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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the "Board") of directors (the "Director(s)") of China Dredging Environment Protection Holdings Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2025 (the "Reporting Period"), together with the comparative figures as follows, which are prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and are presented in Renminbi ("RMB"):

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
Revenue	*4*	**145,766**	164,089
Operating cost		**(120,013)**	(145,331)
Gross profit		**25,753**	18,758
Other income		**1,605**	5,548
Other gains and losses, net	*6*	**1,687**	465
Marketing and promotion expenses		**–**	(97)
Administrative expenses		**(21,122)**	(27,589)
Share of results of an associate		**(1)**	(23)
Finance costs		**(9,550)**	(11,946)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
Loss before tax		**(1,628)**	(14,884)
Income tax expenses	*7*	**(7,850)**	(4,571)
Loss and total comprehensive expense for the period	*8*	**(9,478)**	(19,455)
Loss and total comprehensive expense for the period attributable to:			
– Owners of the company		**(21,280)**	(31,522)
– Non-controlling interests		**11,802**	12,067
		(9,478)	(19,455)
Loss per share for the period	*9*		
– Basic and diluted (RMB cents)		**(1.42)**	(2.10)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	**667,493**	702,247
Right-of-use assets		**41,949**	43,675
Investment properties		**184,421**	184,421
Goodwill		**201**	201
Interest in an associate		**2,908**	2,909
Equity instruments at fair value through other comprehensive income		**6,000**	6,000
		902,972	939,453
Current assets			
Trade and other receivables and prepayments	12	**311,384**	314,394
Bank balances and cash		**12,955**	48,872
		324,339	363,266
Current liabilities			
Trade and other payables	13	**372,459**	417,724
Contract liabilities		**66,133**	44,590
Amounts due to related parties		**60,868**	67,420
Amounts due to non-controlling shareholders of a subsidiary		**3,282**	3,282
Tax payable		**65,574**	68,478
Bank borrowings	14	**178,450**	184,800
Other borrowings		**34,799**	35,296
Lease liabilities		**670**	1,031
		782,235	822,621
Net current liabilities		**(457,896)**	(459,355)
Total assets less current liabilities		**445,076**	480,098

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 June 2025

	Notes	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Capital and reserves			
Share capital	*15*	**255,247**	255,247
Reserves		**(149,567)**	(128,287)
Equity attributable to owners of the Company		**105,680**	126,960
Non-controlling interests		**183,886**	180,028
Total equity		**289,566**	306,988
Non-current liabilities			
Amounts due to non-controlling shareholders of a subsidiary		**47,707**	49,527
Other borrowings		**97,957**	112,737
Deferred tax liabilities		**9,724**	10,162
Lease liabilities		**122**	684
		155,510	173,110
		445,076	480,098

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. GENERAL INFORMATION

China Dredging Environment Protection Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's immediate and ultimate holding company is Wangji Limited, a limited liability company incorporated in the British Virgin Islands, which is ultimately and wholly owned by Mr. Liu Kaijin ("Mr. Liu") and Ms. Zhou Shuhua ("Ms. Zhou"), spouse of Mr. Liu. Ms. Zhou is an executive director and the Chairlady of the board of directors of the Company (the "Board"). The Company's registered office is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1- 1111, Cayman Islands and its principal place of business in Hong Kong is situated at Unit 3410, 34/F, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, Hong Kong.

The Company acts as an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in the provision of dredging and water management services, provision of marine hoisting, installation and other engineering services.

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

The English names of all the companies established in the PRC presented in these condensed consolidated financial statements represent the best efforts made by the directors of the Company (the "Directors") for the translation of the Chinese names of these companies to English names as they do not have official English names.

2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Going concern assessment

As at 30 June 2025, the Group incurred a net loss attributable to the shareholders of the Company of approximately RMB21,280,000 (31 December 2024: RMB322,050,000) and, as of that date, the Group had net current liabilities of approximately RMB457,896,000 (31 December 2024: RMB459,355,000).

The conditions described above indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.

2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Going concern assessment (Continued)

In preparing the condensed consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group. The Directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from the end of the reporting period. They are of the opinion that, taking into account the following plans and measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period. Nevertheless, the condensed consolidated financial statements were prepared based on the assumption that the Group can be operated as a going concern, after taking into consideration of the following:

1) The Company obtained a letter of undertaking (the "Letter of Undertaking") from Mr. Liu that: (i) he agreed not to request the Group to repay the amount due to him of approximately RMB53,181,000, included in the amounts due to related parties until the Group has sufficient funds to meet all the liabilities and financial obligations as and when they fall due in the coming twelve months from 30 June 2025; and (ii) Mr. Liu also agreed to provide sufficient funds to the Group so that the Group will be able to meet all the liabilities and financial obligations as and when they fall due in the coming twelve months from 30 June 2025;

2) The Directors consider that Group has good track record and relationship with the lenders of the Group's bank and other borrowings and the availability of assets to be used as collateral and thus, the Directors are confident that the banks and lenders will agree to renew its bank and other borrowings which will be matured within the next twelve months from 30 June 2025;

3) The Group is continuously seeking for additional sources of financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures; and

4) The Group continues to generate cash inflows from its operating activities by implementing measures to tighten cost controls over various operating expenses in order to improve its cash flows position and to generate greater positive cash inflows from its operations in the future.

On the basis of the above considerations, the Directors believe that the Group is able to satisfy its liabilities and financial obligations in the foreseeable future and accordingly, the condensed consolidated financial statements have been prepared on a going concern basis. The condensed consolidated financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

3. MATERIAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

This interim financial results contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards ("HKFRSs").

3. MATERIAL ACCOUNTING POLICIES (Continued)

The financial information relating to the financial year ended 31 December 2024 that is included in the interim financial results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

Other than the changes of accounting policies resulting from application of amendments to HKFRSs as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2024.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective.

Expect for the new and amendments to HKFRSs mentioned below, the Directors anticipate that the application of these new standard(s), amendments and interpretation(s) will have no material impact on the unaudited condensed consolidated financial statements.

4. REVENUE

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers by categories		
Capital and Reclamation Dredging Business	**19,285**	7,714
Environmental Protection Dredging and Water Management Business	**1,470**	265
Other Marine Business	**125,011**	152,122
Property Management Business	**–**	3,988
	145,766	164,089
Timing of revenue recognition		
Over time	**145,766**	164,089

5. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the executive directors of the Company who are also the chief operating decision makers of the Group ("CODM"), that are used to make strategic decisions. Information reported to the CODM is based on the different nature of projects carried out by the Group.

Details of the Group's four reportable and operating segments are as follows:

(i) Capital and Reclamation Dredging Business refers to the capital and reclamation dredging services and related consultation services provided by the Group;

(ii) Environmental Protection Dredging and Water Management Business refers to dredging or water management services or constructions for promoting environmental interests and water quality mainly for inland rivers provided by the Group;

(iii) Other Marine Business mainly comprises marine hoisting, installation, salvaging, vessel chartering and other engineering services provided by the Group; and

(iv) Property Management Business refers to the management and leasing of a shopping mall and factories and the construction of a hotel by the Group.

5. SEGMENT INFORMATION (Continued)

Segment revenues and results

An analysis of the Group's reportable segment revenue and segment results is as below.

For the six months ended 30 June 2024

	Capital and Reclamation Dredging Business *RMB'000* (Unaudited)	Environmental Protection Dredging and Water Management Business *RMB'000* (Unaudited)	Other Marine Business *RMB'000* (Unaudited)	Property Management Business *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue					
External sales	7,714	265	152,122	3,988	164,089
Segment results	(33,572)	(13,855)	51,911	2,954	7,438
Share of results of an associate					(23)
Unallocated other income, gains and losses, net					6,013
Unallocated corporate expenses					(21,235)
Unallocated finance costs					(7,077)
Loss before tax					(14,884)

5. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the six months ended 30 June 2025

	Capital and Reclamation Dredging Business *RMB'000* (Unaudited)	Environmental Protection Dredging and Water Management Business *RMB'000* (Unaudited)	Other Marine Business *RMB'000* (Unaudited)	Property Management Business *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue					
External sales	**19,285**	**1,470**	**125,011**	**–**	**145,766**
Segment results	**(7,992)**	**(3,488)**	**33,292**	**(780)**	**21,032**
Share of results of an associate					**(1)**
Unallocated other income, gains and losses, net					**3,292**
Unallocated corporate expenses					**(20,623)**
Unallocated finance costs					**(5,328)**
Loss before tax					**(1,628)**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

Segment results represent the profit earned or loss incurred by each segment without allocation of certain other income, change in fair values of investment properties, gain on waived bonds payable, net foreign exchange difference, central administration costs, certain allowance for expected credit losses recognised, Directors' emoluments and finance costs and other items listed above. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

5. SEGMENT INFORMATION (Continued)

Segment assets

At 31 December 2024

	Capital and Reclamation Dredging Business *RMB'000* (Audited)	Environmental Protection Dredging and Water Management Business *RMB'000* (Audited)	Other Marine Business *RMB'000* (Audited)	Property Management Business *RMB'000* (Audited)	Total *RMB'000* (Audited)
Segment assets	295,092	145,833	597,873	212,287	1,251,085
Unallocated assets:					
Right-of-use assets					1,353
Bank balances and cash					48,872
Other corporate assets					1,409
Consolidated assets					1,302,719

At 30 June 2025

	Capital and Reclamation Dredging Business ***RMB'000*** **(Unaudited)**	**Environmental Protection Dredging and Water Management Business** ***RMB'000*** **(Unaudited)**	**Other Marine Business** ***RMB'000*** **(Unaudited)**	**Property Management Business** ***RMB'000*** **(Unaudited)**	**Total** ***RMB'000*** **(Unaudited)**
Segment assets	**278,104**	**137,345**	**585,772**	**211,490**	**1,212,711**
Unallocated assets:					
Right-of-use assets					**592**
Bank balances and cash					**12,955**
Other corporate assets					**1,053**
Consolidated assets					**1,227,311**

For the purposes of monitoring segment performances and allocating resources between segments, assets are allocated to reportable and operating segments other than the unallocated items listed above.

5. **SEGMENT INFORMATION (Continued)**

Segment liabilities

As the liabilities are regularly reviewed by the CODM in total for the Group as a whole, the measure of total liabilities by reportable segments is therefore not presented.

Geographical information

Revenue from external customers

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Mainland China	**127,966**	161,090
Other regions	**17,800**	2,999
	145,766	164,089

Information about the Group's revenue from external customers is presented based on the location of the operations.

Non-current assets

Substantially all the non-current assets of the Group, including the property, plant and equipment, right-of-use assets, investment assets and other intangible assets are located/registered in Mainland China.

6. **OTHER GAINS AND LOSSES, NET**

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss on disposal of property, plant and equipment	**(15)**	–
Gain on disposal of subsidiaries	**983**	–
Exchange gains and losses, net	**719**	465
	1,687	465

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The charge comprises:		
Current tax		
– PRC Enterprise Income Tax ("EIT")	**8,288**	5,069
Deferred taxation		
– Current period	**(438)**	(498)
	7,850	4,571

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods, if any.

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Company and its subsidiaries had no assessable profits arising in or derived from Hong Kong for both periods.

8. LOSS BEFORE TAX

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging (crediting):		
Directors' emoluments	**370**	380
Other staff costs	**25,686**	24,518
Retirement benefit scheme contributions	**2,201**	1,047
Total staff costs	**28,257**	25,945
Gross rental income from investment properties	**(1,903)**	(3,988)
Less: Direct operating expenses incurred for investment properties that generated rental income during the period	**34**	52
Direct operating expenses incurred for investment properties that did not generate rental income during the period	**11**	18
	(1,858)	(3,918)
Depreciation of property, plant and equipment	**36,455**	44,144
Depreciation of right-of-use assets	**1,726**	781
Loss on disposal of property, plant and equipment, net	**15**	–
Operating costs	**120,013**	145,331

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	**(21,280)**	(31,522)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**1,503,882**	1,503,882

As at 30 June 2025 and 30 June 2024, the Group did not have any potential ordinary shares.

10. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 June 2025 and 30 June 2024, nor has any dividend been proposed since the end of the reporting period.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group disposed of certain plant and equipment with an aggregate carrying amount of RMB180,000 for cash proceeds of RMB165,000, resulting in a loss on disposal of RMB15,000.

During the six months ended 30 June 2025, the Group has purchased property, plant and equipment of RMB1,866,000.

The Group has no addition or disposal during the six months ended 30 June 2024.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Notes	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Trade receivables	*(i)*	**255,039**	259,028
Less: Allowance for credit losses		**(67,195)**	(67,195)
		187,844	191,833
Bills receivable		**39,079**	38,260
Value-added tax recoverable	*(ii)*	**20,159**	22,734
Deposits		**8,307**	7,537
Other receivables	*(iii)*	**13,728**	17,323
Other prepayments	*(iv)*	**25,672**	20,112
Loan to investees	*(v)*	**16,595**	16,595
		311,384	314,394

Notes:

(i) Trade receivables

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits based on reputation of the customers within the industry.

The Group prepares an ageing analysis for its trade receivable based on the dates when the Group and the customers agreed on the quantum of the services rendered, as evidenced by progress certificates. Periodic statements are issued and agreed by the customers for the services rendered for the customers.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

Notes: (Continued)

(i) Trade receivables (Continued)

Ageing analysis of the Groups trade receivables, net of Expected Credit Loss ("ECL")

The ageing analysis of the Group's trade receivable, prepared based on the dates of certification of work done, which approximate the respective revenue recognition dates (net of credit losses for trade receivable), at the end of each reporting period is as follows:

	At 30 June 2025 *RMB'000* **(Unaudited)**	At 31 December 2024 *RMB'000* (Audited)
0–30 days	**39,510**	33,713
31–90 days	**19,812**	33,495
91–180 days	**33,424**	14,520
181–365 days	**24,500**	23,109
1 year–2 years	**14,990**	39,463
Over 2 years	**55,608**	47,533
	187,844	191,833

The estimated loss rates for ECL calculations are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by the management to ensure relevant information about specific debtors is update.

(ii) Value-added tax recoverable ("VAT")

VAT paid of approximately RMB1,769,000 (31 December 2024: RMB3,985,000) by the Group in connection with its property, plant and machinery and construction in progress could be set-off against future value added tax payable generated from the Group.

12. **TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)**

Notes: (Continued)

(iii) Other prepayments

As at 30 June 2025, the Group's other prepayments is paid for the chartering cost, docking costs and fuel cost for both PRC and overseas projects.

(iv) Loans to investees

During the six months ended 30 June 2025, the Group had provided shareholder loans amounted to RMB6,989,000 (31 December 2024: RMB6,989,000) and RMB9,606,000 (31 December 2024: RMB9,606,000) to Jiangsu Longxiang Harbour PRC Engineering Company Limited and Unlisted Entity for daily operation and construction of a vessel, respectively. The amounts bear interest at 4%, non-secured and repayable on demand.

13. TRADE AND OTHER PAYABLES

	At 30 June 2025 *RMB'000* **(Unaudited)**	At 31 December 2024 *RMB'000* (Audited)
Trade payables	**142,395**	184,674
Other payables		
Payable for construction cost of investment properties *(note below)*	**70,973**	70,973
Accrual for other taxes	**43,746**	47,880
Accrual for staff salaries and welfare	**24,485**	29,316
Others	**90,860**	84,881
	230,064	233,050
	372,459	417,724

Note: As at 30 June 2025, based on invoice date, other payables for construction cost for investment properties of approximately RMB70,973,000 (31 December 2024: RMB70,973,000) has been due for over 1 year.

13. TRADE AND OTHER PAYABLES (Continued)

The ageing analysis of the Group's trade payables presented based on the invoice date, except for sub-contracting charge which is presented based on dates of the progress certificates, as at the end of each reporting period is as follows:

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0–30 days	**14,413**	44,530
31–60 days	**8,003**	16,435
61–90 days	**12,629**	11,915
91–180 days	**26,085**	17,399
Over 180 days	**81,265**	94,395
	142,395	184,674

14. BANK BORROWINGS

During the current interim period, the Group raised bank loans of RMB136,250,000 (31 December 2024: RMB140,100,000) and repaid bank loans of RMB142,600,000 (31 December 2024: RMB151,500,000). As at 30 June 2025, the effective interest rates of the bank borrowings ranged from 4.50% to 6.80% (31 December 2024: 4.50% to 6.80%) per annum.

15. SHARE CAPITAL

	Number of shares at HK$0.2 each	**Amount**	**RMB equivalent amount**
	'000	***HK$'000***	***RMB'000***
Authorised			
As at 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	5,000,000	1,000,000	N/A
Issued and fully paid			
Balance at 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	1,503,882	300,776	255,247

There were no movements of the Company's share capital for the six months ended 30 June 2025 and 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is primarily engaged in dredging business, which can be divided into three main operating and reportable segments, namely, (i) capital and reclamation dredging business (the "CRD Business"); (ii) environmental protection dredging and water management business (the "EPD and Water Management Business"); and (iii) other works operated in marine sites (the "Other Marine Business"). In addition, the Group has set up property management business in respect of the management of Xingyu International Houseware Plaza* (興宇國際家居廣場) and factories (the "Property Management Business").

During the Reporting Period, the Group recorded a loss of approximately RMB9.5 million, as compared to a loss of approximately RMB19.5 million for the first half of 2024. The loss attributable to the shareholders of the Company for the Reporting Period was approximately RMB21.3 million.

BUSINESS REVIEW

During the Reporting Period, the Group's core business segment, namely the CRD Business, continued to navigate a highly challenging environment. Nonetheless, through persistent effort and strategic execution, the Group achieved meaningful progress, with segment revenue rising by approximately 150% compared to the corresponding period in 2024.

Despite ongoing challenges, the Group remains firmly committed to pursuing dredging project opportunities across Southeast Asia and Belt and Road countries. By leveraging the growth potential of these regions, the Group aims to enhance the performance of its CRD Business going forward.

Like the CRD Business, the EPD and Water Management Business also encountered significant challenges during the Reporting Period. Nevertheless, the Group achieved an increase in segment revenue of approximately 455% during the Reporting Period compared to the corresponding period in 2024. That said, the development of this segment remained relatively unstable in the second half of the year.

The Group's Other Marine Business segment, which includes services such as wind power equipment installation, bulk material hoisting, and engineering work for docks and bridges and other engineering services, faced contraction during the Reporting Period due to intense market competition. As a result, segment revenue declined from approximately RMB152.1 million in the corresponding period of 2024 to around RMB125.0 million in the Reporting Period.

Xingyu International Houseware Plaza, with a commercial gross floor area of 75,600 square meters under the Property Management segment, was originally positioned as a large-scale shopping destination for domestic construction materials, offering one-stop services ranging from furniture and housewares to decorative items. However, the sharp downturn in the domestic property market significantly impacted its leasing operations. In response, the Group temporarily suspended all rental activities during the Reporting Period to reduce operating costs. Future plans for the property management business will depend on the property value fluctuation trends and the development prospects of the property management business.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group recorded a revenue of approximately RMB145.8 million, representing a decrease of 11.2% as compared with approximately RMB164.1 million in the corresponding period of 2024.

Regarding the CRD Business segment, the revenue generated during the Reporting Period was approximately RMB19.3 million which represented an increase of 150% from the corresponding segment's revenue in the corresponding period of 2024. The increase in revenue generated from the CRD Business segment was primarily due to the increase of the work taken up by the Group during the Reporting Period.

Regarding the EPD and Water Management Business segment, the revenue generated during the Reporting Period was approximately RMB1.5 million which represented an increase of 455% as compared with the corresponding segment's revenue in the corresponding period of 2024. The increase in revenue was attributable to the increase of the number of projects taken up by the Group during the Reporting Period.

Other Marine Business contributed a revenue of approximately RMB125.0 million to the Group for the Reporting Period, which represented a decrease of 18% as compared with the corresponding segment's revenue in the corresponding period of 2024. The decrease in revenue was due to contraction of business attributable to the intensive market competition.

During the Reporting Period, the Property Management Business recorded no revenue, a sharp decline from approximately RMB4.0 million in the corresponding period of 2024.

Operating costs and gross (loss) profit

The Group's operating costs decreased by 17.4% from approximately RMB145.3 million for the six months ended 30 June 2024 to approximately RMB120.0 million for the Reporting Period.

The Group's gross profit increased by 37% from approximately RMB18.8 million for six months ended 30 June 2024 to approximately RMB25.8 million for the Reporting Period.

The Group recorded segment gross losses of approximately RMB8.0 million and RMB3.5 million for the Reporting Period for the CRD Business and EPD and Water Management Business, respectively. The main cause of the gross losses was that the revenue generated during the Reporting Period was insufficient to cover the costs, mainly represented fixed expenses and depreciation of dredgers and other production facilities.

The segment gross profit margin of the Other Marine Business decreased from 34.1% for the six months ended 30 June 2024 to 26.6% for the Reporting Period. The primary reason for the decrease in the segment's gross profit margin was the drop in revenue.

The segment gross profit of the Property Management Business decreased from approximately RMB3.0 million for the six months ended 30 June 2024 to loss of 0.8 million for the Reporting Period.

As a result, the overall gross profit margin of the Group increased from 11.4% for the six months ended 30 June 2024 to the overall gross profit margin of 17.7% for the Reporting Period.

Other income

Other income decreased from approximately RMB5.5 million for the six months ended 30 June 2024 to approximately RMB1.6 million for the Reporting Period, which was mainly due to the decrease in sundry income for the Reporting Period.

Net other gain

The Group recorded a net other gain of approximately RMB1.7 million during the Reporting Period as compared with a net other gain of approximately RMB0.5 million for the six months ended 30 June 2024, which was primarily caused by the gain on disposal of subsidiaries for the Reporting Period.

Marketing and promotion expenses

No marketing and promotion expenses were incurred during the Reporting Period.

Administrative expenses

Administrative expenses of the Group for the Reporting Period amounted to approximately RMB21.1 million, representing an decrease of 23.4% from approximately RMB27.6 million for the six months ended 30 June 2024, which was mainly caused by the reduction in depreciation amount.

Finance costs

Finance costs was approximately RMB9.6 million for the Reporting Period, representing a decrease of 20% as compared with that of the corresponding period last year.

Income tax expense

Income tax expense increased from approximately RMB4.6 million for the corresponding period in 2024 to approximately RMB7.9 million for the Reporting Period.

Loss for the period

As a combined effect of the above, the loss for the Reporting Period was approximately RMB9.5 million as compared with a loss of approximately RMB19.5 million for the corresponding period in 2024.

Loss per share

Loss per share for the Reporting Period was about RMB1.4 cents as compared with a loss per share of about RMB2.1 cents for the same period of last year.

Financial position

As at 30 June 2025, total equity of the Group amounted to approximately RMB289.6 million (31 December 2024: approximately RMB307.0 million).

The Group's net current liabilities as at 30 June 2025 amounted to approximately RMB457.9 million (31 December 2024: approximately RMB459.4 million). The current ratio, which is calculated by dividing current assets by current liabilities as at 30 June 2025 was 0.41 (31 December 2024: 0.44).

Liquidity and financial resources

The Group adopts a prudent cash and financial management policy. In order to achieve better cost control and improve the usage efficiency of funds, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in Renminbi and Hong Kong dollars. Included in net current assets were cash and various bank deposits totaling approximately RMB13 million as at 30 June 2025 (31 December 2024: RMB48.9 million).

The Group's trade receivables as at 30 June 2025 decreased by 2% from approximately RMB191.8 million as at 31 December 2024 to approximately RMB187.8 million.

As at 30 June 2025, total liabilities of the Group were approximately RMB937.7 million, representing a decrease of about 6% as compared with that for the corresponding period last year. The Group's gearing ratio (calculated by interest bearing instruments (including bank borrowings and other borrowings) divided by total equity) was 107.5% (31 December 2024: 108.4%). The decrease in gearing ratio was primarily due to the repayment of bank borrowings and other borrowings during the Reporting Period.

Capital structure of the Group

The capital structure of the Group consists of debts, which include amounts due to non-controlling interests of a subsidiary, bank borrowings, other borrowings and equity reserves attributable to owners of the Company, comprising issued share capital and various reserves.

The Directors review the capital structure on a semi-annual basis. Based on the recommendations of the Directors, the Group will review its overall capital structure and take professional advice on relevant corporate finance actions for the improvement of the Group's available cashflow for grasping business expansion and development opportunities.

Reference was made to the announcements of the Company dated 14 February 2025, 2 April 2025, 30 May 2025 and 3 July 2025, and the circular of the Company dated 14 March 2025, the Company proposed to implement a capital reorganisation ("Capital Reorganisation") which involves capital reduction and share sub-division as follows:

(i) capital reduction (the "Capital Reduction") whereby the nominal or par value of each of the then existing issued share of the Company (i.e. the ordinary shares of nominal or par value of HK$0.20 each in the share capital of the Company prior to the Capital Reorganisation becoming effective, the "Shares") would be reduced from HK$0.20 to HK$0.02 by cancellation of the paid up capital to the extent of HK$0.18 on each issued Share;

(ii) share sub-division whereby immediately following the Capital Reduction, each authorised but unissued Share of a nominal or par value of HK$0.20 would be sub-divided into ten (10) new shares of nominal or par value of HK$0.02 each (the “New Shares”); and

(iii) the credit arising from the Capital Reduction in the amount of HK$270,698,670 would be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company, and the balance (if any) would be transferred to the distributable reserve account of the Company which may be applied by the Company in any manner permitted by the memorandum of association and the articles of association of the Company and all applicable laws and rules and as the Board considers appropriate.

The Capital Reorganisation had been completed and became effective on 3 July 2025.

Risk management policies

The Group in its ordinary course of business is exposed to market risks such as currency risk and interest rate risk. The Group’s risk management strategy aims to minimise the adverse effects of these risks on its financial performance.

As most of the Group’s trading transactions, monetary assets and liabilities were denominated mainly in Renminbi, which was the Group’s functional and reporting currency, and save for certain bank borrowings and balances denominated in United States dollars and Hong Kong dollars, the foreign exchange gains recognised for the Reporting Period was approximately RMB0.5 million (30 June 2024: losses of approximately RMB0.5 million). The Group is giving full attention to respond to the related foreign exchange rate risks.

The Group has not entered into any interest rate hedging contracts or any other interest rate related derivative financial instrument. However, the Group continues to monitor its related interest rate exposure closely.

Charge over assets of the Group

As at 30 June 2025, the Group's bank borrowings were secured by charges over certain dredgers and land owned by the Group, a property owned by a company which Mr. Liu Kaijin has beneficial interest, and personal guarantees by Mr. Liu Kaijin and Ms. Zhou Shuhua. There were also intra-group charges between two of the Company's wholly-owned subsidiaries as a result of the contractual arrangements, pursuant to which all economic benefits and risks arising from the business of Jiangsu Xingyu Holdings Group Limited* (江蘇興宇控股集團有限公司) have been transferred to Jiangsu Xiangyu Port Construction Project Administration Company Limited* (江蘇翔宇港建工程管理有限公司).

Material acquisitions and disposals

During the Reporting Period, the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures, and had no definite plan for any material investment or capital assets.

Capital commitments and contingent liabilities

As at 30 June 2025, the Group had capital commitments of approximately RMB73.6 million (31 December 2024: approximately RMB73.6 million) which mainly included the construction cost of the hotel.

As at 30 June 2025, the Group did not have any material contingent liability (31 December 2024: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group had a workforce of 393 employees (31 December 2024: 415). Total staff cost for the Reporting Period was approximately RMB30.3 million (30 June 2024: approximately RMB25.9 million). The staff costs during the Reporting Period increased by approximately RMB 4.4 million as compared to the corresponding period in 2024. This was due to the increase in contributions to the staff's social insurance and retirement benefit plans. The Group's remuneration policy is basically determined by the Directors, based on the performance of individual employees and the market conditions. In addition to salaries and discretionary bonuses, employee benefits included pension contributions and options which may be granted under the share option scheme.

PROSPECTS

In response to the broader economic slowdown, the Group adopted a strategic approach focused on cost control, operational stability, and risk mitigation. Efforts were concentrated on maintaining consistency across construction projects, streamlining operations, and reinforcing management practices. A cautious operating strategy was implemented to manage financial exposure and improve the collection of receivables. Despite a challenging environment, the Group maintained stable operational performance during the Reporting Period with certain projects in CRD Business and the EPD and Water Management Business showing progress compared to the corresponding period last year. Looking ahead, the Group will maintain its disciplined strategic approach while further optimizing its operational layout and reinforcing its risk management capabilities.

With reference to the Company's announcement dated 17 December 2024, the Group has opted to temporarily suspend planning and halt operational activities related to business opportunities in environmental protection new energy and digitalisation as mentioned therein. This decision was made following a comprehensive evaluation, which concluded that these initiatives were not currently aligned with the Group's strategic resource allocation and operational capabilities. However, the Group remains open to revisiting these projects in the future should market conditions and internal capacity become more favorable. Meanwhile, the Group continues to actively pursue high-growth opportunities to diversify revenue streams and foster sustainable value creation for its shareholders.

In terms of capital operation, the Group will actively identify and implement sound and feasible financial plans, based on the progress of overseas projects and the business development and expansion opportunities. This approach aims to enhance the Group's capital structure, thereby supporting and meeting the business development needs of the Group.

INTERIM DIVIDEND

The Directors have determined that no dividend will be paid in respect of the Reporting Period (six months ended 30 June 2024: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities (including sale of treasury shares (within the meaning under the Listing Rules)).

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to high standards of corporate governance. The Company has complied with all the code provisions as set out in Part 2 of the Corporate Governance Code ("CG Code") contained in Appendix C1 of the Listing Rules for the Reporting Period and there was no deviation from the CG Code.

AUDIT COMMITTEE AND REVIEW OF UNAUDITED FINANCIAL STATEMENTS

Members of the audit committee of the Board (the "Audit Committee") as at 30 June 2025 comprised Mr. Chan Ming Sun Jonathan (chairman), Mr. Huan Xuedong and Mr. Liang Zequan, all of whom are independent non-executive Directors.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group, financial reporting matters including a review of the unaudited consolidated results for the Reporting Period prior to recommending them to the Board for approval.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Company (www.cdep.com.hk) and the Stock Exchange (www.hkexnews.hk). An interim report for the Reporting Period containing all the information required by Appendix D2 to the Listing Rules will be despatched to shareholders of the Company (if necessary) and available on the above websites in due course.

By order of the Board
China Dredging Environment Protection Holdings Limited
Zhou Shuhua
Chairlady and Executive Director

Hong Kong, 29 August 2025

As at the date of this announcement, the Board comprises Ms. Zhou Shuhua as Chairlady and Executive Director; Mr. Wu Xuze as Executive Director and Chief Executive Officer; Mr. Zhang Chunxi and Mr. Wang Jianhua as Executive Directors; and Mr. Huan Xuedong, Mr. Chan Ming Sun Jonathan and Mr. Liang Zequan as Independent Non-executive Directors.

* *for identification purpose only*