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China Dredging Environment Protection Holdings Limited

(formerly known as Xiangyu Dredging Holdings Limited)

中國疏浚環保控股有限公司

(前稱「翔宇疏浚控股有限公司」)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 871)

VOLUNTARY ANNOUNCEMENT:

(A) STATUS OF SATISFACTION OF PROFIT GUARANTEE IN CONNECTION WITH AN ACQUISITION AGREEMENT DATED 19 SEPTEMBER 2011; AND (B) NON-COMPETITION UNDERTAKINGS GIVEN BY CONTROLLING SHAREHOLDERS

Reference is made to (i) the prospectus (the “**Prospectus**”) of China Dredging Environment Protection Holdings Limited (“**Company**”) dated 8 June 2011; (ii) the announcement (the “**2011 Announcement**”) dated 19 September 2011; and (iii) the Company’s annual report for (“**2013 Annual Report**”) for the financial year ended 31 December 2013 (“**FY2013**”), which report was issued on 24 April 2014. Unless otherwise stated, capitalised terms used in this announcement have the same meanings as defined in the 2011 Announcement and the Prospectus.

SATISFACTION OF PROFIT GUARANTEE IN RESPECT OF TARGETCO

As disclosed in the 2011 Announcement, in September 2011, a subsidiary of the Company entered into an agreement to acquire 51% equity interest in Targetco (i.e. 江蘇蛟龍打撈航務工程有限公司 (Jiangsu Jiaolong Salvage Harbour Engineering Co. Ltd*.)), and such acquisition was completed in February 2012. Under such agreement, the Original Targetco Equity-holders and Targetco have agreed to give guarantee of after-tax net profit of Targetco in favour of such purchaser for each of the three years ended or ending 31 December 2012, 2013 and 2014. For FY2013, the profit guarantee amounted to RMB42 million. For further details of the acquisition agreement and the profit guarantees, please refer to the 2011 Announcement.

In addition to the updates about the business development of the Group made in the 2013 Annual Report, the board (the “**Board**”) of directors of the Company would supplement the following information about the status of profit guarantee for FY2013: the after-tax net profit of Targetco for FY2013 amounted to about RMB42.1 million, and accordingly the profit guarantee for FY2013 was satisfied.

NON-COMPETITION UNDERTAKINGS

The Controlling Shareholders (including without limitation Mr. Liu Kaijin and Wangji Limited) have given undertakings (“**Undertakings**”) to the Company not to directly or indirectly engage in the business which competes or may compete with the Group, on terms and conditions as disclosed in the Prospectus. For details of the Undertakings, please refer to page 162 to 165 of the Prospectus.

Further to the updates in relation to the corporate governance of the Company as set out in the 2013 Annual Report, the Board would supplement the following concerning the status of compliance with the Undertakings by the Controlling Shareholders:

- (1) the Board received from each of Mr. Liu Kaijin, Wangji Limited, Mr. Dong Liyong and Shen Wang Limited a confirmation (i) of compliance with the Undertakings for FY2013, and (ii) that during FY2013, neither they nor their associates (as defined in the Listing Rules) had any interest in any project or business opportunity (otherwise than through their interests held through the Group) which relates to the business activities by the Group;
- (2) none of the Directors are aware of any circumstances which indicate that the Controlling Shareholders or their associates are in breach of the Undertakings during FY2013; and
- (3) the terms of the Undertakings have remain unchanged since the Company’s listing on the Stock Exchange in June 2011.

By order of the Board
China Dredging Environment Protection Holdings Limited
Liu Kaijin
Joint Chairman, Executive Director and Chief Executive Officer

Hong Kong, 14 August 2014

As at the date of this announcement, the Board comprises Mr. Liu Kaijin as Joint Chairman, Executive Director and Chief Executive Officer; Ms. Zhou Shuhua as an Executive Director; Mr. Liu Longhua as a Non-executive Director and Joint Chairman; and Mr. Huan Xue Dong, Mr. Chan Ming Sun Jonathan and Mr. Xu Hengju as Independent Non-executive Directors.

* *For identification purpose only*