) and continue to be the controlling shareholder and the single largest shareholder of the Company.

* *For identification purpose only*

Upon completion of the Acquisition, Wealthy Sea and Mr. Chau On Ta Yuen (“**Mr. Chau**”), an executive Director and the chairman of the Company, will continue to act in concert with Mr. Chan Kwan (“**Mr. Chan**”), an executive Director, Mr. Chan Pak Lam Brian, a non-executive Director, Ms. Judy Chan (“**Ms. Chan**”), Ms. Wong Shu Ying (“**Ms. Wong**”), Mr. CK Chan, Everbest Environmental, Hightop Investment Limited and Carlton Asia Limited (the “**AIC Group**”).

The aggregated interest of the AIC Group in the Company shall remain unchanged upon completion of the Acquisition at approximately 55.45% of the total issued share capital of the Company as at the date of this announcement.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

The Company has further been informed by Everbest Environmental that, on 2 November 2023, in connection with the Acquisition and the assignment of the Shareholder Loan, Everbest Environmental entered into a deed of share charge (the “**Share Charge**”) as chargor with Wealthy Sea as chargee, pursuant to which Everbest Environmental agreed to pledge all of the Sale Shares acquired by it under the Acquisition in favour of Wealthy Sea, as security for the Shareholder Loan to the Company in the aggregate principal amount of HK\$26,350,000. The Sale Shares that were pledged under the Share Charge represent approximately 14.00% of the total issued share capital of the Company as at the date of this announcement.

GRANT OF WAIVER

Everbest Environmental has applied for and the Executive Director of the Corporate Finance Division of the Securities and Futures Commission has granted a waiver from the obligation to make a mandatory general offer pursuant to Note 6 to Rule 26.1 of the Code on Takeovers and Mergers (“**Takeovers Code**”), exempting Everbest Environmental from the obligation to make a mandatory general offer for all the issued shares of the Company pursuant to Rule 26.1 of the Takeovers Code that would otherwise be triggered by the Acquisition.

The Board does not expect that the Acquisition will have any material adverse effect on the operations of the Group.

INFORMATION ON EVERBEST ENVIRONMENTAL AND WEALTHY SEA

Everbest Environmental is a holding company incorporated under the laws of the British Virgin Islands with limited liability and is ultimately owned as to 20% by Mr. Chan, 50% by Ms. Wong and 30% by Ms. Chan. As at the date of this announcement and prior to completion of the Acquisition, Everbest Environmental is holding approximately 30.48% of the total issued share capital of the Company.

Wealthy Sea is a holding company incorporated under the laws of Hong Kong with limited liability and is ultimately owned as to 90% and 10% by Mr. Chau and Ms. Wong Mei Ling, respectively. As at the date of this announcement and prior to completion of the Acquisition, Wealthy Sea is holding approximately 20.32% of the total issued share capital of the Company.

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

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

Hong Kong, 2 November 2023

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.