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## **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)**

### **SUPPLEMENTAL AGREEMENT IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

References are made to the announcements of China Dredging Environment Protection Holdings Limited (the “**Company**”) dated 7 April 2020 and 24 April 2020 (the “**Announcements**”) in relation to the Subscription. Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined in the Announcements.

#### **THE SUBSCRIPTION AGREEMENT**

As disclosed in the Announcements, on 7 April 2020 (after trading hours), 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 (of the Subscription Price of HK\$0.04 each) were validly issued as partly paid. To the best knowledge of our Directors having made all reasonable enquiries, as at the date of this announcement, the Subscriber has not transferred and/or disposed of the Subscription Shares and has not exercised any rights attached thereto, including, among others, the voting rights since the Subscriber became the Shareholder.

#### **THE SUPPLEMENTAL SUBSCRIPTION AGREEMENT**

On 23 November 2020 (after trading hours), the Company and the Subscriber entered into a supplemental subscription agreement (the “**Supplemental Subscription Agreement**”), pursuant to which the Company and the Subscriber agreed to clarify and amend the Subscription Price from HK\$0.04 per Subscription Share to HK\$0.10 per Subscription Share (the “**Revised Subscription Price**”). Accordingly, the Subscriber has to pay the Company an additional amount of HK\$11,515,020

(equivalent to approximately RMB9,770,494) (the “**Shortfall**”), being the aggregated shortfall between the Subscription Price and the Revised Subscription Price. No new Share will be issued under the Supplemental Subscription Agreement.

### **Revised Subscription Price**

The Revised Subscription Price per Subscription Share represents:

- (i) a premium of approximately 143.90% 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 premium of approximately 131.48% 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;
- (iii) a premium of approximately 114.13% 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;
- (iv) a premium of approximately 78.57% to the closing price of HK\$0.056 per Share as quoted on the Stock Exchange on 23 November 2020, being the date of the Supplemental Subscription Agreement;
- (v) a premium of approximately 104.08% to the average closing price of approximately HK\$0.049 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 20 November 2020, being the trading day immediately preceding the date of the Supplemental Subscription Agreement; and
- (vi) a premium of approximately 96.08% to the average closing price of approximately HK\$0.051 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 20 November 2020, being the trading day immediately preceding the date of the Supplemental Subscription Agreement.

The Revised Subscription Price was determined with reference to the nominal value of HK\$0.10 each Share and was negotiated on an arm’s length basis between the Company and the Subscriber. The Directors consider that the Subscription (as supplemented by the Supplemental Subscription Agreement) are on normal commercial terms and are fair and reasonable based on the current market conditions and is in the interests of the Company and the Shareholders as a whole.

On 23 November 2020, the payment of the Shortfall from the Subscriber was received in full by the wholly-owned PRC subsidiary of the Company. As a result of the receipt of the payment of the Shortfall, the Subscription Shares are legally issued and allotted, fully paid and the transaction

contemplated under the Supplemental Subscription Agreement was completed on 23 November 2020 accordingly. Consequently, the Subscription (as supplemented by the Supplemental Subscription Agreement) is in compliance with all applicable laws and regulations.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL SUBSCRIPTION AGREEMENT**

Recently, it has come to the Directors' awareness that the Subscription Price is lower than the nominal value of the Shares of HK\$0.10 each. In order to fully comply with all applicable laws and regulations, the Company and the Subscriber entered into the Supplemental Subscription Agreement to clarify and amend the Subscription Price to make it on par with the nominal value of the Shares.

The terms of the Supplemental Subscription Agreement were arrived at after arm's length negotiations between the Company and the Subscriber. The Directors consider that the transactions contemplated under the Supplemental Subscription Agreement will enable the parties to fully comply with all applicable laws and regulations, while at the same time strengthening the Group's financial position with the enlarged capital base. As such, the Board is of the view that the terms of the Supplemental Subscription Agreement are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

## **USE OF ADDITIONAL PROCEEDS**

The additional gross proceeds and additional net proceeds (after deducting relevant costs and expenses) raised from the entering into of the Supplemental Subscription Agreement will be HK\$11,515,020 and approximately HK\$11,250,000 respectively. The total gross proceeds and total net proceeds (after deducting relevant costs and expenses) of the Subscription (as supplemented by the Supplemental Subscription Agreement) will be HK\$19,191,700 and approximately HK\$18,876,000. Accordingly, the net price per Subscription Share is increased from approximately HK\$0.04 (as disclosed in the announcement of the Company dated 7 April 2020) to approximately HK\$0.10.

The additional net proceeds raised from the entering into of the Supplemental Subscription Agreement shall be used for the general working capital of the Group.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PERIOD**

Saved for the Subscription (and the entering into of the Supplemental Subscription Agreement), the Company has not conducted any equity fund raising activity during the past twelve months immediately preceding the date of this announcement.

## **GENERAL MANDATE**

As disclosed in the Announcements, the Subscription Shares shall be allotted and issued under the General Mandate granted to the Directors by the Shareholders at the annual general meeting of the Company dated 29 May 2019.

Completion under the Supplement Subscription Agreement, however, took place on 23 November 2020. As such, the Subscription Shares shall be allotted and issued under the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company dated 17 June 2020 instead of the General Mandate.

Save and except for the aforesaid, (i) all other material terms and conditions of the Subscription Agreement (including the number of Subscription Shares) shall remain unchanged and continue in full force and effect; and (ii) the contents of the Announcements shall remain true and accurate.

*For the purpose of this announcement, conversion of Hong Kong dollars into RMB is based on the approximate exchange rate of HK\$1 to RMB0.8485. 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, 23 November 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*