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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)

PROFIT WARNING AND INSIDE INFORMATION

This announcement is made by the Company pursuant to Inside Information Provisions under Part XIVA of the SFO and Rule 13.09(2) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that, based on the preliminary assessment of the Group's unaudited management accounts for the year ended 31 December 2014 and the information currently available to the Board, the Group expects to record a decrease in net profit for the year ended 31 December 2014 as compared to that for the year ended 31 December 2013. The Group's revenue for the year ended 31 December 2014 is also expected to record a decrease as compared to that for the year ended 31 December 2013 but to a lesser extent compared to the expected decrease in net profit.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Dredging Environment Protection Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the “**Listing Rules**”) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the “**SFO**”) and Rule 13.09(2) of the Listing Rules.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the Group's unaudited management accounts for the year ended 31 December 2014 and the information currently available to the Board, the Group expects to record a decrease in net profit for the year ended 31 December 2014 as compared to that for the year ended 31 December

2013. The Group's revenue for the year ended 31 December 2014 is also expected to record a decrease as compared to that for the year ended 31 December 2013 but to a lesser extent compared to the expected decrease in net profit.

To the best of the Directors' knowledge, the decrease in revenue was mainly due to the slow-down of the progress of construction of certain dredging projects. The Group is discussing the timetable of the progress of construction with the customers of such dredging projects. Apart from the above, the decrease in net profit was also attributable to the following factors: (i) the increase in the production costs and administrative expenses of the Group as a result of the increase in the level of average salary of employees of the Group; (ii) the increase in fixed expenditure of the Group such as depreciation expense due to an increase in equipments including dredging vessels; and (iii) the increase in finance costs.

The Group is still in the process of finalising its results for the year ended 31 December 2014. The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited management accounts of the Group for the year ended 31 December 2014 and the information currently available to the Board and the same has not been reviewed or discussed by the auditor or audit committee of our Company. Actual financial results of the Group for the year ended 31 December 2014 may be different from what is disclosed in this announcement. Further details of the Group's financial results for the year ended 31 December 2014 will be announced in due course.

Shareholders and potential investors are advised to exercise caution when dealing in shares of the Company.

By order of the Board
China Dredging Environment Protection Holdings Limited
Mr. Liu Kaijin
*Joint Chairman, Executive Director
and Chief Executive Officer*

Hong Kong, 16 February 2015

As at the time of this announcement, the Board comprises Mr. Liu Kaijin as the Company's Joint Chairman, an Executive Director and Chief Executive Officer; Ms. Zhou Shuhua as an Executive Director; Mr. Liu Longhua as Joint Chairman and Non-executive Director; and Mr. Huan Xuedong, Mr. Chan Ming Sun Jonathan and Mr. Xu Hengju as Independent Non-executive Directors.