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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 FY2015, the Group expects to record a decrease in the Group's after-tax net profit for FY2015 by approximately 275% as compared with that for FY2014 (where the Group's after-tax net profit for FY2014 amounted to approximately RMB109 million) and the Group's revenue for the year ended 31 December 2015 is also expected to record a decrease by approximately 23% as compared with that for FY2014 (where the Group's revenue for FY2014 amounted to approximately RMB911 million).

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 (Chapter 571 of the 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 2015 ("**FY2015**") and the information currently available to the Board, the Group expects to record an after-tax net loss amounting to approximately RMB191 million, representing a decrease in the Group's after-tax net profit for FY2015 by approximately 275% as compared with that for the year ended 31 December 2014 ("**FY2014**", where the Group's after-tax net profit for FY2014 which amounted to

approximately RMB109 million). The Group's revenue for the year ended 31 December 2015 is also expected to record a decrease by approximately 23% as compared with that for FY2014 (where the Group's revenue for FY2014 amounted to approximately RMB911 million).

To the best of the Directors' knowledge, the decrease in revenue was mainly due to the slow-down of construction progress of several dredging projects and the adoption of a steady and prudent approach by the Group in respect of new project development. The increase in the provision for allowance for doubtful debts in the sum of approximately RMB377 million in respect of the overdue accounts receivables contributed to the decrease of after-tax net profit. If the impact of the aforesaid provision for allowance for doubtful debts is not taken into account, the Group's after-tax net profit for FY2015 will be decreased by approximately 15% as compared to FY2014 (where the Group's after-tax net profit for FY2014 amounted to approximately RMB109 million).

The Group is still in the process of finalising its financial results for FY2015. 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 FY2015 and the information currently available to the Board and the same has not been reviewed by or discussed with the auditors of the Company nor the Company's audit committee. Actual financial results of the Group for FY2015 may be different from what is disclosed in this announcement. Further details of the Group's financial results for FY2015 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
Liu Kaijin
Joint Chairman, Executive Director
and Chief Executive Officer

Hong Kong, 2 March 2016

As at the date of this announcement, the Board comprises Mr. Liu Kaijin as Joint Chairman, 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.