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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)**

### **STANDSTILL AND AMENDMENT AGREEMENT AND SUPPLEMENTAL DEED TO THE ORIGINAL DEED POLL REGARDING THE 2016 BONDS**

#### **INTRODUCTION**

Under the Framework Agreement, the Original Undertakings shall be performed or procured to be performed by the Company. As at the date of this announcement, there are certain Original Undertakings that had not been performed.

The Board would announce that on 15 December 2016, notwithstanding the outstanding Original Undertakings, the Company and the Bondholder entered into the Amendment Agreement pursuant to which, among other matters, the Original Bond Conditions and the terms of the Original CB Instrument were amended provided that the New Undertakings having been fulfilled by the Company.

#### **THE AMENDMENT AGREEMENT**

Under the Amendment Agreement, it has been agreed that the principal amount of the 2016 Bonds shall be amended to the Reduced Redemption Amount and the maturity date for the repayment of the Reduced Redemption Amount shall be extended to the New Maturity Date (i.e. 14 March 2017). The Company shall fulfill the New Undertakings, and the Bondholder undertook to the Company that with effect from the date of the Amendment Agreement and unless any of the New Undertakings are not performed to the satisfaction of the Bondholder in accordance with the Amendment Agreement or any event of default occurs, the Bondholder shall not make any demand for payment or pursue any legal action against, or take any action to enforce any security or guarantee provided by, any company in the Group in respect of the 2016 Bonds or threaten or purport to do so.

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## INTRODUCTION

Reference is made to (i) the Company's announcements dated 28 October 2013 and 8 November 2013 respectively in relation to the issue of the 2016 Bonds under the then General Mandate, (ii) the Company's announcement dated 7 November 2016 in relation to the maturity of the 2016 Bonds and (iii) the Company's announcement dated 15 November 2016 and 16 November 2016 (the "**Framework Agreement Announcements**") in relation to the Framework Agreement (as amended by a supplemental framework agreement and a second supplemental framework agreement). Terms used in this announcement shall have the same meanings as those defined in the Framework Agreement Announcements, unless defined otherwise in this announcement.

As disclosed in the Framework Agreement Announcements, under the Framework Agreement, certain acts and undertakings ("**Original Undertakings**") shall be performed or procured to be performed by the Company. As at the date of this announcement, the following Original Undertakings (among others) had not been performed:

- (a) in relation to the First Portion Repayment, a sum of US\$2 million (equivalent to approximately HK\$15.5 million) remains outstanding; and
- (b) a share charge has yet to be provided by Efficient International Investment Limited ("**EIIL**") in respect of 100,000,000 Shares.

The Board would announce that on 15 December 2016, notwithstanding the outstanding Original Undertakings, the Company and the Bondholder entered into a standstill and amendment agreement and supplemental deed to the deed poll dated 8 November 2013 ("**Original CB Instrument**") in relation to the 2016 Bonds ("**Amendment Agreement**") pursuant to which, among other matters, the terms and conditions ("**Original Bond Conditions**") as provided under the Original CB Instrument and the terms of the Original CB Instrument were amended provided that the New Undertakings (as defined in the paragraph headed "Principal terms of the Amendment Agreement — Undertakings" below) having been fulfilled by the Company.

The principal terms of the Amendment Agreement are set out below.

## **PRINCIPAL TERMS OF THE AMENDMENT AGREEMENT**

**Date:** 15 December 2016

### **Parties**

- (a) The Company; and
- (b) the Bondholder.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Bondholder and its ultimate beneficial owner(s) are Independent Third Parties.

### **Amendments to the Original CB Instrument and the Original Bond Conditions**

Under the Amendment Agreement, the parties agreed to, among others, the following major amendments to the terms set out in the Original CB Instrument:

- (a) the principal amount of the 2016 Bonds shall be amended to the Reduced Redemption Amount (i.e. HK\$275,415,351.76);
- (b) terms in relation to conversion rights of the Bondholder and related covenants by the Company (including but not limited to, those relating to ranking of the Shares upon conversion and nomination of Director by the Bondholder) shall be removed;
- (c) the Company shall covenant to the Bondholder that for so long as any 2016 Bonds remain outstanding, the Company shall not (and procure that its subsidiaries shall not (as the case may be)), without prior consent of the Bondholder:
  - (i) enter into transaction outside the ordinary course of the Group's business as carried on by it from time to time;
  - (ii) declare or pay any dividend to the Shareholders;
  - (iii) repay any indebtedness in the nature of borrowing;
  - (iv) incur indebtedness in excess of US\$2 million (equivalent to approximately HK\$15.5 million);
  - (v) sell any substantial part of its undertaking or business or purchase any substantial part of an undertaking or business;
  - (vi) sell or purchase any interest in any share capital of the Company;
  - (vii) enter into transaction with a connected party (as defined under the Listing Rules) (*Note*);

(viii) enter into a transaction which is required to be announced pursuant to the Listing Rules or the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); or

(ix) appoint any additional Director to, or remove any Director from, or otherwise change the Board composition of the Company.

*Note:* The Group is expressly permitted by the Bondholder to continue to carry out those transactions which fall under the category of Contractual Arrangements (as defined in the Company's annual report for 2015).

The parties also agreed to, among others, the following major amendments to the Original Bond Conditions:

- (a) all outstanding 2016 Bonds shall be redeemed by the Company and the maturity date for the repayment of the Reduced Redemption Amount shall be extended to the New Maturity Date (i.e. 14 March 2017);
- (b) the Bondholder shall be entitled to transfer or otherwise dispose of the 2016 Bonds without consent or approval by the Company;
- (c) the Reduced Redemption Amount shall now carry interest at the following rates:

<b>Period</b>	<b>Interest rate per annum (%)</b>
From 15 November 2016 and up to 14 December 2016 (both dates inclusive)	13%
From 15 December 2016 and up to 14 March 2017 (both dates inclusive)	15%
From 15 March 2017 and up to the actual repayment date of the Reduced Redemption Amount (together with all default interest) ( <i>Note</i> )	18%

*Note:* Such default interest shall accrue on a day to day basis and be calculated on the basis of a 365-day calendar year on the Reduced Redemption Amount and compounded on a monthly basis.

- (d) conditions in relation to conversion and adjustment to conversion price shall be deleted.

## Undertakings

Under the Amendment Agreement, the Company undertook to, among others, pay to the Bondholder a sum of US\$2 million (equivalent to approximately HK\$15.5 million) plus interest with an interest rate of 15% per annum calculated from (and inclusive of) 15 December 2016 on the basis of a 365-day calendar year on or before 23 December 2016 (the “**New Undertakings**”).

The Bondholder agreed to waive the share charge to be provided by EIL.

The Bondholder also undertook to the Company that with effect from the date of the Amendment Agreement and unless any of the New Undertakings are not performed to the satisfaction of the Bondholder in accordance with the Amendment Agreement or any event of default occurs, the Bondholder shall not make any demand for payment or pursue any legal action against, or take any action to enforce any security or guarantee provided by, any company in the Group in respect of the 2016 Bonds or threaten or purport to do so.

The Company further undertook to the Bondholder that it will as soon as reasonably practicable take steps to raise funds (by equity or loan financing) to repay and pay the Reduced Redemption Amount and all interest accrued thereon, and that any funds so raised shall first be applied for the said repayment and payment, and shall not be used for any other purposes unless and until the full payment of the entire Reduced Redemption Amount and all the related interest.

The Company shall be entitled to prepayment of the Reduced Redemption Amount by giving prior written notice of no less than three days to the Bondholder.

### **Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

*Unless otherwise specified in this announcement, amounts denominated in United States dollars have been converted, for the purpose of illustration only, into Hong Kong dollars at the rate of US\$1: HK\$7.76. No representation is made that any amounts in Hong Kong dollars and United States dollars were or could have been or could be converted into each other at such rates or any other exchange rates on the date of this announcement or any other date.*

By order of the Board  
**China Dredging Environment Protection Holdings Limited**  
**Liu Kaijin**  
*Chairman, chief executive officer and executive Director*

Hong Kong, 16 December 2016

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

\* For identification purpose only