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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)

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

INTRODUCTION

Prior to the amendments to the Original CB Instrument in relation to the 2016 Bonds under the Second Amendment Agreement coming into effect, the Board would announce that on 5 June 2017, the Company and the Bondholder entered into the Third Amendment Agreement to further amend the Original CB Instrument and the Original Bond Conditions.

THE THIRD AMENDMENT AGREEMENT

Under the Third Amendment Agreement, it has been agreed that, among other matters, the principal amount of the 2016 Bonds shall be amended to HK\$289,956,540 and the maturity date of the 2016 Bonds shall be extended to 21 September 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 announcements dated 16 December 2016 ("**Dec 16 Announcement**") and 22 March 2017

(“**Mar 22 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, the Dec 16 Announcement and the Mar 22 Announcement, unless defined otherwise in this announcement.

Prior to the amendments to the Original CB Instrument in relation to the 2016 Bonds under the Second Amendment Agreement coming into effect, the Board would announce that on 5 June 2017, the Company and the Bondholder entered into a third amendment agreement and supplemental deed to the Original CB Instrument in relation to the 2016 Bonds (“**Third Amendment Agreement**”) to further amend the Original CB Instrument and the Original Bond Conditions.

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

PRINCIPAL TERMS OF THE THIRD AMENDMENT AGREEMENT

Date: 5 June 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 (as amended by subsequent amendment agreements)

Under the Third 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 subsequent amendment agreements):

- (a) the principal amount of the 2016 Bonds shall be further amended to HK\$289,956,540 (“**Jun 5 Revised 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 5 June 2017, exceeds HK\$20 million,

unless the Company has given prior written notice of three days to the Bondholder of its intention to conduct such fund-raising activity and the intended use of the proceeds and the Bondholder has consented to it;

- (c) the Company shall on or before the Extended Maturity Date (as defined below):
- (i) complete all registrations and other procedures to perfect and give effect to the security granted to the Bondholder over a dredger pursuant to a mortgage executed by Jiangsu Xingyu Holdings Group Ltd* (江蘇興宇控股集團有限公司) (“**Jiangsu Xingyu**”, a wholly-owned subsidiary of the Company) in favour of the Bondholder, and deliver the originals of all relevant certificates and other documents to the Bondholder;
 - (ii) procure that Jiangsu Xiangyu Environment Protection Equipment Company Limited* (江蘇翔宇環保設備有限公司) (“**Jiangsu Xiangyu**”, a wholly-owner subsidiary of the Company) and Jiangsu Xingyu shall (1) on 5 June 2017 deliver all original title certificates relating to an industrial premises located in Jiangsu Province, the PRC and a residential property located in Shandong Province, the PRC (collectively, the “**Properties**”) respectively, and (2) within 10 business days from the respective effective date of the mortgage agreements executed by each of Jiangsu Xiangyu and Jiangsu Xingyu in favour of the Bondholder and/or its affiliate in respect of the Properties, complete all registrations and other necessary procedures to perfect and give effect to the security granted to the Bondholder and/or its affiliate over the Properties and deliver the originals of all relevant certificates and other documents to the Bondholder and/or its affiliate.

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

- (a) the maturity date of the 2016 Bonds shall be extended to 21 September 2017 (the “**Extended Maturity Date**”);
- (b) the Jun 5 Revised Amount shall carry interest at the following rates:

Period	Interest rate per annum
From 5 June 2017 and up to 21 June 2017 (both dates inclusive)	13%
From 22 June 2017 and up to 21 September 2017 (both dates inclusive) (<i>Note</i>)	18%

Note: If the Company repays HK\$66,200,000 or more of the outstanding Jun 5 Revised Amount on or before 21 June 2017, the annual interest rate for this period shall be 13% instead of 18%.

- (c) the Company shall redeem all outstanding 2016 Bonds on the Maturity Date in the total sum of HK\$304,867,456, representing the Jun 5 Revised Amount plus interest, unless previously redeemed, purchased or cancelled;

- (d) if the Company fails to pay any amount when due, default interest shall accrue on such due 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;
- (e) the Company may at any time prepay the Jun 5 Revised Amount by giving no less than three-day prior written notice to the Bondholder and all interest accrued on the Jun 5 Revised Amount shall also be paid on the date of such prepayment; and
- (f) 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.

The parties to the Third Amendment Agreement confirm all that all the provisions of the Original CB Instrument and Original Bond Conditions shall continue to remain in full force and effect save as supplemented and amended by subsequent amendment agreements.

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, 5 June 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; 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*