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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)

SECOND AMENDMENT AGREEMENT AND SUPPLEMENTAL DEED TO THE ORIGINAL DEED POLL REGARDING THE 2016 BONDS

INTRODUCTION

Under the Amendment Agreement, all outstanding 2016 Bonds shall be redeemed by the Company and the New Maturity Date for the repayment of the Reduced Redemption Amount shall be 14 March 2017. As at the date of this announcement, the outstanding 2016 Bonds have not been redeemed by the Company.

The Board would announce that on 21 March 2017, the Company and the Bondholder entered into the Second Amendment Agreement to further amend the terms of the Original CB Instrument and the Original Bond Conditions (both as amended by the Amendment Agreement) provided that the Company has fulfilled its undertakings under the Second Amendment Agreement.

THE SECOND AMENDMENT AGREEMENT

Under the Second Amendment Agreement, it has been agreed that, among other matters, the principal amount of the 2016 Bonds shall be amended to HK\$274,434,701.5 and the maturity date of the 2016 Bonds shall be extended to 21 September 2017 subject to the fulfillment in full by the Company of all its undertaking under the Second Amendment Agreement. The Company undertook to, among other matters, pay to the Bondholder a sum of not less than HK\$15,533,000 on or before 24 March 2017.

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

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, (iii) the Company's announcements dated 15 November 2016 and 16 November 2016 respectively ("**Framework Agreement Announcements**") in relation to the Framework Agreement (as amended by a supplemental framework agreement and a second supplemental framework agreement) and (iv) the Company's announcement dated 16 December 2016 ("**Dec 16 Announcement**") in relation to the Amendment Agreement. Terms used in this announcement shall have the same meanings as those defined in the Framework Agreement Announcements and the Dec 16 Announcement, unless defined otherwise in this announcement.

As disclosed in the Dec 16 Announcement, under the Amendment Agreement, all outstanding 2016 Bonds shall be redeemed by the Company and the New Maturity Date for the repayment of the Reduced Redemption Amount shall be 14 March 2017. As at the date of this announcement, the outstanding 2016 Bonds have not been redeemed by the Company.

The Board would announce that on 21 March 2017, the Company and the Bondholder entered into a second amendment agreement and supplemental deed to the Original CB Instrument in relation to the 2016 Bonds ("**Second Amendment Agreement**") to further amend the terms of the Original CB Instrument and the Original Bond Conditions (both as amended by the Amendment Agreement) provided that the Company has fulfilled its undertakings under the Second Amendment Agreement.

The principal terms of the Second Amendment Agreement are set out below:

PRINCIPAL TERMS OF THE SECOND AMENDMENT AGREEMENT

Date: 21 March 2017

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 (both as amended by the Amendment Agreement)

Under the Second Amendment Agreement, the parties agreed to, among others, the following major amendments to the terms set out in the Original CB Instrument (as amended by the Amendment Agreement):

- (a) the principal amount of the 2016 Bonds shall be further amended to HK\$274,434,701.5 ("**Second Reduced Redemption Amount**");

- (b) so long as the 2016 Bonds remain outstanding, the Company must first give written notice to the Bondholder and seek the Bondholder's consent to the intended use of the proceeds before commencing or conducting any fund-raising activity if:
- (i) the fund-raising activity is intended to raise more than HK\$5 million in a single transaction; or
 - (ii) the amount of money intended to be raised in connection with such fund-raising activity, when aggregated with all money raised pursuant to other fund-raising activities conducted on or after 25 March 2017, exceeds HK\$20 million; and
- (c) the Company shall on or before the Extended Maturity Date (as defined below) complete all registrations and other procedures to perfect and give effect to the security over a dredger, and deliver the originals of all relevant certificates and documents to the Bondholder.

The parties also agreed to, among others, the following major amendments to the Original Bond Conditions (as amended by the Amendment Agreement):

- (a) the maturity date of the 2016 Bonds shall be extended to 21 September 2017 (the “**Extended Maturity Date**”);
- (b) the Second Reduced Redemption Amount shall carry interest at the following rates:

Period	Interest rate per annum
From 25 March 2017 and up to 21 June 2017 (both dates inclusive)	13%
From 22 June 2017 and up to 21 September 2017 (both dates inclusive)	18%

- (c) on or before 21 April 2017, the Company shall pay to the Bondholder, in cash and in immediately available funds, a sum of not less than HK\$62,132,000 which shall be deemed to comprise (i) interests accrued on the outstanding principal amount of the 2016 Bonds from 25 March 2017 up to the date of payment and (ii) partial prepayment of the Second Reduced Redemption Amount;
- (d) assuming payment under (c) above is made on 21 April 2017 in accordance to the Second Amendment Agreement and there have been no other prepayments or purchases of the 2016 Bonds prior to the Extended Maturity Date, the outstanding principal amount to be paid by the Company on the Extended Maturity Date amounts to HK\$229,467,798.48;
- (e) if the Company fails to pay the amount under (c) above when due, default interest shall accrue on such amount at the rate of 18% per annum from the relevant due date up to (and including) the date on which such due amount (together with all default interest accrued thereon) is paid in full;

- (f) the Company may at any time prepay the Second Reduced Redemption Amount by giving no less than three-day prior written notice to the Bondholder and the amount of prepayment shall be HK\$2 million or the integral multiples thereof together with interest accrued on the date of such prepayment; and
- (g) any change made to the composition of the Board or change of roles and functions of the existing Directors must be consented to by the Bondholder.

All the above amendments shall become effective only upon the fulfillment in full by the Company of all its undertakings mentioned below.

UNDERTAKINGS

Under the Second Amendment Agreement, the Company undertook to, among other matters, pay to the Bondholder, in cash and in immediately available funds, a sum of not less than HK\$15,533,000 which comprises (i) interest accrued on the outstanding principal amount of the 2016 Bonds from 15 March 2017 to 24 March 2017 in the sum of HK\$1,422,960.37 and part repayment of the outstanding principal amount of the 2016 Bonds in the sum of HK\$14,110,039.63 on or before 24 March 2017.

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

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

Hong Kong, 22 March 2017

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