

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares.



China Dredging Environment Protection Holdings Limited

中國疏浚環保控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 871)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 7 April 2020 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Subscription Agreement in relation to the issue of 191,917,000 Subscription Shares to the Subscriber at the Subscription Price of HK\$0.04 per Subscription Share. The Subscriber has agreed to subscribe the Subscription Shares pursuant to the Subscription Agreement.

The Subscription Shares to be allotted and issued under the Subscription Agreement represent approximately 10.77% of the existing issued share capital of the Company as at the date of this announcement, and approximately 9.72% of the issued share capital of the Company as enlarged by the allotment and issue of Subscription Shares.

The Subscription Shares will be allotted and issued under the General Mandate. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Shareholders and potential investors should note that the Completion is subject to fulfillment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

The Board is pleased to announce that on 7 April 2020 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Subscription Agreement in relation to the issue of Subscription Shares to the Subscriber, major terms of which are as follows:

THE SUBSCRIPTION AGREEMENT

Principal terms of the Subscription Agreement are as follows:

Date

7 April 2020 (after trading hours of the Stock Exchange)

Parties to the Subscription Agreement

- (i) the Company (as issuer); and
- (ii) the Subscriber.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Subscriber is an Independent Third Party.

Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue an aggregate of 191,917,000 new Shares at the Subscription Price of HK\$0.04 per Subscription Share.

The Subscription Shares to be allotted and issued under the Subscription Agreement represent approximately 10.77% of the existing issued share capital of the Company as at the date of this announcement, and approximately 9.72% of the issued share capital of the Company as enlarged by the allotment and issue of Subscription Shares.

The aggregate nominal value of the Subscription Shares (with a par value of HK\$0.10 each) is HK\$19,191,700.

Conditions Precedent

Completion shall be subject to the following conditions being fulfilled:

- (i) the Stock Exchange granting the approval for the listing of and permission to deal in the Subscription Shares; and
- (ii) compliance with all the applicable requirements under the Listing Rules and other regulatory bodies.

If any of the above conditions are not fulfilled on or before 27 April 2020 (or such other date as the Company and the Subscriber may agree), the Subscription Agreement will terminate and cease to have effect and none of the parties thereto shall have any claim against the others save for any antecedent breaches of the provisions thereof.

Completion

Completion shall take place within five business days from the date on which all the conditions referred to above have been fulfilled (or such other date as the Company and the Subscriber may agree).

Termination

The Subscriber is entitled to terminate the Subscription Agreement by notice in writing to the Company, amongst others, (i) if it comes to the knowledge or reasonable belief of the Company or the Subscriber that any representation, warranty and undertaking is false, misleading or contravened and is, in the reasonable opinion of the Subscriber, material for the purpose of the Subscription; and (ii) upon the occurrence of any of the force majeure events set out in the Subscription Agreement at any time between the date of the Subscription Agreement and the Completion Date.

Subscription Price

The Subscription Price of HK\$0.04 per Subscription Share represents:

- (i) a discount of approximately 2.44% to the closing price of HK\$0.041 per Share as quoted on the Stock Exchange on 7 April 2020, being the date of the Subscription Agreement;
- (ii) a discount of approximately 7.41% to the average closing price of approximately HK\$0.0432 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 6 April 2020, being the trading day immediately preceding the date of the Subscription Agreement; and
- (iii) a discount of approximately 14.35% to the average closing price of approximately HK\$0.0467 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 6 April 2020, being the trading day immediately preceding the date of the Subscription Agreement.

The net proceeds of the Subscription, after deducting the relevant expenses, are estimated to be approximately HK\$7,626,000 and the net price per Subscription Share is approximately HK\$0.04.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the recent trading prices of the Shares. The Directors consider that the Subscription is on normal commercial terms and the terms and conditions of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Subscriber shall pay to the Company's wholly owned PRC subsidiary the aggregate Subscription Price for the Subscription Shares on or before the Completion Date.

Ranking of the Subscription Shares

The Subscription Shares will, when issued and allotted, rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

General Mandate

The Subscription Shares will be allotted and issued under the General Mandate, which has not been used since granted. Accordingly, the General Mandate is sufficient for the issue and allotment of the Subscription Shares and the Subscription is not subject to the Shareholders' approval.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

USE OF PROCEEDS AND REASON FOR AND BENEFIT OF THE SUBSCRIPTION

The gross proceeds of the Subscription will be HK\$7,676,680 (equivalent to approximately RMB7,000,000). The net proceeds of the Subscription are estimated to be approximately HK\$7,626,000. The Company intends to use the net proceeds of the Subscription for general working capital of the Group.

The Directors are of the view that the Subscription will enlarge the shareholder base and the capital base of the Company. The net proceeds of the Subscription will strengthen the Group's financial position. Accordingly, the Directors consider that the Subscription is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PERIOD

The Company has not conducted any equity fund raising activity during the past twelve months immediately preceding the date of this announcement.

CHANGE IN SHAREHOLDING STRUCTURE

Assuming there is no change in the share capital of the Company from the date of the announcement up to Completion, below is the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after Completion.

	As at the date of this announcement		Immediately after Completion	
	Number of Shares	%	Number of Shares	%
Shareholders				
Wangji Limited (<i>Note 1</i>)	351,600,000	19.73	351,600,000	17.81
Mr. Liu Kaijin (<i>Note 2</i>)	35,559,000	2.00	35,559,000	1.80
Jiangsu Baisite Environment Engineering Co., Ltd* (<i>Note 3</i>)	148,180,000	8.31	148,180,000	7.51
The Subscriber	-	-	191,917,000	9.72
Other Shareholders	1,247,027,000	69.96	1,247,027,000	63.16
Total	1,782,366,000	100.00	1,974,283,000	100.00

Notes:

- (1) Mr. Liu Kaijin ("Mr. Liu") is the sole beneficial owner of Wangji Limited, a company incorporated in the British Virgin Islands with limited liability, which is the direct owner of 351,600,000 Shares.
- (2) Mr. Liu is the chairman of the Board and an executive Director.
- (3) Luck Morgan Investment Limited acts as nominee for Jiangsu Baisite Environment Engineering Co., Ltd* to hold 148,180,000 Shares.

Shareholders and potential investors should note that the Completion is subject to fulfillment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the same meanings set out below unless the context otherwise requires:

“Board”	the board of Directors
“Company”	China Dredging Environment Protection Holdings Limited (中國疏浚環保控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Subscription
“Completion Date”	the date on which the Completion shall take place
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company dated 29 May 2019, among other things, to allot, issue and deal with up to 354,732,800 Shares, being 20% of the then issued share capital of the Company as at the date of the annual general meeting
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with connected persons of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Share(s)”	ordinary share(s) of normal value of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Yuan Xiangbing (袁響兵)
“Subscription Agreement”	the subscription agreement dated 7 April 2020 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	the subscription price of HK\$0.04 per Subscription Share
“Subscription Shares”	an aggregate of 191,917,000 new Shares to be allotted and issued upon Completion of the Subscription
“Subscription”	the subscription of an aggregate of 191,917,000 Subscription Shares at the Subscription Price pursuant to the terms and conditions of the Subscription Agreement
“%”	per cent

For the purpose of this announcement, conversion of Hong Kong dollars into RMB is based on the approximate exchange rate of HK\$1 to RMB0.9119. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or RMB have been, could have been or may be converted at such or any other rate or at all.

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

Hong Kong, 7 April 2020

As at the date of this announcement, the Board comprises Mr. Liu Kaijin as Chairman and Executive Director; Mr. Wu Xuze as Executive Director and Chief Executive Officer; Ms. Zhou Shuhua as Executive Director; and Mr. Huan Xuedong, Mr. Chan Ming Sun Jonathan and Mr. Liang Zequan as Independent Non-executive Directors.

** for identification purpose only*