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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL SUMMARY

- Revenue for the six months ended 30 June 2025 amounted to HK\$80.8 million (six months ended 30 June 2024: HK\$45.7 million), representing an increase of 76.8% as compared with that of the corresponding period in 2024 (the “**Last Corresponding Period**”).
- Gross profit for the six months ended 30 June 2025 was HK\$38.8 million (six months ended 30 June 2024: HK\$20.7 million), representing an increase of 87.9% as compared with that of the Last Corresponding Period.
- Net profit for the six months ended 30 June 2025 was HK\$12.5 million (six months ended 30 June 2024: net loss of HK\$10.1 million).
- The Board has resolved not to declare the payment of any dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of ELL Environmental Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 (the “**Period**”), together with the relevant comparative figures as follows:

* For identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	80,802	45,694
Cost of sales		<u>(41,996)</u>	<u>(25,038)</u>
Gross profit		38,806	20,656
Other income and net other gains and losses	6	977	1,023
Administrative expenses		(17,691)	(19,765)
Research and development expenses		(101)	—
Other operating expenses		(1,053)	—
Finance costs	7	<u>(5,801)</u>	<u>(6,425)</u>
Profit/(loss) before tax	8	15,137	(4,511)
Income tax expense	9	<u>(2,664)</u>	<u>(5,613)</u>
Profit/(loss) for the period		<u>12,473</u>	<u>(10,124)</u>
Profit/(loss) for the period attributable to:			
Owners of the Company		11,942	(8,931)
Non-controlling interests		<u>531</u>	<u>(1,193)</u>
		<u>12,473</u>	<u>(10,124)</u>
		HK cent	HK cent
Earnings/(loss) per share	11		
— Basic		<u>1.08</u>	<u>(0.81)</u>
— Diluted		<u>1.08</u>	<u>(0.81)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	12,473	(10,124)
Other comprehensive income/(expense)		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value gain on investments in equity instruments at fair value through other comprehensive income	813	—
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	8,632	(19,240)
Other comprehensive income/(expense) for the period, net of nil income tax	9,445	(19,240)
Total comprehensive income/(expense) for the period	21,918	(29,364)
Total comprehensive income/(expense) for the period attributable to:		
— Owners of the Company	21,295	(28,296)
— Non-controlling interests	623	(1,068)
	21,918	(29,364)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		58,214	55,405
Receivables under service concession arrangements	12	346,457	327,455
Financial assets at fair value through other comprehensive income		—	6,162
Prepayments and other receivables		302	300
		<u>404,973</u>	<u>389,322</u>
CURRENT ASSETS			
Inventories		6,927	4,287
Trade receivables	13	2,453	2,277
Receivables under service concession arrangements	12	27,519	36,738
Prepayments and other receivables		18,436	18,109
Debt instrument at fair value through other comprehensive income		81	81
Financial assets at fair value through profit or loss		2,988	—
Restricted bank deposits		32,228	30,809
Cash and cash equivalents		52,033	35,091
		<u>142,665</u>	<u>127,392</u>
CURRENT LIABILITIES			
Trade payables	14	6,398	3,522
Other payables and accruals		8,714	12,296
Amounts due to related parties	15	30,329	7,261
Borrowings	16	82,708	84,392
Lease liabilities		100	342
Income tax payable		2,431	3,129
		<u>130,680</u>	<u>110,942</u>
NET CURRENT ASSETS		<u>11,985</u>	<u>16,450</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>416,958</u>	<u>405,772</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(continued)

As at 30 June 2025

		30 June 2025	31 December 2024
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
CAPITAL AND RESERVES			
Share capital		111	111
Reserves		279,985	258,690
		<hr/>	<hr/>
Equity attributable to owners of the Company		280,096	258,801
Non-controlling interests		(5,373)	(5,996)
		<hr/>	<hr/>
TOTAL EQUITY		274,723	252,805
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Amounts due to related parties	15	79,739	94,634
Borrowings	16	19,472	15,825
Lease liabilities		268	188
Deferred tax liabilities		26,214	25,971
Provision for major overhauls		15,027	14,594
Retirement benefit obligations		1,515	1,755
		<hr/>	<hr/>
		142,235	152,967
		<hr/>	<hr/>
		416,958	405,772
		<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

ELL Environmental Holdings Limited (the “**Company**”) is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is Unit 2304, 23rd Floor, Westlands Centre, 20 Westlands Road, Hong Kong.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are engaged in the construction and operation of wastewater treatment facilities, construction and operation of biomass power plants, sales of wood pellets and provision of information technology services.

The condensed consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (the “**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2024.

Application of Amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Types of goods and services		
Operation services under service concession arrangements	40,096	17,757
Construction services under service concession arrangements	17,794	9,416
Sales of wood pellets	5,427	5,458
Information technology services	8,389	3,932
	<hr/>	<hr/>
Revenue from contracts with customers	71,706	36,563
Imputed interest income on receivables under service concession arrangements	9,096	9,131
	<hr/>	<hr/>
	80,802	45,694
	<hr/>	<hr/>
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
A point in time	45,523	23,215
Over time	26,183	13,348
	<hr/>	<hr/>
Revenue from goods and services	71,706	36,563
	<hr/>	<hr/>

4. REVENUE – continued

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Six months ended 30 June 2025		
	PRC	Indonesia	Total
	HK\$'000	HK\$'000	HK\$'000
Operation service under service concession arrangements	17,747	22,349	40,096
Construction services under service concession arrangements	17,794	—	17,794
Sales of wood pellets	—	5,427	5,427
Information technology services	—	8,389	8,389
Revenue from contracts with customers	35,541	36,165	71,706
Imputed interest income on receivables under service concession arrangements	3,490	5,606	9,096
Total revenue	39,031	41,771	80,802

	Six months ended 30 June 2024		
	PRC	Indonesia	Total
	HK\$'000	HK\$'000	HK\$'000
Operation service under service concession arrangements	17,757	—	17,757
Construction services under service concession arrangements	—	9,416	9,416
Sales of wood pellets	—	5,458	5,458
Information technology services	—	3,932	3,932
Revenue from contracts with customers	17,757	18,806	36,563
Imputed interest income on receivables under service concession arrangements	3,708	5,423	9,131
Total revenue	21,465	24,229	45,694

5. SEGMENT INFORMATION

The Group is engaged in the construction and operation of wastewater treatment facilities, construction and operation of biomass power plant, sales of wood pellets and provision of information technology services. Information reported to the executive directors of the Company, being the chief operating decision maker (“**CODM**”) for the purposes of resource allocation and assessment of performance focuses on geographical locations of its manpower and customers, including Hong Kong, the People’s Republic of China (the “**PRC**”) and the Republic of Indonesia (“**Indonesia**”). No operating segments have been aggregated in arriving at the reporting segments of the Group.

5. SEGMENT INFORMATION – continued

Segment Revenue and Results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Six months ended 30 June 2025 (unaudited)

	Hong Kong HK\$'000	PRC HK\$'000	Indonesia HK\$'000	Total HK\$'000
Results				
Segment revenue — external sales	<u>—</u>	<u>39,031</u>	<u>41,771</u>	<u>80,802</u>
Segment (loss)/profit	<u>(8,858)</u>	<u>13,688</u>	<u>10,307</u>	<u>15,137</u>
Unallocated expenses				<u>—</u>
Profit before tax				<u>15,137</u>

Six months ended 30 June 2024 (unaudited)

	Hong Kong HK\$'000	PRC HK\$'000	Indonesia HK\$'000	Total HK\$'000
Results				
Segment revenue — external sales	<u>—</u>	<u>21,465</u>	<u>24,229</u>	<u>45,694</u>
Segment (loss)/profit	<u>(11,540)</u>	<u>11,403</u>	<u>(4,374)</u>	<u>(4,511)</u>
Unallocated expenses				<u>—</u>
Loss before tax				<u>(4,511)</u>

6. OTHER INCOME AND NET OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	312	306
Interest income from advance to a third party	—	158
Net foreign exchange (losses)/gains	(560)	147
Gain from change in fair value of financial assets at fair value through profit or loss	513	—
(Loss)/gain on disposal of property, plant and equipment	(3)	65
Others	715	347
	<u>977</u>	<u>1,023</u>

7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on borrowings	2,666	2,549
Interest on loans from related parties	3,123	3,437
Interest on lease liabilities	12	11
Increase in discounted amounts of provision for major overhauls arising from the passage of time	—	428
	<u>5,801</u>	<u>6,425</u>

8. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax for the period has been arrived at after charging/(crediting) the following items:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Staff costs	7,295	8,599
Depreciation of property, plant and equipment	2,732	2,852
Less: Amount capitalised in inventories	(1)	(179)
	<u>2,731</u>	<u>2,673</u>
Cost of construction services	15,545	8,313
Cost of operation services	20,055	7,163
Cost of inventories recognised as an expense	5,979	6,446
Provision for major overhauls	—	674

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax	<u>2,915</u>	<u>3,802</u>
Under provision in prior years:		
PRC Enterprise Income Tax	<u>101</u>	<u>809</u>
Deferred tax	<u>(352)</u>	<u>1,002</u>
	<u>2,664</u>	<u>5,613</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

No provision for Hong Kong Profits Tax had been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2024: Nil).

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods, except for a subsidiary which is entitled to a preferential tax rate of 15% for the six months ended 30 June 2025 (six months ended 30 June 2024: N/A) as determined in accordance with the relevant tax rules and regulations in the PRC with an expiration date of 31 December 2027.

The withholding tax on distributable profits is calculated at the rate of 5% (six months ended 30 June 2024: 5%) on total dividend distributed from the Group’s subsidiaries in the PRC.

No provision for Indonesian income tax had been made as the Group did not generate any assessable profits arising in Indonesia during the period (six months ended 30 June 2024: Nil).

10. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period (six months ended 30 June 2024: Nil).

11. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings/(loss) for the purpose of basic loss per share	11,942	(8,931)
	Number of shares	
	Six months ended 30 June	
	2025	2024
	'000	'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	1,107,300	1,107,300

The diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share for the six months ended 30 June 2025 and 2024 as there were no potential ordinary share in issue for both periods.

12. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Receivables under service concession arrangements	373,976	364,193
Less: Portion classified as current assets	(27,519)	(36,738)
Portion classified as non-current assets	346,457	327,455

The following is an aged analysis of receivables under service concession arrangements, presented based on the invoice date:

	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Billed within 3 months	10,634	19,700
Unbilled (<i>note</i>)	363,342	344,493
	373,976	364,193

Note: The balance included contract assets from construction contracts as the rights to considerations have not yet to be unconditional.

13. TRADE RECEIVABLES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Trade receivables	2,500	2,324
Less: Allowance for credit losses	(47)	(47)
	<u>2,453</u>	<u>2,277</u>

The Group had a policy of allowing a credit period of 30-60 days. The following is an aged analysis of trade receivables at the end of reporting period presented based on the invoice date:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
0–60 days	<u>2,453</u>	<u>2,277</u>

14. TRADE PAYABLES

The following is an aged analysis of the trade payables presented based on the invoice date:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
0–60 days	5,509	3,382
61–90 days	4	—
Over 90 days	885	140
	<u>6,398</u>	<u>3,522</u>

15. AMOUNTS DUE TO RELATED PARTIES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Non-trading in nature:		
A related company	36,409	34,810
A close family member of a shareholder	22,790	21,235
Close family members of directors	29,019	19,500
A shareholder	21,850	26,350
	110,068	101,895
Less: Amounts due within one year shown under current liabilities	(30,329)	(7,261)
Amounts shown under non-current liabilities	79,739	94,634

16. BORROWINGS

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Bank borrowings	73,708	75,392
Other borrowings	28,472	24,825
	102,180	100,217
Less: Amounts due within one year shown under current liabilities	(82,708)	(84,392)
Amounts shown under non-current liabilities	19,472	15,825

During the current interim period, the Group repaid bank borrowings of HK\$2,000,000 (six months ended 30 June 2024: HK\$20,200,000), and obtained new other borrowings of HKD3,557,000 (six months ended 30 June 2024: HK\$NIL).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The business portfolio of the Group comprises the wastewater treatment facilities construction and operation, a biomass power plant operation, data centre operations, and wood pellet sales, with activities spanning the PRC and Indonesia. These businesses are inherently influenced by local government policies and the pace of economic development in the regions where we operate.

The Group's wastewater treatment facilities operated by Rugao Hengfa Water Treatment Company Limited ("**Rugao**") maintained stable operations for the Period, continuing to provide essential industrial wastewater treatment services in the Rugao Economic and Technological Development Zone (the "**Zone**"). Rugao's expansion project, aimed at increasing daily treatment capacity from 40,000 tonnes to 50,000 tonnes (the "**Rugao Expansion Project**"), has experienced minor delays due to environmental adjustments, with completion expected in the second half of 2025.

The wastewater treatment sector in the Zone benefits from policy initiatives under the 14th Five-Year Plan, which focus on high-value industrial cluster development, environmental governance, and land use optimisation. Stricter environmental protection requirements, including pollutant reduction and compliance monitoring, have reinforced the importance of wastewater treatment as an enabling infrastructure for sustainable industrial growth. Rugao's operations not only ensure compliance for industrial customers but also support the Zone's broader ecological objectives, positioning the Company as a key contributor to regional sustainable development.

The biomass power supply business of PT Sentosa Jaya Purnama in Bangka, Indonesia (the "**Bangka Project**") commenced full operations in late July 2024, under a 25-year fixed-price Power Purchase Agreement ("**PPA**") with Perusahaan Listrik Negara, the state-owned electricity company. The plant performed well during the Period, contributing significantly to the Group's revenue and profit.

Indonesia's renewable energy policies in 2025, particularly regulation on standardised PPAs and regulation outlining the energy transition roadmap toward net zero by 2060, reinforce biomass as a key component of the country's energy mix. The regulations enhance contractual certainty, encourage sustainable biomass sourcing, and define biomass as a critical contributor to renewable energy generation. Dedicated biomass plants like the Bangka Project remain essential for providing reliable baseload power, even as cofiring in coal-fired units is debated. These regulatory measures provide a stable foundation for long-term operations and investment.

The Group's data centre management in by PT Rimba Palma Sejahtera Lestari (“**RPSL**”), continued to operate steadily during the Period. The segment provides information technology management services to its clients. Stable operations and revenue streams from these services contribute positively to the Group's overall financial performance, providing diversification against sector-specific volatility.

The Group's wood pellet segment remains strategically important as a renewable fuel source for industrial and energy applications. The proposed sale of 80% of the business in RPSL has been progressing slowly due to extended government approval procedures, but the Company's management expects the transaction to be completed in 2025. Despite the delay, the underlying business continues to operate efficiently.

Overall, the Group recorded a revenue increase of 76.8%, from HK\$45.7 million for the Last Corresponding Period to HK\$80.8 million for the Period. This growth was primarily driven by revenue contributions from the Rugao's Expansion Project, data centre services provided by RPSL, and the Bangka Project. Net profit improved from a loss of HK\$10.1 million for the Last Corresponding Period to a profit of HK\$12.5 million for the Period, reflecting the strong operational performance across our key business segments.

OUTLOOK

In the PRC, the Zone continues to implement its 14th Five-Year Plan, focusing on industrial cluster development, innovation capacity enhancement, and environmental governance. These policies create a supportive environment for infrastructure operators like Rugao, while emphasising the importance of sustainable operations to comply with stricter environmental standards.

In Indonesia, recent policy developments on standardised renewable energy PPAs and the energy transition roadmap toward net zero by 2060 strengthen the role of biomass power in the national energy mix. Dedicated biomass plants such as the Bangka Project are expected to play a key role in providing reliable renewable baseload supply, while ongoing policy support enhances long-term investment certainty. The Group also continues to leverage the Indonesian power capacity to explore opportunities in relation to high-demand power applications.

Overall, the Group is well-positioned to capitalise on both domestic and international policy support. Coupled with operational excellence across our business segments, these developments provide a solid foundation for sustainable growth and continued contributions to environmental and industrial development in our operating regions.

FINANCIAL REVIEW

REVENUE

Our total revenue increased by HK\$35.1 million or 76.8% to HK\$80.8 million for the Period from HK\$45.7 million for the Last Corresponding Period. Such increase was primarily attributable to the increase in operation revenue from the Bangka biomass power plant and construction revenue from the wastewater treatment facility expansion and enhancement of the Rugao Expansion Project during the Period.

COST OF SALES

Our total cost of sales increased by HK\$17.0 million or 67.7% to HK\$42.0 million for the Period from HK\$25.0 million for the Last Corresponding Period, primarily due to the increase in direct cost arising from the Bangka biomass power plant operation and construction cost from the Rugao Expansion Project during the Period.

GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit increased by HK\$18.2 million or 87.9% to HK\$38.8 million for the Period from HK\$20.7 million for the Last Corresponding Period, primarily due to the factors mentioned above. Our gross profit margin increased from 45.2% for the Last Corresponding Period to 48.0% for the Period.

OTHER INCOME AND NET OTHER GAINS AND LOSSES

Our other income and net other gains remained stable at HK\$1.0 million for both the Period and the Last Corresponding Period.

ADMINISTRATIVE EXPENSES

Our administrative expenses decreased by HK\$2.1 million or 10.5% to HK\$17.7 million for the Period from HK\$19.8 million for the Last Corresponding Period, primarily due to the decrease in utilities expenses and staff cost during the Period.

FINANCE COSTS

Our finance costs decreased by HK\$0.6 million or 9.7% to HK\$5.8 million for the Period from HK\$6.4 million for the Last Corresponding Period, primarily due to the decrease in weighted-average interest rate on the loan borrowings and amounts due to related parties for the financing of the Bangka Project during the Period.

PROFIT BEFORE TAX

Our Group recorded a profit before tax of HK\$15.1 million for the Period as compared to a loss before tax of HK\$4.5 million for the Last Corresponding Period, primarily due to the factors mentioned above.

INCOME TAX EXPENSE

Our income tax expense decreased by HK\$2.9 million or 52.5% to HK\$2.7 million for the Period from HK\$5.6 million for the Last Corresponding Period, mainly due to the decrease in Enterprise Income tax rate charged to Rugao and deferred income tax charged to our Indonesia subsidiaries.

PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company amounted to HK\$11.9 million for the Period as compared to loss attributable to owners of the Company amounted to HK\$8.9 million for the Last Corresponding Period, primarily due to the factors mentioned above.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Our principal liquidity and capital requirements primarily relate to investments in our projects, construction and upgrading of our wastewater treatment facilities, purchases of equipment as well as costs and expenses related to the operation and maintenance of our wastewater treatment and electricity generating facilities.

As at 30 June 2025, the carrying amount of the Group's bank balances and cash was HK\$52.0 million, representing an increase of 48.3% as compared with that of HK\$35.1 million as at 31 December 2024. As at 30 June 2025, the Group's bank balances and cash of HK\$30.0 million, HK\$7.2 million, HK\$6.4 million and HK\$8.4 million were denominated in Renminbi ("RMB"), Hong Kong Dollars ("HK\$"), Indonesian Rupiah ("IDR") and United States Dollars ("US\$"), respectively (31 December 2024: HK\$18.9 million, HK\$5.5 million, HK\$1.9 million and HK\$8.8 million were denominated in RMB, HK\$, IDR and US\$, respectively).

BANK AND OTHER BORROWINGS

As at 30 June 2025, the total amount of our utilised bank borrowings was HK\$73.7 million, of which HK\$46.8 million was repayable on demand and HK\$26.9 million was repayable within one year. HK\$62.8 million and HK\$10.9 million of the outstanding bank borrowings were denominated in HK\$ and RMB respectively (31 December 2024: HK\$64.8 million and HK\$10.6 million were denominated in HK\$ and RMB respectively).

Out of the HK\$73.7 million outstanding bank borrowings, HK\$18.0 million bore a floating interest rate of 1.6% per annum over the Hong Kong Interbank Offered Rate ("HIBOR"), HK\$16.0 million bore a floating interest rate of 2% per annum below Hong Kong Dollar prime rate, HK\$28.8 million bore a floating interest rate of 0.8% per annum over the HIBOR and 10.9 million bore a floating interest rate of 0.9% per annum below China Loan Prime Rate (31 December 2024: HK\$18.0 million bore a floating interest rate of 1.6% per annum over the HIBOR, HK\$18.0 million bore a floating interest rate of 2% per annum below Hong Kong Dollar prime rate, HK\$28.8 million bore a floating interest rate of 0.8% per annum over the HIBOR and HK\$10.6 million bore a floating interest rate of 0.9% per annum below China Loan Prime Rate). We had HK\$15.3 million unutilised banking facilities as at 30 June 2025 (31 December 2024: HK\$15.3 million).

As at 30 June 2025, the Company had an outstanding borrowing from independent third parties of the Group amounting to HK\$28.5 million (31 December 2024: HK\$24.8 million), which bore interest rates of 7.8% to 8% per annum of which HK\$9 million was repayable within one year and HK\$19.5 million was repayable within two to five years.

As at 30 June 2025, the Company had outstanding amounts due to related parties of the Group amounting to HK\$110.1 million (31 December 2024: HK\$101.9 million) which bore a fixed interest rate of 6% per annum (31 December 2024: 6% to 8% per annum). Out of the HK\$110.1 million outstanding amounts due to related parties, HK\$30.3 million was repayable within one year and HK\$79.8 million was repayable within two to five years (31 December 2024: HK\$101.9 million outstanding amounts due to related parties, HK\$7.3 million was repayable within one year and HK\$94.6 million was repayable within two to five years).

To the best knowledge of the Directors and management of the Group, all the interest rates of the above borrowings were determined at arm's length.

GEARING RATIO

Gearing ratio is calculated by dividing total debt by total equity and then multiplied by 100%, and total debt includes the interest-bearing bank borrowings, amounts due to related parties and other borrowings. Our gearing ratio decreased from 80.0% as at 31 December 2024 to 77.3% as at 30 June 2025, mainly attributable to the Group's higher retained earnings resulting from increased net profit, which strengthened the Group's equity and in turn reduced the overall gearing ratio.

CHARGE ON ASSETS

As at 30 June 2025, cash deposits amounted to HK\$32.2 million were pledged to secure the interest-bearing bank borrowings granted to the Group (31 December 2024: HK\$30.8 million).

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. Surplus cash will be invested appropriately so that the Group's cash requirements for its strategy or direction from time to time can be met.

CAPITAL EXPENDITURES

Our capital expenditures consist primarily of expenditures for the Rugao Expansion Project, the Bangka Project and the biofuel pellet business in Indonesia. During the Period, our capital expenditures amounted to HK\$20.3 million (Last Corresponding Period: HK\$8.7 million), which were funded by funds generated from our financing activities.

FOREIGN EXCHANGE RISK

Individual member companies in the PRC and Indonesia within our Group have limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. However, as these principal subsidiaries mainly carry assets and liabilities in RMB and IDR, any appreciation or depreciation of HK\$ against RMB and IDR will affect the Group's consolidated financial position which is presented in HK\$, and will be reflected in the exchange fluctuation reserve.

The Group does not have a foreign currency hedging policy. The Group minimises foreign exchange exposure by converting its cash and cash equivalents in other currencies generated from the operation of its foreign operating subsidiaries to HK\$.

CONTINGENT LIABILITIES

Save as disclosed in the section headed "Arbitration", as at 30 June 2025, the Group had no material contingent liabilities (31 December 2024: Nil).

ARBITRATION

As disclosed in the Company's announcement dated 14 February 2024, Everbest Water Treatment Development Company Limited ("**Everbest**") has applied to the Shenzhen Court of International Arbitration ("**SCIA**") to initiate arbitration (the "**Arbitration**") against CGN Environmental Protection Industry Co., Ltd, the purchaser, in relation to a dispute arising from the sale and purchase agreement regarding Everbest's disposal of 70% of the equity interest in Haian Hengfa Wastewater Treatment Company Limited in July 2022 (the "**Sale and Purchase Agreement**").

In the aforementioned Arbitration application, Everbest has requested for (i) payment of the third instalment of the consideration amounting to RMB13,633,200 under the Sale and Purchase Agreement, (ii) liquidated damages, exchange loss and legal fees of approximately RMB2.2 million in total, and (iii) all costs of the Arbitration.

On 5 February 2024, Everbest received a Notice of Arbitration issued by the SCIA, and on 28 August 2024, Everbest received an Arbitration Tribunal Formation and Hearing Notice. The first hearing and second hearing were held on 26 September 2024 and 18 December 2024, respectively. The SCIA subsequently issued a notice to Everbest on 5 March 2025, confirming that the arbitral award will be handed down by 28 August 2025.

As at the date of this announcement, the Arbitration is still in progress and the Group is unable to predict the outcome of the Arbitration. The Company will make further announcement(s) to update the shareholders of the Company (the "**Shareholders**") on any material developments in relation to the Arbitration proceedings as and when appropriate, in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2025, the Group had 293 employees (31 December 2024: 302 employees). Employee costs, including Directors' emoluments, amounted to approximately HK\$7.3 million for the Period (Last Corresponding Period: HK\$8.6 million). The remuneration policy for our Directors, senior management members and general staff is based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of our Group and the individual performance of our Directors, senior management members and general staff. The Group encourages the self-development of its employees and provides on-the-job training where appropriate.

The previous share option scheme of the Company was adopted on 5 September 2014 and expired on 4 September 2024, following which no further share options were offered and no share options remained outstanding. The Company did not adopt any share scheme following its expiration.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this announcement, the Group did not have any other significant investments, material acquisitions or disposals of assets, subsidiaries, associates or joint ventures during the Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group has no plan for other material investments or additions of capital assets as at the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, the Group has not undertaken any material event subsequent to the end of the Period and up to the date of this announcement.

INTERIM DIVIDEND

During the Board meeting held on 25 August 2025, the Board resolved not to declare the payment of any interim dividend for the Period (Last Corresponding Period: Nil).

CORPORATE GOVERNANCE

The Company strives to maintain a high standard of corporate governance, and has applied the principles and complied with all the mandatory disclosure requirements and the applicable code provisions as set out in the section headed "Part 2 — Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code contained in Appendix C1 (the "**CG Code**") to the Listing Rules throughout the Period and up to the date of this announcement.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct governing the securities transactions by the Directors. Following specific enquiries made by the Company with all the Directors, all of them have confirmed that they had complied with the required standard as set out in the Model Code during the Period.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Period, neither the Company nor any of its subsidiaries purchased, sold (including sale of treasury shares, if any) or redeemed any of the Company’s listed securities.

As at 30 June 2025, the Company did not hold any treasury shares.

REVIEW BY AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code for the purpose of reviewing and providing supervision over the Group’s financial reporting process, risk management and internal controls. The Audit Committee comprises three members, namely Ms. Ng Chung Yan Linda (who is also the chairlady of the Audit Committee), Mr. Ng Man Kung and Ms. Leung Bo Yee Nancy, all being independent non-executive Directors. The Audit Committee has reviewed with the Company’s management the accounting principles and practices adopted by the Group and the unaudited interim results of the Group for the Period and this interim report.

PUBLICATION OF INTERIM REPORT

The 2025 interim report of the Company will be published on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ellhk.com>) and dissemination and despatched to the Shareholders in due course.

APPRECIATION

I would like to take this opportunity to express my most sincere thanks and gratitude to our Shareholders and various parties for their continuing support, and to my fellow Directors and our staff for their dedication and hard work during the Period.

By Order of the Board
ELL Environmental Holdings Limited
Chau On Ta Yuen
Chairman

Hong Kong, 25 August 2025

As at the date of this announcement, the Board comprises Mr. Chau On Ta Yuen (Chairman), Mr. Chan Kwan (Chief Executive Officer), Mr. Chan Pak Lam Brian and Mr. Chau Chi Yan Benny as executive Directors, Mr. Radius Suhendra 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.