

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **China Dredging Environment Protection Holdings Limited** (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

### **SHARE OPTION SCHEME — REFRESHMENT OF GENERAL LIMIT**

A notice convening the EGM to be held at Room 3619, 36/F, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Sheung Wan, Hong Kong on 23 October 2014 at 3:00 p.m. is set out on page 8 to 9 of this circular. A form of proxy for use at the EGM is also enclosed with this circular.

Whether or not you intend to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish and, in such event, the form of proxy shall be deemed to be revoked.

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## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“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, the issued Shares of which are listed on the Stock Exchange
“core connected person(s)”	shall have the meaning as ascribed to such term under the revised Listing Rules which came into effect on 1 July 2014
“Date of Adoption”	24 May 2011, being the date on which the Share Option Scheme was adopted by the Company
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Room 3619, 36/F, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Sheung Wan, Hong Kong on 23 October 2014 at 3:00 p.m. or any adjournment thereof
“General Limit”	the maximum number of Shares which may be issued upon the exercise of all share options granted or to be granted under the Share Option Scheme and any other share option scheme(s) of the Company as may from time to time be adopted by the Company as permitted under the Listing Rules, which initially shall not, in aggregate, exceed 10% of the issued share capital of the Company as at the Date of Adoption and thereafter, if refreshed, shall not exceed 10% of the issued share capital of the Company as at the date of approval of the refreshed limit by the Shareholders
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	25 September 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular

## DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Option(s)”	any share option(s) granted or to be granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on the Date of Adoption
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

LETTER FROM THE BOARD



**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)

*Executive Directors:*

Mr. Liu Kaijin (*Joint chairman  
and chief executive officer*)

Ms. Zhou Shuhua

*Non-executive Director:*

Mr. Liu Longhua (*Joint chairman*)

*Independent non-executive Directors:*

Mr. Huan Xuedong

Mr. Xu Hengju

Mr. Chan Ming Sun Jonathan

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

Office 19, 36th Floor

China Merchants Tower

Shun Tak Centre

200 Connaught Road Central

Hong Kong

30 September 2014

*To the Shareholders*

Dear Sir/Madam

**SHARE OPTION SCHEME — REFRESHMENT OF GENERAL LIMIT**

**INTRODUCTION**

The primary purpose of this circular is to provide you with, among others, details of the refreshment of the General Limit under the Share Option Scheme together with the notice of the EGM.

## LETTER FROM THE BOARD

### SHARE OPTION SCHEME — REFRESHMENT OF THE GENERAL LIMIT

Under the rules of the Share Option Scheme:

- (1) the maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the shares of the Company in issue from time to time (“**30% Overall Limit**”);
- (2) the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company is subject to the General Limit; and
- (3) unless approved by Shareholders in general meeting, the total number of Shares issued and to be issued upon the exercise of options granted to each participant of the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the issued share capital of the Company (“**Individual Limit**”).

As at the Latest Practicable Date, apart from the Share Option Scheme, the Company has not adopted any other share option scheme.

The Company may seek approval from Shareholders in general meeting for refreshing the General Limit, so that the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall be reset at 10% of the Shares in issue as at the date of the approval of the limit as refreshed.

In this connection, options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the 10% General Limit as refreshed.

Pursuant to the Share Option Scheme, which has not been refreshed since its adoption in 2011, the existing General Limit is 80,000,000 Shares, being 10% of the Shares in issue as at the date of approving the Share Option Scheme on 24 May 2011.

As at the Latest Practicable Date,

- (i) options carrying the rights to subscribe for up to a total of 87,600,000 Shares (including certain options which were granted after the lapse or cancellation of options previously granted) were granted under the Share Option Scheme to Directors or employees or consultants of the Group;
- (ii) out of the options as mentioned in (i), 55,600,000 Share Options have been exercised;

## LETTER FROM THE BOARD

- (iii) options carrying the rights to subscribe for a total of 14,000,000 Shares were cancelled and options carrying rights to subscribe for a total of 6,000,000 Shares and 12,000,000 Shares lapsed on 30 March 2014 and 29 May 2014 respectively; and
- (iv) there are no Shares which may fall to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme.

All the above grantees of options fall within the category of eligible participants under the Share Option Scheme. None of the grantees are core connected persons (as defined under the Listing Rules) of the Company.

Since the adoption of the Share Option Scheme, none of the grantees have been granted options that exceed the Individual Limit.

Unless the General Limit is refreshed, no further Share Options may be granted and no Shares may be issued under the Share Option Scheme.

If the General Limit is refreshed, on the basis of 855,600,000 Shares in issue as at the Latest Practicable Date and assuming that, prior to the EGM, (i) no Shares are issued (whether upon exercise of options granted under the Share Option Scheme or otherwise) or repurchased by the Company; and (ii) no share options may be further granted, the General Limit will be reset at 85,560,000 Shares and the Company will be allowed to grant further options under the Share Option Scheme and other share option schemes carrying the rights to subscribe for up to the said 85,560,000 Shares.

On the basis of 855,600,000 Shares in issue as at the Latest Practicable Date, the 30% Overall Limit represents a total of 256,680,000 Shares. Accordingly, since no further Share Options may be granted and no further Shares may be issued under the Share Option Scheme as at the Latest Practicable Date, the said limit of 85,560,000 Shares arising from the refreshing of the General Limit does not exceed the 30% Overall Limit as at the Latest Practicable Date.

The purposes of the Share Option Scheme are to provide incentives or rewards to employees, customers and suppliers of the Group and other eligible participants of the Share Option Scheme for their contribution to the Group and/or to enable the Group to recruit and retain high caliber employees and attract human resources that are valuable to the Group. Unless the General Limit is refreshed in accordance with the rules of the Share Option Scheme, the Directors consider that the Share Option Scheme cannot continue to serve its intended purpose for the benefits of the Group and the Shareholders.

The Directors consider that it will be to the benefit of the Company and the Shareholders as a whole that eligible participants of the Share Option Scheme are granted rights to obtain equity holdings in the Company through the grant of options under the Share Option Scheme. This will motivate the eligible participants to contribute to the success of the Group. For these reasons, the Directors will propose the passing of an ordinary resolution at the EGM for refreshing the General Limit.

## **LETTER FROM THE BOARD**

The refreshment of the General Limit is conditional upon (a) the Shareholders passing an ordinary resolution to approve the refreshment of the General Limit on the grant of options under the Share Option Scheme; and (b) the Stock Exchange granting the approval of the listing of, and permission to deal in, the Share to be issued pursuant to the exercise of any options granted under the refreshed General Limit.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued upon the exercise of any options under the refreshed General Limit.

### **EGM**

Notice of the EGM is set out on page 8 to 9 of this circular. A form of proxy for use at the EGM is also enclosed herewith. They are also published on the website of the Stock Exchange and the website of the Company.

Whether or not you intend to attend the EGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

### **VOTING BY POLL**

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the results of the poll will be published by the Company after the EGM on the respective websites of the Stock Exchange and the Company.

### **RECOMMENDATION**

The Directors consider that the refreshment of the General Limit is in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend Shareholders to vote in favour of the relevant resolution as set out in the notice of the EGM.

### **MISCELLANEOUS**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.



**LETTER FROM THE BOARD**

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

By Order of the Board  
**China Dredging Environment Protection Holdings Limited**

**Liu Kaijin**

*Joint chairman, executive Director and  
chief executive officer*

## NOTICE OF EGM



### 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)

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (“**Meeting**”) of the Shareholders will be held at Room 3619, 36/F, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Sheung Wan, Hong Kong on 23 October 2014 at 3:00 p.m. for the purpose of considering, and if thought fit, passing, with or without modifications, the following resolution as ordinary resolution:

#### ORDINARY RESOLUTIONS

1. “**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of shares of the Company which may fall to be allotted and issued pursuant to the exercise of the options which may be granted under the share option scheme (“**Share Option Scheme**”) of the Company adopted pursuant to a resolution the Shareholders of the Company passed on 24 May 2011, representing 10% of the issued share capital of the Company as at the date on which this resolution is passed, pursuant to the Share Option Scheme:
  - (a) approval be and is hereby granted for refreshing the 10% mandate under the Share Option Scheme (“**Refreshed General Limit**”) provided that the total number of shares of the Company which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed hereby shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the day on which this resolution is passed (options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Refreshed General Limit); and

## NOTICE OF EGM

- (b) the directors of the Company or a duly authorized committee thereof be and they are hereby authorized: (i) at their absolute discretion, to grant options to subscribe for shares of the Company within the Refreshed General Limit in accordance with the rules of the Share Option Scheme, and (ii) to allot, issue or otherwise deal with shares of the Company pursuant to the exercise of options granted under the Share Option Scheme within the Refreshed General Limit.”

By Order of the Board  
**China Dredging Environment Protection Holdings Limited**  
**Liu Kaijin**  
*Joint chairman, executive Director and  
chief executive officer*

Hong Kong, 30 September 2014

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal Place of Business in Hong Kong:*

Office 19, 36th Floor  
China Merchants Tower  
Shun Tak Centre  
200 Connaught Road Central  
Hong Kong

*Notes:*

- (a) A member entitled to attend and vote at the Meeting may appoint a proxy or, if holding two or more shares, more than one proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
- (b) To be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or adjournment thereof.
- (c) To be valid, the form of notice of appointment of corporate representative, in the case of appointment by a shareholder which is a corporate shareholder other than a clearing house, must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or adjournment thereof.
- (d) The register of members of the Company will be closed from Wednesday, 22 October 2014 to Thursday, 23 October 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 21 October 2014.