

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

中國疏浚環保控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 871)

**(A) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES;
(B) RE-ELECTION OF RETIRING DIRECTORS;
(C) PROPOSED ADOPTION OF SHARE OPTION SCHEME; AND
(D) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM to be held at Rooms 1501–2, 15/F, Siu On Plaza, 482 Jaffe Road, Causeway Bay, Hong Kong on Thursday, 17 June 2021 at 3:00 p.m. is set out on page 26 to 29 of this circular. A form of proxy for use at the AGM is also enclosed with this circular.

Whether or not you intend to attend the AGM 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 54, 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 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof if you so wish and, in such event, the form of proxy shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE AGM

To safeguard the health and safety of the Shareholders and to prevent the spread of COVID-19, the following precautionary measures will be implemented at the AGM:

- Compulsory temperature checks;
- Compulsory wearing of surgical face masks; and
- No provision of refreshments.

Any person who does not comply with the precautionary measures may be denied entry to the AGM venue. The Company would like to encourage Shareholders to consider appointing the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Rooms 1501–2, 15/F, Siu On Plaza, 482 Jaffe Road, Causeway Bay, Hong Kong on Thursday, 17 June 2021 at 3:00 p.m. or any adjournment thereof
“Articles”	the articles of association of the Company
“Board”	the board of Directors
“close associate(s)”	shall have the same meaning as ascribed to such term under the Listing Rules
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands
“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 Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Participant(s)”	has the meaning ascribed to it under paragraph 2 of “Appendix III — Summary of the Principal Terms of the Share Option Scheme”
“Existing Share Option Scheme”	the share option scheme adopted by the Company on 24 May 2011
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to the effect that the total number of Shares which may be allotted and issued under the General Mandate may be increased by an additional number representing such number of Shares actually repurchased under the Repurchase Mandate
“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

DEFINITIONS

“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to exercise the Company’s power to allot, issue or otherwise deal with Shares up to a maximum of 20% of the total number of the issued Shares as at the date of passing of the relevant resolution at the AGM
“Latest Practicable Date”	29 April 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to enable them to repurchase Shares on the Stock Exchange, or any other stock exchange on which the Shares may be listed, up to a maximum of 10% of the total number of the issued Shares as at the date of passing of the relevant resolution at the AGM
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company
“Share Option(s)”	the options granted under the Share Option Scheme to subscribe for Shares in accordance with the Share Option Scheme
“Share Option Scheme”	the new share options scheme of the Company proposed to be adopted at the AGM, the principal terms of which are set out in Appendix III to this circular
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Liu Kaijin (*Chairman*)

Mr. Wu Xuze (*Chief Executive Officer*)

Ms. Zhou Shuhua

Independent non-executive Directors:

Mr. Huan Xuedong

Mr. Chan Ming Sun Jonathan

Mr. Liang Zequan

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:*

Rooms 1501–2, 15/F

Siu On Plaza

482 Jaffe Road

Causeway Bay

Hong Kong

7 May 2021

To the Shareholders

Dear Sir/Madam

**(A) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES;
(B) RE-ELECTION OF RETIRING DIRECTORS;
(C) PROPOSED ADOPTION OF SHARE OPTION SCHEME; AND
(D) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purposes of this circular are to provide you with information regarding the resolutions to be proposed at the AGM and to give you notice of the AGM. Resolutions to be proposed at the AGM include ordinary resolutions relating to (i) the proposed grant of each of the Issue Mandate, the Repurchase Mandate and the Extension Mandate; (ii) the proposed re-election of each of the retiring Directors; and (iii) the adoption of the Share Option Scheme.

LETTER FROM THE BOARD

THE ISSUE MANDATE

On 17 June 2020, an ordinary resolution was passed by the Shareholders to grant to the Directors a general mandate to issue new shares. Such general mandate will lapse at the conclusion of the AGM.

At the AGM, an ordinary resolution will be proposed that the Directors be granted the Issue Mandate to allot, issue and deal in the Shares up to a maximum of 20% of the total number of the issued Shares as at the date of passing of the relevant resolution. As at the Latest Practicable Date, the number of the Shares in issue is 1,503,881,500. Subject to the passing of the relevant resolution, the maximum number of new Shares to be issued under the Issue Mandate will be 300,776,300 Shares (assuming that there will be no change in the number of Shares in issue between the Latest Practicable Date and the date of the AGM).

THE REPURCHASE MANDATE AND THE EXTENSION MANDATE

On 17 June 2020, ordinary resolutions were passed by the Shareholders to grant to the Directors general mandates to repurchase shares and to extend the general mandate to allot, issue and deal in additional shares by the number of shares repurchased by the Company. Such general mandates will lapse at the conclusion of the AGM.

At the AGM, an ordinary resolution will also be proposed that the Directors be granted the Repurchase Mandate to exercise all powers of the Company to repurchase the Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed, up to a maximum of 10% of the total number of the issued Shares as at the date of passing of the relevant resolution.

In addition, at the AGM, an ordinary resolution will be proposed that the Directors be granted the Extension Mandate by which the Issue Mandate will be extended by such number of additional Shares as is equal to the number of the Shares repurchased by the Company pursuant to the exercise of the Repurchase Mandate.

The Repurchase Mandate and the Issue Mandate will continue in force until the conclusion of the next annual general meeting of the Company, unless it is renewed at such meeting or until revoked or varied by ordinary resolutions of the Shareholders in general meeting held prior to the next annual general meeting of the Company.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the Repurchase Mandate is set out in Appendix I to this circular. The explanatory statement contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the proposed resolution relating to the Repurchase Mandate at the AGM.

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTORS

In accordance with article 105(A) of the Articles, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but no less than one-third) shall retire office from rotation. It is proposed that Mr. Chan Ming Sun Jonathan and Mr. Liang Zequan will by rotation retire from their office as Directors at the AGM and being eligible, offer themselves for re-election as Directors at the AGM.

Recommendations to the Board for the proposal for re-election of Mr. Chan Ming Sun Jonathan and Mr. Liang Zequan as independent non-executive Directors were made by the nomination committee of the Company (the “**Nomination Committee**”), after having considered a range of diversity perspectives including but not limited to gender, age, professional experience, skills, knowledge and industry experience, as set out in the board diversity policy of the Company.

The Nomination Committee had reviewed the written confirmations of independence of Mr. Chan Ming Sun Jonathan and Mr. Liang Zequan based on the independence criteria as set out in rule 3.13 of the Listing Rules and is satisfied that they remain independent in accordance with rule 3.13 of the Listing Rules. In addition, the Nomination Committee is of the view that Mr. Chan Ming Sun Jonathan and Mr. Liang Zequan would bring to the Board their own perspective, skills and experience as described in their biographies in Appendix II to this circular.

At the AGM, ordinary resolutions will be put forward to the Shareholders in relation to the proposed re-election of Mr. Chan Ming Sun Jonathan and Mr. Liang Zequan as independent non-executive Directors.

Biographical details of each of Mr. Chan Ming Sun Jonathan and Mr. Liang Zequan (who would offer themselves for re-election) are required to be disclosed pursuant to the Listing Rules, and are set out in Appendix II to this circular.

PROPOSED ADOPTION OF THE SHARE OPTION SCHEME

Existing Share Option Scheme

The Existing Share Option Scheme was adopted on 24 May 2011, and will expire on the tenth anniversary of its adoption. As at the Latest Practicable Date, none of the share options under the Existing Share Option Scheme remain outstanding and exercisable upon.

As the Existing Share Option Scheme will expire on 24 May 2021 and to enable the Company to continue to grant Share Options to Eligible Participants as incentives or rewards for their contributions to the success of the Group, the Board proposes to recommend to the Shareholders at the AGM to approve and adopt the Share Option Scheme.

LETTER FROM THE BOARD

The Share Option Scheme

A summary of the principal terms of the Share Option Scheme is set out in Appendix III of this circular.

The Share Option Scheme will continue to enable the Company to grant Share Options to Eligible Participants as incentives or rewards for their contribution or potential contribution to the Company and/or any of the subsidiaries.

The Directors consider that the adoption of the Share Option Scheme is in the interests of the Company and the Shareholders as a whole.

Under the Share Option Scheme, the Board has the authority to set the terms and conditions in the grant of the Share Options (e.g. in relation to the minimum period of the Share Options to be held, the performance targets to be achieved before such Share Options can be exercised and the determination of the subscription price). The Board considers that this will provide the Board with more flexibility in imposing appropriate conditions in light of the circumstances of each grant to achieve the purpose of the Share Option Scheme.

None of the Directors is a trustee of the Share Option Scheme or has a direct or indirect interest in the trustee of the Share Option Scheme, if any.

The provisions of the Share Option Scheme comply with the requirements of Chapter 17 of the Listing Rules.

As at the Latest Practicable Date, there were 1,503,881,500 Shares in issue. Assuming that no further Share will be allotted, issued, repurchased or cancelled prior to the AGM, the total number of Shares that may fall to be allotted and issued under the Share Option Scheme after the resolution regarding the proposed adoption of the Share Option Scheme is passed at the AGM would be 150,388,150 Shares, representing approximately 10% of the total number of Shares in issue.

The Directors consider that it is not appropriate to state the value of the Share Options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. The pricing of the Share Options is also set out in paragraph (8) of Appendix III of this circular. The Directors believe that any estimate regarding the value of the Share Options will not be meaningful to the Shareholders, since the Share Options to be granted shall not be assignable, and no holder of the Share Options shall in any way sell, transfer, charge, mortgage or create any interest (legal or beneficial) in favour of any third party over or in relation to any Share Option.

As at the Latest Practicable Date, no Share Option had been granted under the Share Option Scheme.

LETTER FROM THE BOARD

The adoption of the Share Option Scheme is conditional upon:

- (a) the passing of the necessary resolution by the Shareholders in the general meeting of the Company to approve and adopt the Share Option Scheme; and
- (b) the Stock Exchange granting approval of the listing of, and permission to deal in, such number of Shares to be allotted and issued by the Company pursuant to the exercise of any Share Options in accordance with the terms and conditions of the Share Option Scheme (up to 10% of the shares in issue as at the date of the AGM).

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the Share Options granted under the Share Option Scheme.

As at the Latest Practicable Date, no Shareholder had a material interest in the adoption of the Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolution in relation thereto.

A copy of the rules of the Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at Rooms 1501-2, 15/F, Siu On Plaza, 482 Jaffe Road, Causeway Bay, Hong Kong, at normal business hours from the date of this circular up to and including the date of the AGM.

AGM

Notice of the AGM is set out on page 26 to 29 of this circular. A form of proxy for use at the AGM 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 AGM 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time of the AGM 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 AGM 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 AGM on the respective websites of the Stock Exchange and the Company.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the proposed granting to the Directors of the Issue Mandate, the Repurchase Mandate and the Extension Mandate, the re-election of each of the retiring Directors above and the proposed adoption of the Share Option Scheme are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of all the relevant resolutions as set out in the notice of the AGM.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

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 or this circular misleading.

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

Chairman and executive Director

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide certain information to you for your consideration of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the number of the Shares in issue is 1,503,881,500. Subject to the passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 150,388,150 Shares, being 10% of the issued Shares as at the date of passing of the relevant resolution for granting the Repurchase Mandate.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASES

Repurchases made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Articles and the applicable laws of the Cayman Islands. Under the Cayman Islands laws, any repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, if so authorised by its Articles and subject to the provisions of the Companies Law, out of capital and, in the case of any premium payable on a repurchase, such premium must be provided for out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorised by its Articles and subject to the provisions of the Companies Law, out of capital.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements contained in the annual report for the year ended 31 December 2020) in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse impact on the working capital requirements of the Company or the gearing levels which, in the opinion of the Board, are from time to time appropriate for the Company.

4. SHARE PRICES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date:

Month	Share prices per Share	
	Highest	Lowest
2020		
April	0.09	0.08
May	0.09	0.07
June	0.08	0.068
July	0.126	0.076
August	0.108	0.084
September	0.116	0.104
October	0.108	0.092
November	0.112	0.088
December	0.152	0.102
2021		
January	0.188	0.154
February	0.176	0.156
March	0.168	0.147
April (up to the Latest Practicable Date)	0.160	0.140

The above share prices have been adjusted for the effect of the share consolidation of the Company on the basis of every two shares into one consolidated share with effect from 9 March 2021.

5. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates, has any present intention to sell any Shares to the Company, if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will only exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

The Company has not been notified by any core connected person that such a person has a present intention to sell, or has undertaken not to sell, any Shares to the Company, if the Repurchase Mandate is approved by the Shareholders.

All repurchased Shares (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those Shares must be cancelled and destroyed. Under Cayman Islands law, a company's repurchased shares may be treated as cancelled and the amount of the company's issued share capital will be reduced by the aggregate par value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Mr. Liu Kaijin, the chairman and executive Director, was interested in 701,819,500 Shares, representing approximately 46.67% of the issued Shares. Of the 701,819,500 Shares in which he was interested, 175,800,000 Shares, representing approximately 11.69% of the issued Shares, was held by Wangji Limited which was solely owned by Mr. Liu Kaijin and 526,019,500 Shares (representing approximately 34.98% of the issued Shares) was directly held in his own name. An exercise of the Repurchase Mandate in full may result in Mr. Liu Kaijin becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code. Nevertheless, the Directors have no intention to exercise the Repurchase Mandate to an extent as may result in any shareholder becoming obliged to make a general offer under Rule 26 of the Takeovers Code.

On the basis of the current financial position of the Group as disclosed in the annual report for the year ended 31 December 2020 and taking into account the Group's current working capital position, the Directors consider that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse impact on the working capital and/or the gearing position of the Group as compared with the position disclosed in the annual report. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Group.

Assuming that there is no issue of the Shares between the Latest Practicable Date and the date of a repurchase and no disposal by any of the substantial Shareholders of their interests in the Shares, an exercise of the Repurchase Mandate whether in whole or in part will not result in less than 25% of the Shares being held by the public. In any event, the Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than 25%.

Save as disclosed above, the Directors are currently not aware of any consequences which will arise under the Takeovers Code as a result of any purchase made under the Repurchase Mandate.

No Shares had been repurchased by the Company, whether on the Stock Exchange or otherwise, during the six months preceding the Latest Practicable Date.

The particulars of each of Mr. Chan Ming Sun Jonathan and Mr. Liang Zequan, the retiring Directors who are proposed to be re-elected at the AGM are set out below:

1. Mr. Chan Ming Sun Jonathan

Mr. Chan Ming Sun Jonathan (陳銘燦), aged 48, was appointed as an independent non-executive Director on 30 November 2012. He is the chairman of the Audit Committee, and a member of each of the Remuneration Committee and Nomination Committee.

Mr. Chan graduated from the University of New South Wales, Australia with a Bachelor of Commerce degree in Accounting and Computer Information Systems. Mr. Chan is both a member of the Hong Kong Institute of Certified Public Accountants and Certified Public Accountants, Australia. He has extensive working experience in accounting, investment and corporate finance.

Mr. Chan worked in an international accounting firm for about five years and currently, he is an investment manager of Sprint Asset Management Limited. Mr. Chan is currently an independent non-executive director of Aceso Life Science Group Limited (previously known as Hao Tian Development Group Limited) (stock code: 474), Up Energy Development Group Limited (stock code: 307) (note), Fujian Nuoqi Co., Ltd (stock code: 1353) and Changhong Jiahua Holdings Limited (stock code: 3991) whose securities are listed on the main board of the Stock Exchange. Mr. Chan acted as an independent non-executive director of Shenyang Public Utility Holdings Company Limited (stock code: 747) for the period from 12 February 2015 to 8 September 2020, whose securities are listed on the main board of the Stock Exchange, and of Dining Concepts Holdings Limited (currently known as Life Concepts Holdings Limited, stock code: 8056) for the period from 14 July 2016 to 12 December 2018, whose securities are listed on the GEM of the Stock Exchange.

Mr. Chan entered into an appointment letter with the Company for a term of one year commencing from 30 November 2020. He is subject to retirement by rotation under the Articles. Pursuant to the appointment letter, Mr. Chan is entitled to a salary of RMB100,000 per annum.

Save as disclosed above, Mr. Chan has not previously held and is not holding any other positions with the Company or its subsidiaries and has not held any directorships in other listed companies in the past three years.

Mr. Chan does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company, nor does he have any interests in the shares of the Company within the meaning of Part XV of the SFO.

There is no information which is discloseable nor is/was Mr. Chan involved in any matters required to be disclosed pursuant to any of the requirements of rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules in relation to his proposed re-election. There are no other matters concerning Mr. Chan that need to be brought to the attention of the Shareholders.

Note: The appointment of Mr. Chan Ming Sun Jonathan as an independent non-executive director of Up Energy Development Group Limited (stock code: 307) (“Up Energy”) is under dispute. For details, please refer to the relevant announcements of Up Energy.

2. Mr. Liang Zequan

Mr. Liang Zequan (梁澤泉先生), aged 52, was appointed as an independent non-executive Director, a member of the audit committee, the chairman of remuneration committee and a member of the nomination committee of the Company on 23 September 2016.

Mr. Liang has been the chairman and secretary of the Communist Party's committee of Jiangsu Renhe Zhongheng Consulting Group* (江蘇仁禾中衡諮詢集團). He is also an independent non-executive director of Jiangsu Gaohe Intelligent Equipment Co., Ltd. (stock code: 831787), a company listed on the Shenzhen Stock Exchange. Mr. Liang held various positions including the chairman, the secretary of the Communist Party's general sub-division committee and the general manager of Chengnan Branch of Jiangsu Renhe Zhongheng Engineering Consulting Real Estate Valuation Co., Ltd* (江蘇仁禾中衡工程諮詢房地產估價有限公司), the chairman of Jiangsu Renhe Zhongheng CPA Limited* (江蘇仁禾中衡會計師事務所有限公司), the chairman of Yancheng Renhe Capital Construction Investment Valuation Co., Ltd* (鹽城仁禾基本建設投資估價事務所有限公司) and the vice chairman of Yancheng Zhengdao CPA Limited* (鹽城正道會計師事務所有限公司).

Mr. Liang graduated from Yancheng Institute of Technology and obtained the Industrial and Civil Building Engineering professional qualification. He is a PRC principal senior economist with the qualifications of PRC certified engineer, asset appraiser and real estate appraiser.

Mr. Liang currently serves as a member of the 12th session of the committee of the Chinese People's Political Consultative Conference of Yancheng City, Jiangsu Province* (中國人民政治協商會議江蘇省鹽城市第十二屆委員會委員), the vice chairman of Jiangsu Province Real Estate Appraisers and Agents Association* (江蘇省房地產估價與經紀協會), an expert of Jiangsu Cost Advisory Expert Committee* (江蘇省造價諮詢專家委員會), an executive director of Registered Accountants Association of Yancheng City, Jiangsu Province* (江蘇省鹽城市註冊會計師協會), a special auditor of Audit Bureau of Yancheng City, Jiangsu Province* (江蘇省鹽城市審計局), the vice chairman of Junior Chamber of Commerce of Tingfu District, Yancheng City, Jiangsu Province* (江蘇省鹽城市亭湖區青年商會), the vice chairman of Association of Forensic Sciences of Yancheng City, Jiangsu Province* (江蘇省鹽城市司法鑒定協會) and the vice chairman of Federation of Industry and Commerce of Yancheng City, Jiangsu Province* (江蘇省鹽城市工商業聯合會).

Mr. Liang has entered into an appointment letter with the Company for a term of one year commencing from 23 September 2020, subject to retirement by rotation under the Articles. Pursuant to the appointment letter, Mr. Liang is not entitled to any remuneration or salary, but the expenses incurred in connection with his discharge of duties is borne by the Company.

Save as disclosed above, Mr. Liang has not previously held and is not holding any other position with any of the Company or its subsidiaries. He has not held any other directorships in any listed companies for the past three years.

Mr. Liang does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company, nor does he have any interests in the Shares within the meaning of Part XV of the SFO.

There is no information which is discloseable nor is/was Mr. Liang involved in any matters required to be disclosed pursuant to any of the requirements of rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules in relation to his proposed re-election. There are no other matters concerning Mr. Liang that need to be brought to the attention of the Shareholders.

* *for identification purposes only*

The following is a summary of principal terms of the Share Option Scheme proposed to be approved by the Shareholders at the AGM. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

1. PURPOSES OF THE SCHEME

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

2. WHO MAY JOIN

The Directors (which expression shall, for the purpose of this paragraph 15, include a duly authorised committee thereof) may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

- (a) any employee (“**Eligible Employee(s)**”) (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity (the “**Invested Entity**”) in which the Group holds an equity interest;
- (b) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to the Group or any member of any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group,

and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. For avoidance of doubt, the grant of any options by the Company for the subscription of

Shares or other securities of the Group to any person who fall within any of the above classes of participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the above class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of the Group.

When assessing the eligibility of the Eligible Participants other than Eligible Employees and Directors, the Board will consider the following factors (where applicable):

- (a) his potential and/or actual contribution to the business affairs of and benefits to the Group (in terms of, including without limitation, proactively promoting/catalysing the continuing development and growth of the Group, and bringing innovation, new talents and expertise to the Group), with regard to the quality or importance of services/goods provided/supplied by such Eligible Participant to the Group, and the actual or expected change in the Group's revenue or profits which is or may be attributable to the provision or supply of such services/goods;
- (b) the potential and/or actual degree of involvement in and/or cooperation with the Group with regard to the number, scale and nature of the projects, and the period of engagement/cooperation/business relationship with the Group; and/or
- (c) whether he is regarded as a valuable human resource of the Group based on his work experience, professional qualifications, knowledge in the industry or other relevant factors (including without limitation technical know-how, market competitiveness, synergy between him and the Group, external business connections, strategic value, and repute and credibility).

The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the Eligible Employees, the Directors and other participants for their contributions to the Group. Given that the Directors have the discretion to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will (i) make an effort to contribute to the development of the Group so as to bring about an increased market prices of the Shares in order to capitalise on the benefits of the options granted; (ii) provide quality services to the Group (where applicable); and (iii) maintain a long standing business relationship with the Group.

3. MAXIMUM NUMBER OF SHARES

- (a) The maximum number of Shares to 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 Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time.
- (b) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of the Group) to be granted under the Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme by the Shareholders (the “**General Scheme Limit**”).
- (c) Subject to (a) above but without prejudice to (d) below, the Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options schemes of the Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for the purpose of calculating the refreshed limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option schemes of the Group) previously granted under the Share Option Scheme and any other share option schemes of the Group will not be counted. The circular sent by the Company to the Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.
- (d) Subject to (a) above and without prejudice to (c) above, the Company may seek separate Shareholders’ approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (c) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to the Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.
- (e) If the Company conducts a share consolidation or subdivision after the 10% limit set out in subparagraphs 3(b) or (c) (as the case may be) has been approved in general meeting, the maximum number of Shares that may be issued upon exercise of all options to be granted under all of the share option schemes of the Company under the 10% limit set

out in sub-paragraphs 3(b) or (c) (as the case may be) as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same.

4. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the “**Individual Limit**”). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders’ approval in general meeting of the Company with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders’ approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

5. GRANT OF OPTIONS TO CONNECTED PERSONS

- (a) Any grant of options under the Share Option Scheme to a Director, chief executive of the Company or substantial Shareholder or any of their respective associates must be approved by independent non-executive Directors (excluding independent non-executive Director who is the grantee of the options).
- (b) Where any grant of options to a substantial Shareholder or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (i) representing in aggregate over 0.1% of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million;

such further grant of options must be approved by the Shareholders in general meeting. The Company must send a circular to the Shareholders. The proposed grantee, his associates and all core connected persons (as defined in the Listing Rules) of the Company must abstain from voting at such general meeting. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates must be approved by the Shareholders in general meeting.

6. TIME OF ACCEPTANCE AND EXERCISE OF OPTION

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

7. PERFORMANCE TARGETS

Unless the Directors otherwise determined and stated in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

8. SUBSCRIPTION PRICE FOR SHARES AND CONSIDERATION FOR THE OPTION

The subscription price for Shares under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

9. RANKING OF SHARES

- (a) Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights until the completion of the registration of the grantee on the register of members of the Company as the holder thereof.

- (b) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of the Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or re-construction of the share capital of the Company from time to time.

10. RESTRICTION ON THE TIME OF GRANT OF OPTIONS

No offer for grant of options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until (and including) the trading day after such price sensitive information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of the meeting of the Directors (as such date is first notified to the Stock Exchange under the Listing Rules) for the approval of the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (b) the last date on which the Company must publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the announcement of the results, no option may be granted.

The Directors may not grant any option to a participant who is a Director during the periods or times in which Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

11. PERIOD OF THE SHARE OPTION SCHEME

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

12. RIGHTS ON CEASING EMPLOYMENT

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or for serious misconduct or other grounds referred to in sub-paragraph (14) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not.

13. RIGHTS ON DEATH, ILL-HEALTH OR RETIREMENT

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation, which date shall be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as the Directors may determine.

14. RIGHTS ON DISMISSAL

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of persistent or serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Group or the Invested Entity into disrepute), his option will lapse automatically and will not in any event be exercisable on or after the date of cessation to be an Eligible Employee.

15. RIGHTS ON BREACH OF CONTRACT

If (a) (1) the grantee of any option (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and the Group or any Invested Entity on the other part; or (2) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) the grantee could no longer make any contribution to the growth and development of the Group by reason of the cessation of its relations with the Group or by other reason whatsoever; and (b) the option granted to the grantee under the Share Option Scheme shall lapse, his option will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have at their absolute discretion so determined.

16. RIGHTS ON A GENERAL OFFER, A COMPROMISE OR ARRANGEMENT

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavors to procure that such offer is extended to all the grantees on the same terms, *mutatis mutandis*, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to Shareholders, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the

Company in exercise of his option at any time before the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes or the relevant record date for entitlements under the scheme of arrangement, as the case may be.

17. RIGHTS ON WINDING UP

In the event of a resolution being proposed for the voluntary winding-up of the Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and the Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

18. GRANTEE BEING A COMPANY WHOLLY OWNED BY ELIGIBLE PARTICIPANTS

If the grantee is a company wholly owned by one or more Eligible Participants:

- (i) sub-paragraphs (12), (13), (14) and (15) shall apply to the grantee and to the options to such grantee, *mutatis mutandis*, as if such options had been granted to the relevant Eligible Participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (12), (13), (14) and (15) shall occur with respect to the relevant eligible participant; and
- (ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant Eligible Participant. Notwithstanding this, so long as and provided that (a) the options granted to the grantee will be transferred to the relevant Eligible Participant (i.e. the sole shareholder of the grantee) under his own personal name; and (b) the new shareholder(s) of the grantee will not be entitled to the options, the Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

19. ADJUSTMENTS TO THE SUBSCRIPTION PRICE

In the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital whilst an option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being or an independent financial adviser to the Company as fair and reasonable will be made to the number or nominal amount of Shares, the subject matter of the Share Option Scheme and the option so far as unexercised and/or the option price of the option concerned, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (ii) the issue of Shares or other securities of the Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; and (iii) notwithstanding (i) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalisation issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures and any such adjustment shall comply with the supplementary guidance on Rule 17.03(13) of the Listing Rules as set out in the letter issued by the Stock Exchange dated 5 September 2005, but no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. In addition, in respect of any such adjustments, other than any made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

20. CANCELLATION OF OPTIONS

Any cancellation of options granted but not exercised must be subject to the prior written consent of the relevant grantee and the approval of the Directors.

When the Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so cancelled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant to sub-paragraphs (3)(c) and (d) above.

21. TERMINATION OF THE SHARE OPTION SCHEME

The Company may by resolution in general meeting at any time terminate the Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

22. RIGHTS ARE PERSONAL TO THE GRANTEE

An option is personal to the grantee and shall not be transferable or assignable.

23. LAPSE OF OPTION

An option (to the extent not already exercised) shall lapse automatically on the earliest of:

- (a) the expiry of the period referred to in paragraph (6);
- (b) the expiry of the periods or dates referred to in paragraph (12), (13), (14), (15), (16), (17) and (18); and
- (c) the date on which the Directors shall exercise the Company's right to cancel the option by reason of a breach of paragraph (22) by the grantee in respect of that or any other options.

24. OTHERS

- (a) The Share Option Scheme is conditional on the Listing Committee granting the listing of and permission to deal in, such number of Shares representing the General Scheme Limit to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.
- (b) The terms and conditions of the Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the Shareholders in general meeting.
- (c) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (d) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (e) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by the Shareholders in general meeting.

NOTICE OF AGM



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)

NOTICE IS HEREBY GIVEN that the annual general meeting for the year ended 31 December 2020 (“**AGM**”) of China Dredging Environment Protection Holdings Limited (“**Company**”) will be held at Rooms 1501–2, 15/F, Siu On Plaza, 482 Jaffe Road, Causeway Bay, Hong Kong on Thursday, 17 June 2021 at 3:00 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and approve the audited consolidated financial statements and the reports of the directors (“**Directors**”) and auditor (“**Auditor**”) of the Company for the year ended 31 December 2020.
2. To re-elect each retiring Directors (namely, Mr. Chan Ming Sun Jonathan and Mr. Liang Zequan (each as a separate resolution)) and to authorise the board (“**Board**”) of Directors (which may be further delegated to its duly authorised committee) to fix the remuneration of Directors.
3. To re-appoint Moore Stephens CPA Limited as the Auditor to hold office until conclusion of the next annual general meeting at a period to be agreed with the Board and authorise the Board to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, pass, with or without modification, the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

4. **“THAT**
 - (a) subject to paragraph (c) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including but not limited to bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;

NOTICE OF AGM

- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including but not limited to bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of the shares allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a rights issue; (ii) the exercise of options under a share option scheme; (iii) the exercise of rights of conversion under the terms of any securities which are convertible into shares of the Company or exercise of warrants to subscribe for shares of the Company; (iv) any scrip dividend schemes or similar arrangements implemented in accordance with the articles of association (“**Articles**”) of the Company; or (v) a specific authority granted or to be granted by the shareholders (“**Shareholders**”) of the Company in general meeting, shall not exceed 20 per cent of the total number of the issued shares of the Company as at the date of passing of this resolution and the approval in paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws to be held; and
 - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders in general meeting.”

5. “**THAT**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and which is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange, as amended from time to time, be and is hereby generally and unconditionally approved;

NOTICE OF AGM

- (b) the total number of the shares of the Company to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent of the total number of the issued shares of the Company as at the date of passing of this resolution; and
 - (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws to be held; and
 - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders in general meeting.”
6. “**THAT** conditional upon the passing of Ordinary Resolutions No. 4 and 5 as set out in the notice convening the AGM, the general mandate granted to the directors to allot, issue and deal with additional shares in the capital of the Company pursuant to Ordinary Resolution No. 4 set out in the notice convening the AGM be and is hereby extended by the addition thereto the total number of shares of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution No. 5 above.”
7. “**THAT** conditional upon the Stock Exchange granting approval of the listing of and permission to deal in the shares falling to be issued pursuant to the exercise of any options granted under the share option scheme referred to in the circular despatched to the Shareholders on the same day as this notice, the principal terms of which are set out in the printed document marked “A” now produced to the AGM and for the purpose of identification signed by the chairman hereof (the “**Share Option Scheme**”), the Share Option Scheme be approved and adopted to be the share option scheme for the Company and that the Directors be authorised to grant options thereunder and to allot and issue shares pursuant to the Share Option Scheme and take all such steps as may be necessary or desirable to implement such Share Option Scheme.”

By Order of the Board

China Dredging Environment Protection Holdings Limited

Liu Kaijin

Chairman and executive Director

Hong Kong, 7 May 2021

NOTICE OF AGM

Registered Office:

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

Principal Place of Business in Hong Kong:

Rooms 1501–2, 15/F
Siu On Plaza
482 Jaffe Road
Causeway Bay
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 54, 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 54, 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 Friday, 11 June 2021 to Thursday, 17 June 2021, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 10 June 2021.
- (e) In relation to the proposed resolution no. 2, the re-election of each retiring Director and other matters mentioned therein will be considered as passed as a separate resolution.
- (f) **The following precautionary measures will be taken by the Company for the AGM to prevent the spread of COVID-19: (i) compulsory temperature checks; (ii) compulsory wearing of surgical face masks; and (iii) no provision of refreshments. Any person who does not comply with the precautionary measures may be denied entry into the AGM venue. Shareholders are reminded that they may appoint the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.**

As at the date of this notice, 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.