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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, further to the Company's announcement dated 16 February 2015, based on the preliminary assessment of the Group's unaudited management accounts for FY2014 and further information available to the Board, the Group expects to record a decline in the Group's after-tax net profit for FY2014 by about 40% as compared with that for FY2013 (where the Group's after-tax net profit for FY2013 amounted to about RMB181 million). Such decrease is mainly attributable to the factors as mentioned in the February Announcement and also (1) fair value adjustment recognised on accounts receivables and (2) allowance for bad and doubtful debts recognised in FY2014.

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

This announcement is made by China Dredging Environmental 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.

Reference is made to the Company's announcement dated 16 February 2015 (the "**February Announcement**") in relation to a preliminary profit warning.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to update 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 (“**FY2014**”) and further information available to the Board, the Group expects to record a decline in the Group’s after-tax net profit for FY2014 by about 40% as compared with that for the year ended 31 December 2013 (“**FY2013**”, where the Group’s after-tax net profit for FY2013 amounted to about RMB181 million).

In addition to the reasons as disclosed in the February announcement, the fair value adjustment recognised on accounts receivables and allowance for bad and doubtful debts in the sum of about RMB50 million in respect of certain accounts receivables also accounts for the above drop in after-tax net profit, despite there is a net gain in the sum of about RMB23 million in respect of fair value change of derivative financial liabilities embedded in unsecured convertible bonds issued in November 2013. In connection with the February Announcement, it is estimated by the Group that its revenue for FY2014 would fall by about 7% as compared with that for FY2013 (where the Group’s revenue for FY2013 amounted to about RMB974 million).

The Group is still in the process of finalising its results for FY2014. 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 FY2014 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 FY2014 may be different from what is disclosed in this announcement. Further details of the Group’s financial results for FY2014 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, 3 March 2015

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.