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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)**

### **(1) FURTHER UPDATE ON THE 2016 BONDS; AND (2) SIXTH AMENDMENT AGREEMENT AND SUPPLEMENTAL DEED TO THE ORIGINAL DEED POLL REGARDING THE 2016 BONDS**

The Board hereby announces that:

- (a) the Company has repaid a total sum of approximately US\$3.79 million in partial repayment of the amount due from the Company to the Bondholder under the 2016 Bonds in the past few months; and
- (b) on 15 March 2019, the Company and the Bondholder entered into the Sixth Amendment Agreement to further amend the Original CB Instrument and the Original Bond Conditions. Under the Sixth Amendment Agreement, it has been agreed that, among other matters, the principal amount of the 2016 Bonds shall be amended to HK\$290,000,141.27 and the maturity date of the 2016 Bonds shall be amended to 20 December 2019.

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

References are 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; (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 (collectively, "**Framework Agreement Announcements**") in relation to the Framework Agreement (as amended by a supplemental framework agreement and a second supplemental framework agreement); (iv) the Company's announcements dated 16 December 2016, 22 March 2017, 5 June 2017, 22 September 2017 and 23 January 2018 in relation to the various amendment agreements (collectively, the "**Amendments Announcements**"); and (v) the Company's announcements dated 15 November 2017 and 1 December 2017 in relation to the further updates to the 2016 Bonds (collectively, the "**Updates Announcements**"). Terms used in this

announcement shall have the same meanings as those defined in the Framework Agreement Announcements, the Amendments Announcements and the Updates Announcements, unless defined otherwise in this announcement.

## **FURTHER UPDATE ON THE 2016 BONDS**

The Board is pleased to announce that the Company has repaid a total sum of approximately US\$3.79 million in partial repayment of the amount due from the Company to the Bondholder under the 2016 Bonds in the past few months.

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

The Board further announces that on 15 March 2019, the Company and the Bondholder entered into the sixth amendment agreement and supplemental deed to the Original CB Instrument in relation to the 2016 Bonds (“**Sixth Amendment Agreement**”) to further amend the Original CB Instrument and the Original Bond Conditions.

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

**Date:** 15 March 2019

**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 applicable subsequent amendment agreements)**

The Company and the Bondholder further agreed to, with effect from the date of the Sixth Amendment Agreement, the amendment to the term set out in the Original CB Instrument (as amended by applicable subsequent amendment agreements) that the principal amount of the 2016 Bonds shall be amended to HK\$290,000,141.27 (“**Mar 15 Revised Amount**”).

The Company and the Bondholder also agreed to, with effect from the date of the Sixth Amendment Agreement, a summary of the amendments to the Original Bond Conditions (as amended by applicable subsequent amendment agreements) is set out below:

(a) The maturity date of the 2016 Bonds shall be amended to 20 December 2019 (the “**2019 Maturity Date**”);

- (b) Subject to the Interest Rate Adjustments (as defined below), the outstanding principal amount of the 2016 Bonds shall carry interest at an annual rate of 13% as from 6 March 2019 up to the 2019 Maturity Date (both dates inclusive). The interest in respect of such period shall be paid on the 2019 Maturity Date (or where such date is not a business day, on the business day immediately thereafter);
- (c) In the event the Company prepays any sum of the outstanding principal amount of the 2016 Bonds that is not less than US\$3,000,000 during the period as from 6 March 2019 and up to 30 April 2019 (both dates inclusive) (“**Period 1**”), the annual rate of interest applicable in respect of such sum shall be adjusted downward to become an annual rate of 11.70%, provided that no event of default or breach of any other provisions of the Sixth Amendment Agreement has occurred and subsists (the “**Interest Rate Adjustment (Period 1)**”). In addition to the Interest Rate Adjustment (Period 1), the Bondholder may in its absolute discretion grant to the Company an additional interest waiver in the amount of US\$420,581.31;
- (d) In the event the Company prepays any sum of the outstanding principal amount of the 2016 Bonds during the period as from 1 May 2019 and up to 21 September 2019 (both dates inclusive) (“**Period 2**”), the annual rate of interest applicable in respect of such sum shall be adjusted downward to become an annual rate of 11.96%, provided that no event of default or breach of any other provisions of the Sixth Amendment Agreement has occurred and subsists (the “**Interest Rate Adjustment (Period 2)**”, together with Interest Rate Adjustment (Period 1) hereinafter referred to as “**Interest Rate Adjustments**”);
- (e) The Company agrees and undertakes to make a payment in the aggregated sum of not less than US\$5,000,000 to the Bondholder in respect of the 2016 Bonds in the period commencing from 6 March 2019 through 30 June 2019 (both dates inclusive);
- (f) The total amount payable by the Company to the Bondholder to redeem all the outstanding 2016 Bonds on the 2019 Maturity Date (the “**2019 Redemption Amount**”), shall be equal to the sum of: (a) the aggregate principal amount of the 2016 Bonds outstanding then; and (b) interest accrued on such principal amount of the 2016 Bonds calculated in accordance with the Original Bond Conditions from 6 March 2019 to the 2019 Maturity Date. Assuming that there have been no previous redemption of outstanding 2016 Bonds from 6 March 2019 to the 2019 Maturity Date, the 2019 Redemption Amount on the 2019 Maturity Date shall be HK\$319,482,769.63; and
- (g) The addition of the following event of default: there is a default by the Company in the payment of not less than US\$5,000,000 payable by the Company in respect of the 2016 Bonds by 30 June 2019 pursuant to the Original Bond Conditions.

## **Covenants**

Under the Sixth Amendment Agreement, the Company undertakes to the Bondholder that it will as soon as practicable take steps to raise funds (by equity or loan financing or any other ways permitted by applicable laws) to repay the outstanding principal amount of the 2016 Bonds together with all interest accrued thereon, and except with the prior written consent of the Bondholder, any funds so raised shall first be applied for the said repayment and shall not be used for any other purposes unless and until the full payment of the entire outstanding principal amount of the 2016 Bonds and all the related interest is made.

The Company and the Bondholder confirm 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 the Sixth Amendment Agreement.

**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, 15 March 2019

*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; and Mr. Huan Xuedong, Mr. Chan Ming Sun Jonathan and Mr. Liang Zequan as independent non-executive Directors.*