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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 — COOPERATION AGREEMENT IN RESPECT OF ENVIRONMENTAL MANAGEMENT AND CONSTRUCTION OF INFRASTRUCTURE TO BE CARRIED OUT IN THE QINGSHUI LAKE AREA**

The Board is pleased to announce that on 18 March 2014, Zhuzhou Investment, a State-owned enterprise established by the Committee of Zhuzhou Qingshuitang Cyclic Economy Industrial Zone\* and Hunan Investment, a subsidiary of the Group established in the PRC of which the Group is interested in 50% shareholding, entered into the Agreement. Under the Agreement, Hunan Investment has agreed to carry out the Environmental Protection Dredging Project. The total value of the Environmental Protection Dredging Project is estimated to be approximately RMB3 billion.

Reference is made to the announcement (the “**2012 Announcement**”) of the Company dated 21 October 2012 regarding the entering into of a framework agreement for the incorporation of Hunan Investment (as defined below) in Hunan Province, the PRC.

The board (the “**Board**”) of directors (the “**Directors**”) of China Dredging Environment Protection Holdings Limited (the “**Company**”) is pleased to announce that on 18 March 2014, Hunan Xiangjiang Environmental Asset Investment Management Co Ltd\* (湖南湘江環保產業投資管理有限公司) (“**Hunan Investment**”), in its ordinary course of business, and Zhuzhou Cyclic Economy Investment and Development Group Co., Ltd.\* (株洲循環經濟投資發展集團有限公司) (“**Zhuzhou Investment**”) (formerly known as Zhuzhou Cyclic Economy Investment and Development Co., Ltd.\* (株洲循環經濟投資發展有限責任公司), a State-owned enterprise established by the Committee of Zhuzhou Qingshuitang Cyclic Economy Industrial Zone\* (株洲清水塘循環經濟工業區委員會), entered into an environmental dredging cooperation agreement (the “**Agreement**”).

As stated in the 2012 Announcement, the Company and its subsidiaries (the “**Group**”) and Zhuzhou Investment would initially contribute RMB40 million and RMB10 million to the registered capital of Hunan Investment (which represents 80% and 20% respectively of the initial registered share capital of Hunan Investment), and the Group may subsequently transfer 60% of the registered capital in Hunan Investment to potential strategic investors when the opportunity arise. Upon further commercial negotiation between Zhuzhou Investment and the Group in late 2013, it was agreed by the parties that Zhuzhou Investment shall be responsible for 20% and another independent third party (“**Company A**”) shall be responsible for 30% of the registered capital of Hunan Investment, while the Group shall be responsible for 50% of the registered capital of Hunan Investment. As such, Hunan Investment was established in the PRC of which the Group was interested in 50% shareholding, while Zhuzhou Investment and Company A are interested in 20% and 30% shareholding respectively. As the Group is taken to be in control of the board of Hunan Investment, Hunan Investment is considered to be a subsidiary of the Group. Furthermore, the Group had decided to appoint Jiangsu Xiangyu Water Management Company Limited\* (江蘇翔宇水務有限公司) (a PRC subsidiary wholly-owned by the Group) instead of Xiangyu Dredging Company Limited (a Hong Kong subsidiary wholly-owned by the Group) to be the shareholder of Hunan Investment in order to ensure the shareholders of Hunan Investment to be PRC entities to have a competitive advantage in securing projects in the PRC.

Under the Agreement, Hunan Investment has agreed to provide environmental management and the relevant auxiliary engineering services at Qingshui Lake area, the PRC (the “**Environmental Protection Dredging Project**”). The total value of the Environmental Protection Dredging Project is estimated to be approximately RMB3 billion. Hunan Investment and Zhuzhou Investment shall enter into a further project construction contract, which shall include, among others, the payment terms and project size. Under the Agreement, Hunan Investment shall also appoint the Group to exercise actual implementation of the Environmental Protection Dredging Project, and shall request the Group to achieve completion of the preparation work for the commencement of the Environmental Protection Dredging Project before June 2014. Zhuzhou Investment shall also ensure Hunan Investment to obtain the necessary approvals for being the contractor of the Environmental Protection Dredging Project.

To the best of the Directors’ knowledge, information and belief, after having made all reasonable enquiries, Zhuzhou Investment and Company A are substantial shareholders of Hunan Investment, and are considered to be connected persons to the Group as defined under the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. As the principal terms, including payment terms, had not been confirmed in the Agreement and will be set out in the project construction contract, the Group will ensure that the reporting, announcement and independent shareholders’ approval requirements in relation to Chapter 14A of the Listing Rules will be followed before entering into of the project construction contract.

The Board believes that the Agreement will allow the Group to participate in the environmental dredging project in the Qingshui Lake area, which will enhance the environmental protection dredging business of the Group.

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

Hong Kong, 18 March 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*