

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

The board (the “**Board**”) of directors (the “**Director(s)**”) of China Dredging Environment Protection Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) announces the audited consolidated financial results of the Group for the year ended 31 December 2025, together with the audited comparative figures for the year ended 31 December 2024, which are presented in Renminbi (“**RMB**”), the lawful currency of the People’s Republic of China (the “**PRC**”), are as follows.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2025*

	<i>Notes</i>	<b>2025</b>	2024
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
Revenue	5	<b>302,249</b>	325,234
Operating cost		<b>(241,419)</b>	(296,607)
		<hr/>	<hr/>
Gross profit		<b>60,830</b>	28,627
Other income	6	<b>1,641</b>	5,828
Other gains and losses, net	7	<b>2,992</b>	(2,329)
Marketing and promotion expenses		–	(130)
Administrative expenses		<b>(46,737)</b>	(49,519)
Allowance for expected credit losses, net of reversal		<b>(11,506)</b>	(7,144)
Impairment losses on property, plant and equipment		–	(135,305)
Changes in fair values of investment properties		<b>(45,006)</b>	(94,010)
Share of results of an associate		<b>(614)</b>	(929)
Finance costs		<b>(18,293)</b>	(21,386)
		<hr/>	<hr/>
Loss before tax	8	<b>(56,693)</b>	(276,297)
Income tax expenses	9	<b>(21,349)</b>	(26,698)
		<hr/>	<hr/>
Loss for the year		<b>(78,042)</b>	(302,995)
		<hr/> <hr/>	<hr/> <hr/>
(Loss) profit for the year attributable to:			
– Owners of the Company		<b>(98,122)</b>	(322,050)
– Non-controlling interests		<b>20,080</b>	19,055
		<hr/>	<hr/>
		<b>(78,042)</b>	(302,995)
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive (expenses) income for the year attributable to:			
– Owners of the Company		<b>(98,122)</b>	(322,050)
– Non-controlling interests		<b>20,080</b>	19,055
		<hr/>	<hr/>
		<b>(78,042)</b>	(302,995)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share attributable to owners of the Company			
– Basic and diluted (RMB cents)	10	<b>(6.52)</b>	(21.41)
		<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

		2025	2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		569,689	702,247
Right-of-use assets		1,809	43,675
Investment properties		230,943	184,421
Goodwill		201	201
Interest in an associate		2,295	2,909
Equity instruments at fair value through other comprehensive income		6,000	6,000
		<u>810,937</u>	<u>939,453</u>
<b>Current assets</b>			
Trade and other receivables and prepayments	12	323,682	314,394
Contract assets		380	–
Bank balances and cash		40,494	48,872
		<u>364,556</u>	<u>363,266</u>
<b>Current liabilities</b>			
Trade and other payables	13	383,941	417,724
Contract liabilities		63,622	44,590
Amounts due to related parties		64,490	67,420
Amounts due to non-controlling shareholders of a subsidiary		3,282	3,282
Tax payable		73,107	68,478
Bank borrowings	14	143,150	184,800
Other borrowings	15	41,098	35,296
Lease liabilities		463	1,031
		<u>773,153</u>	<u>822,621</u>
<b>Net current liabilities</b>		<u>(408,597)</u>	<u>(459,355)</u>
<b>Total assets less current liabilities</b>		<u><u>402,340</u></u>	<u><u>480,098</u></u>

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
<b>Capital and reserves</b>			
Share capital		<b>25,525</b>	255,247
Reserves		<b>3,313</b>	(128,287)
		<hr/>	<hr/>
Equity attributable to owners of the Company		<b>28,838</b>	126,960
Non-controlling interests		<b>192,164</b>	180,028
		<hr/>	<hr/>
<b>Total equity</b>		<b>221,002</b>	306,988
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Amounts due to non-controlling shareholders of a subsidiary		<b>45,207</b>	49,527
Bank borrowings		<b>32,050</b>	–
Other borrowings	<i>15</i>	<b>95,257</b>	112,737
Deferred tax liabilities		<b>8,482</b>	10,162
Lease liabilities		<b>342</b>	684
		<hr/>	<hr/>
		<b>181,338</b>	173,110
		<hr/>	<hr/>
		<b>402,340</b>	480,098
		<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 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 directors of the Company (the “**Directors**”) consider that 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**”, together Mr. Liu, the “**Controlling Shareholders**”), spouse of Mr. Liu. Ms. Zhou is an Executive Director and chairlady of the Board of Directors of the Company (the “**Board**”). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The Company acts as an investment holding company. The Company and its subsidiaries (the “**Group**”) is principally engaged in the provision of dredging and water management services, provision of marine hoisting, installation and other engineering services. Particulars of the Company subsidiaries are set out in the annual report.

The 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 consolidated financial statements represent the best efforts made by 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 PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

### Going concern assessment

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

During the year ended 31 December 2025, the Group incurred a net loss attributable to the shareholders of the Company of approximately RMB98,122,000 (2024: RMB322,050,000) and, as of that date, the Group had net current liabilities of approximately RMB408,597,000 (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.

In preparing the 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 31 December 2025. They are of the opinion that, taking into account the following plans and measures (the "**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 31 December 2025. Nevertheless, the 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) Mr. Liu agreed not to request the Group to repay the amount due to him of approximately RMB56,458,000 included in the amounts due to related parties until the Group has sufficient funds to meet any liabilities and financial obligations as and when they fall due in the coming twelve months from 31 December 2025; and
  - (ii) Mr. Liu also agreed to provide sufficient funds to the Group so that the Group will be able to meet any liabilities and financial obligations as and when they fall due in the coming twelve months from 31 December 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 31 December 2025;
- (3) The Group is continuously in 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 business and operations in the future.

In light of the above Plans and Measures implemented to date, the Directors are of the view that the Group has sufficient cash resources to satisfy its working capital and other financial obligations for a period of at least the next twelve months from 31 December 2025 after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the production facilities and development of its business. Accordingly, the Directors are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Company will be able to achieve its Plans and Measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future and obtain the continuous financial support from its controlling shareholder.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their estimated recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.



## Segment revenues and results

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

	Capital and Reclamation Dredging Business RMB'000	Environmental Protection Dredging and Water Management Business RMB'000	Other Marine Business RMB'000	Property Management Business RMB'000	Total RMB'000
<b>For the year ended 31 December 2024</b>					
<b>Segment revenue</b>					
External sales	14,893	8,333	301,080	928	325,234
Segment results	(64,477)	(9,286)	75,031	(101,012)	(99,744)
Changes in fair value of investment properties					(94,010)
Unallocated allowance for expected credit losses of other receivables and prepayments, net of reversal					(645)
Unallocated allowance for impairment losses on property, plant and equipment					(25,803)
Unallocated other income, gains and losses, net					4,505
Unallocated corporate expenses					(46,467)
Share of results of an associate					(929)
Unallocated finance costs					(13,204)
Loss before tax					(276,297)
<b>For the year ended 31 December 2025</b>					
<b>Segment revenue</b>					
External sales	28,856	6,949	266,444	–	302,249
Segment results	(30,204)	(2,003)	73,635	(1,560)	39,868
Changes in fair value of investment properties					(45,006)
Unallocated allowance for expected credit losses of other receivables and prepayments, net of reversal					(582)
Unallocated other income, gains and losses, net					4,633
Unallocated corporate expenses					(43,832)
Share of results of an associate					(614)
Unallocated finance costs					(11,160)
Loss before tax					(56,693)

The accounting policies of the operating segments are the same as the Group's accounting policies.

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, net foreign exchange difference, central administration costs, certain allowance for expected credit losses recognised, Directors' emoluments and certain finance cost and other items listed above. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

### Segment assets

An analysis of the Group's reportable segment assets is as below:

	Capital and Reclamation Dredging Business RMB'000	Environmental Protection Dredging and Water Management Business RMB'000	Other Marine Business RMB'000	Property Management Business RMB'000	Total RMB'000
<b>As at 31 December 2024</b>					
Segment assets	<u>295,092</u>	<u>145,833</u>	<u>597,873</u>	<u>212,287</u>	1,251,085
<i>Unallocated assets:</i>					
Right-of-use assets					1,353
Bank balances and cash					48,872
Other corporate assets					<u>1,409</u>
<b>Consolidated assets</b>					<u><u>1,302,719</u></u>
<b>As at 31 December 2025</b>					
Segment assets	<u>232,887</u>	<u>125,196</u>	<u>583,442</u>	<u>188,237</u>	1,129,762
<i>Unallocated assets:</i>					
Right-of-use assets					808
Bank balances and cash					40,494
Other corporate assets					<u>4,429</u>
<b>Consolidated assets</b>					<u><u>1,175,493</u></u>

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.

## 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.

## Other segment information

	Capital and Reclamation Dredging Business RMB'000	Environmental Protection Dredging and Water Management Business RMB'000	Other Marine Business RMB'000	Property Management Business RMB'000	Segment total RMB'000	Unallocated RMB'000	Consolidated RMB'000
<b>As of and for the year ended 31 December 2024</b>							
<b>Amounts included in the measure of segment profit or loss or segment assets:</b>							
Additions to non-current assets	-	-	1,127	-	1,127	-	1,127
Depreciation of property, plant and equipment	39,122	16,966	30,521	23	86,632	19	86,651
Depreciation of right-of-use assets	-	23	394	1,537	1,954	620	2,574
Expected credit losses allowance, net of reversal	7,955	(311)	(2,833)	1,688	6,499	645	7,144
Impairment loss on property, plant and equipment	98,558	25,803	-	10,944	135,305	-	135,305
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>As of and for the year ended 31 December 2025</b>							
<b>Amounts included in the measure of segment profit or loss or segment assets:</b>							
Additions to non-current assets	-	-	3,357	-	3,357	-	3,357
Depreciation of property, plant and equipment	30,090	11,806	41,561	23	83,480	80	83,560
Depreciation of right-of-use assets	-	23	-	1,537	1,560	842	2,402
Expected credit losses allowance, net of reversal	1,465	672	8,787	-	10,924	582	11,506
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## Geographical information

### *Revenue from external customers*

Information about the Group's revenue from external customers is set out in Note 5(a)(iii) below.

### *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.

## Information about major customers

An analysis of revenue from customers contributing over 10% of the Group's total revenue for the year is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Customer A		
– Other Marine Business	<u>43,019</u>	<u>76,981</u>

## 5. REVENUE

### (a) Disaggregation of revenue from contracts with customers

- (i) *The Group derives revenue from the transfer of goods and services by categorise of major product lines and business*

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Revenue from contracts with customers by categories</b>		
– Capital and Reclamation Dredging Business	28,856	14,893
– Environment Protection Dredging and Water Management Business	6,949	8,333
– Other Marine Business	266,444	301,080
– Property Management Business	–	928
	<u>302,249</u>	<u>325,234</u>

(ii) *The Group derives revenue from the transfer of goods and services by timing of revenue recognition*

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Timing of revenue recognition</b>		
– Over time	<u><u>302,249</u></u>	<u><u>325,234</u></u>

(iii) *The Group derives revenue from the transfer of goods and services by geographical markets*

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Mainland China</b>	269,100	312,071
Other countries and regions	<u>33,149</u>	<u>13,163</u>
	<u><u>302,249</u></u>	<u><u>325,234</u></u>

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

**(b) Contract balances**

		As at 31 December		As at
	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	1 January 2024 <i>RMB'000</i>
Trade receivables	12	297,706	259,028	1,447,703
Less: Allowance for credit losses		<u>(78,119)</u>	<u>(67,195)</u>	<u>(1,221,411)</u>
		219,587	191,833	226,292
Bills receivables		<u>23,047</u>	<u>38,260</u>	<u>30,003</u>
		<u><u>242,634</u></u>	<u><u>230,093</u></u>	<u><u>256,295</u></u>
Contract assets		380	–	5,324
Less: Allowance for credit losses		<u>–</u>	<u>–</u>	<u>(384)</u>
		<u><u>380</u></u>	<u><u>–</u></u>	<u><u>4,940</u></u>
Contract liabilities		<u><u>63,622</u></u>	<u><u>44,590</u></u>	<u><u>6,618</u></u>

Information about the Group's trade receivables is set out in Note 12.

(c) **Performance obligations for contracts with customers and revenue recognition policies**

The Group is primarily engaged in the (i) provision of dredging and related contract services works; and (ii) property investment and provision of property management services.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities.

The Group's performance obligations for contracts with customers and revenue and other income recognition policies are as follows:

*Revenue from contracts with customers*

- (1) Provision of dredging and related contract services works.

The Group's provision of dredging and related contract services works including: (i) provision of capital and reclamation dredging services and related consultation services (i.e. the "**Capital and Reclamation Dredging Business**"); (ii) provision of dredging, water management services and constructions for promoting environmental interests and water quality mainly for inland rivers services (i.e. the "**Environment Protection Dredging and Water Management Business**"); and (iii) provision of marine hoisting, installation, salvaging, vessel chartering and other engineering services (i.e. the "**Other Marine Business**").

For Capital and Reclamation Dredging Business and Environment Protection Dredging and Water Management Business, the Group has a right to consideration from its customers in an amount that corresponds directly with the value to the customers of the Group's performance completed to date. As the Group bills its customers based on each portion of dredging works provided, the Group recognises revenue over time based on the amount it has a right to invoice using output method.

The Group recognises revenue on the basis of the volume of dredging works performed and delivered to customers. The measurements of value of the dredging works transferred to customers are directly invoiced based on a quantitative measure of dredging, that is, a unit price for the material dredged per cubic meter is set forth in the contracts with customers and therefore the revenue is recognised based on the amount invoiced. As the Group's performance creates an asset that customer simultaneously receives and consumes, this method provides a faithful depiction of the transfer of an asset to the customer.

The transaction price of the Group is determined upon establishment of the contract that contains the unit price for the quantity dredged for dredging projects.

For Other Marine Business, the Group provides marine hoisting, installation, salvaging, vessel chartering and other engineering services to clients and recognises revenue over time based on the progress of the services provided.

The Group's dredging and related contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits, when the Group receives a deposit before construction commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

- (2) Property investment and provision of property management services (i.e. the “**Property Management Business**”).

For Property Management Business, the Group provides rentals and property management service fees to its tenants in a shopping mall and factories.

Rental income for shopping mall and factories from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Revenue from providing property management services for shopping mall and factories is recognised in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group.

The Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

The Group received property management services income, where the Group acts as a principal and is primary responsible for providing the property management services to the property owners. The Group entitles to revenue at the value of property management services fee received or receivable and recognises all related property management costs as its cost of service.

#### **Other income**

- (i) Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.
- (ii) Government grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same period in which the expenses are incurred.

#### **(d) Transaction price allocated to remaining performance obligation**

The Group has applied practical expedient in paragraph 121 of HKFRS 15 Revenue from Contracts with Customers, to/existence at the reporting date due to:

- The majority of the Company's dredging and related contracts are short-term contracts and have a duration of less than one year, the practical expedient for contracts with durations of one year or less is applied and therefore the effect of the time value of money is not considered.
- The Group's property management services and rental income from Property Management Business are recognised at the amount to which it has a right to invoice, which corresponds directly with the value to the customer of the Group's performance completed to date.

## 6. OTHER INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bank interest income	157	148
Unconditional government grants	198	5,350
Loan interest income	1,276	269
Sundry income	10	61
	<u>1,641</u>	<u>5,828</u>

*Note:* During the year ended 31 December 2025, governments grant was recognised by the subsidiaries incorporated in PRC as other income for the year as there was no unfulfilled condition or contingencies relating to the subsidies.

## 7. OTHER GAINS AND LOSSES, NET

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Gain on disposal of property, plant and equipment, net	126	–
Loss on early termination on lease	–	(10)
Gain on disposal of subsidiaries (note (i) below)	505	–
Loss upon disposal of trade receivables	–	(696)
Loss arising from debt settlement agreement	–	(300)
Exchange gains and losses, net	2,361	(1,323)
	<u>2,992</u>	<u>(2,329)</u>

*Note (i):* During the year ended 31 December 2025, the Company disposed of three subsidiaries and thus the Group incurred a gain of approximately RMB505,000 that was charged to profit or loss for the year. In December 2025, the Company disposed of its entire equity interests in these three subsidiaries to third parties for a total consideration below RMB1,000. As at the date of disposal, the net liabilities of the subsidiaries amounted to approximately RMB495,000 which are mainly right-of-use assets, deposit and other receivables, bank balances and cash, lease liabilities and other payables amounted to approximately RMB460,000, RMB171,000, RMB143,000, RMB499,000 and RMB780,000, respectively and thus, the Company recognised a gain on disposal of the subsidiaries amounted to approximately RMB505,000 which was charged to profit or loss and generated a net cash outflow of approximately RMB143,000 for the year.

## 8. LOSS BEFORE TAX

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss before tax has been arrived at after charging (crediting):		
Directors' emoluments	733	733
Other staff costs	55,296	55,181
Retirement benefit scheme contributions	5,708	6,324
Performance related bonuses	–	–
Equity-settled share-based payments	–	–
Total staff costs	<u>61,737</u>	<u>62,238</u>
Impairment losses recognised		
– Property, plant and equipment	<u>–</u>	<u>135,305</u>
Gross rental income from investment properties		
– Environmental Protection Dredging and Water Management Business	(3,051)	(3,857)
– Property Management Business	–	(1,087)
	<u>(3,051)</u>	<u>(4,944)</u>
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	1,191	442
Direct operating expenses incurred for investment properties that did not generate rental income during the year	1,265	1,542
	<u>(595)</u>	<u>(2,960)</u>
Others:		
Auditor's remuneration	1,445	1,445
Depreciation of property, plant and equipment	83,560	86,651
Depreciation of right-of-use assets	2,402	2,574
Operating cost	<u>241,419</u>	<u>296,607</u>

## 9. INCOME TAX EXPENSES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
The charge comprises:		
Current tax		
– PRC EIT Tax	(23,029)	(28,156)
Deferred tax		
– Current year	<u>1,680</u>	<u>1,458</u>
	<u>(21,349)</u>	<u>(26,698)</u>

Pursuant to the income tax rule and regulations of Cayman Islands and British Virgin Islands (“BVI”), the Group is not subject to income tax in the respective jurisdictions.

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 years.

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

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

## 10. 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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(98,122)</u>	<u>(322,050)</u>
	2025 '000	2024 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>1,503,882</u>	<u>1,503,882</u>

As at 31 December 2025 and 31 December 2024, the Group did not have any potential ordinary shares.

## 11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2025 and 31 December 2024, nor has any dividend been proposed since the end of the reporting period.

## 12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	297,706	259,028
Less: Allowance for credit losses	<u>(78,119)</u>	<u>(67,195)</u>
	219,587	191,833
Bills receivable	23,047	38,260
Value-added tax recoverable	19,422	22,734
Deposits	8,169	7,537
Other receivables	13,584	17,323
Other prepayments	23,278	20,112
Loans to investees	<u>16,595</u>	<u>16,595</u>
	<u>323,682</u>	<u>314,394</u>

### Ageing analysis of the Group's trade receivable, net of 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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
0–30 days	35,460	33,713
31–90 days	19,556	33,495
91–180 days	33,346	14,520
181–365 days	62,217	23,109
1 year–2 years	29,071	39,463
Over 2 years	39,937	47,533
	<u>219,587</u>	<u>191,833</u>

### 13. TRADE AND OTHER PAYABLES

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	(a)		
Sub-contracting charge		97,978	127,106
Fuel cost		12,689	13,338
Repair and maintenance		10,672	13,406
Others		20,334	30,824
		<u>141,673</u>	<u>184,674</u>
Other payables			
Payable for construction cost of investment properties	(b)	70,973	70,973
Accrual for other taxes		41,378	47,880
Accrual for staff salaries and welfare		39,611	29,316
Others	(c)	90,306	84,881
		<u>242,268</u>	<u>233,050</u>
		<u>383,941</u>	<u>417,724</u>

Notes:

(a) Trade payables

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:

	<b>2025</b>	2024
	<b>RMB'000</b>	<b>RMB'000</b>
0–30 days	<b>21,874</b>	44,530
31–60 days	<b>7,059</b>	16,435
61–90 days	<b>26,716</b>	11,915
91–180 days	<b>11,272</b>	17,399
Over 180 days	<b>74,752</b>	94,395
	<u><b>141,673</b></u>	<u>184,674</u>

(b) Payable for construction cost of investment properties

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

(c) Others

As at 31 December 2025, included in “other payables – others” was RMB6,744,000 (2024: RMB4,173,000) provided for various interest and fee due to claims and debts.

#### 14. BANK BORROWINGS

	<b>2025</b>	2024
	<b>RMB'000</b>	<b>RMB'000</b>
Secured bank borrowings		
The borrowings are repayable		
Within one year	<b>143,150</b>	184,800
Within a period or more than one year but not exceeding two years	<b>32,050</b>	–
	<u><b>175,200</b></u>	<u>184,800</u>
Less: Amounts due within one year shown under current liabilities	<u><b>(143,150)</b></u>	<u>(184,800)</u>
Amounts shown under non-current liabilities	<u><b>32,050</b></u>	<u>–</u>

## 15. OTHER BORROWINGS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other borrowings:		
Secured other borrowing from Financing Company	9,506	27,504
Secured other borrowing	30,560	21,560
Unsecured other borrowings	96,289	98,969
	<u>136,355</u>	<u>148,033</u>
	<u><u>136,355</u></u>	<u><u>148,033</u></u>
The above borrowings are repayable		
Within one year	41,098	35,296
Within a period of more than one year but not exceeding two years	95,257	112,737
	<u>136,355</u>	148,033
Less: Amount due within one year shown under current liabilities	<u>(41,098)</u>	<u>(35,296)</u>
	<u>95,257</u>	112,737
Amounts shown under non-current liabilities	<u><u>95,257</u></u>	<u><u>112,737</u></u>

## 16. RELATED PARTY DISCLOSURES

Save as disclosed elsewhere in the consolidated financial statement, during the year, the Group entered into the following significant transactions with the related parties and had the following outstanding balances with related parties at the end of both years:

### (i) Related party transactions

The Group received other advances from, and made repayments to Mr. Liu during the years ended 31 December 2025 and 31 December 2024. As at 31 December 2025, the amount due to Mr. Liu was of approximately RMB56,458,000 (2024: RMB60,663,000).

Besides, the Group had provided shareholder loans to the associate and equity investment of RMB7,135,000 (2024: RMB7,135,000), net of allowance of RMB146,000 (2024: RMB146,000) and RMB9,775,000 (2024: RMB9,775,000), net of allowance of RMB169,000 (2024: RMB199,000) respectively. Loan interest of RMB1,276,000 (2024: RMB269,000) was paid by the associate during the year.

**(ii) Pledge of assets and guarantees in support of the Group’s borrowings**

As at 31 December 2025 and 31 December 2024, other than pledge of assets of the Group, the Group’s bank borrowings were also supported by:

- (a) corporate guarantee given by Jiangsu Xiangyu Port Construction Project Administration Company Limited\* (江蘇翔宇港建工程管理有限公司) (“**Xiangyu PRC**”);
- (b) personal guarantees provided by Mr. Liu and Ms. Zhou; and
- (c) two properties owned by shareholders of the Company’s subsidiary.

In addition, bank borrowing of the Group of RMB49,450,000 (2024: RMB56,600,000) was supported by a property owned by a company in which Mr. Liu and Ms. Zhou have beneficial interest.

**(iii) Pledge of assets and guarantees in support of the Group’s construction of a Vessel and Equipments**

As at 31 December 2025, other than pledging a vessel of the Group, the Group’s construction of a vessel and equipment was also supported by personal guarantees provided by Mr. Liu and Ms. Zhou.

**(iv) Related party balances**

Details of the balances due to related parties are set out in amounts due to related parties to the consolidated financial statements.

**(v) Compensation of key management personnel**

The emoluments of Directors who are also identified as members of key management of the Group during the reporting period are set out in Directors’, Chief Executive Officer’s and employees’ emoluments to the consolidated financial statements.

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT**

The following is the extract of the independent auditor’s report from the external auditor for the year ended 31 December 2025:

### **Opinion**

We have audited the consolidated financial statements of China Dredging Environment Protection Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the consolidated financial statements, during the year ended 31 December 2025, the Group incurred a net loss attributable to the shareholders of the Company of approximately RMB98,122,000 and, as of that date, the Group had net current liabilities of approximately RMB408,597,000. These matters, along with other matters set forth in Note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The directors of the Company (the "**Directors**"), having considered the measures and plans being taken by the Group, are of the opinion that the Group would be able to continue as a going concern basis. Our conclusion is not modified in respect of this matter.

As at the date of this announcement, the Group has taken the following measures to address the opinion, which include:

- (1) The Company obtained a letter of undertaking (the "**Letter of Undertaking**") dated 11 March 2026 from Mr. Liu that: (i) Mr. Liu has agreed not to request the Group to repay the amount due to him of approximately RMB56,458,000 included in the amounts due to related parties until the Group has sufficient funds to meet any liabilities and financial obligations as and when they fall due in the coming twelve months from 31 December 2025; and (ii) Mr. Liu has also agreed to provide sufficient funds to the Group so that the Group will be able to meet any liabilities and financial obligations as and when they fall due in the coming twelve months from 31 December 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 31 December 2025;
- (3) The Group is continuously in 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 business and operations in the future.

The management and the audit committee believe that if the above measures are indeed implemented properly and effectively in the year 2026 and if the Company could provide sufficient audit evidence to the auditors to support that there will be sufficient working capital for the Group in the next twelve months from 31 December 2025, the opinion of material uncertainty related to going concern may be removed, given that there is no adverse change of the consolidated financial position, operations and investments of the Group.

## 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 such as hoisting wind power equipment, installing major parts of docks and bridges, as well as laying underwater pipelines and salvaging (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) (the “**Property Management Business**”).

### Financial Review

#### *Revenue*

For the year ended 31 December 2025 (the “**Reporting Period**”), the Group recorded a decrease by about 7.1% in total revenue from approximately RMB325 million for the year ended 31 December 2024 to approximately RMB302 million.

As regards the CRD Business segment, revenue of approximately RMB28.9 million was recorded for the Reporting Period, which increase significantly by about 93.8% when compared to that for the year ended 31 December 2024. The increase in revenue generated from the CRD Business segment was primarily due to the successful execution and settlement of payments of one relatively large CRD project during the Reporting Period.

Revenue of approximately RMB6.9 million was recorded for the EPD and Water Management Business segment, representing a decrease by about 16.9% from its corresponding segment revenue for the year ended 31 December 2024. The decrease in revenue was due to a reduction in the number of projects launched during the Reporting Period.

Revenue for the Other Marine Business was approximately RMB266.4 million, representing a decrease of 11.5% as compared with the corresponding period of 2024. The main reason for the decrease in revenue was a decrease in the number of projects implemented during the Reporting Period.

Revenue from the Property Management Business segment declined to nil during the Reporting Period, compared to approximately RMB0.9 million for the year ended 31 December 2024. The absence of income during the reporting period was primarily due to the Group's strategic decision to temporarily suspend operations for a major renovation of its shopping mall. Management views this renovation as a strategic investment to enhance facilities, improve market appeal, and drive stronger leasing performance in the future.

#### *Operating Cost and Gross Profit*

The Group's operating cost decreased from approximately RMB296.6 million for the year ended 31 December 2024 to approximately RMB241.4 million during the Reporting Period, representing a decrease of about 18.6%. The reduction in operating costs was attributable to a decline in sub-contracting expenses, coupled with lower non cash depreciation charges compared with the previous year. This combination of factors contributed to improved cost efficiency during the Reporting Period.

The Group recorded a gross profit of approximately RMB60.8 million for the Reporting Period as compared with a gross profit of approximately RMB28.6 million for the year ended 31 December 2024. Gross profit margin of 20.1% was recorded for the Reporting Period as compared with a gross profit margin of 8.8% for the year ended 31 December 2024. Despite a decline in overall revenue, both gross profit and gross profit margin recorded an increase. This improvement was primarily driven by a significant reduction in operating costs, which more than offset the impact of lower revenue.

### *Net Other Gains and Losses*

The Group recorded a net other gain of approximately RMB3 million during the Reporting Period as compared with a net other loss of approximately RMB2.3 million for year ended 31 December 2024, which was primarily caused by the exchange gains for the Reporting Period.

### *Expected Credit Loss Allowance*

As a prudent measure in managing the trade receivables and other receivables, the Company appointed an independent external professional valuer to make an independent valuation and based on its suggestion to recognise the allowance for expected credit losses on trade receivables and other receivables of approximately RMB11.5 million in total for the Reporting Period (2024: approximately RMB7.1 million).

### *Impairment loss on property, plant and equipment*

During the Reporting Period, the Group did not recognize any non cash impairment losses on property, plant, and equipment (2024: approximately RMB135.3 million). Impairment assessments indicated that the carrying amounts of the Group's vessels, dredgers, and related plant and machinery were consistent with their respective recoverable amounts. As no impairment was considered necessary, no impairment losses were recorded.

### *Marketing and Promotion Expenses*

No marketing and promotion expenses were incurred during the Reporting Period, compared with approximately RMB0.13 million for the year ended 31 December 2024, primarily due to reduced marketing and promotion activities.

### *Administrative Expenses*

Administrative expenses for the Reporting Period amounted to approximately RMB46.7 million, representing a decrease of about 5.7% from approximately RMB49.5 million for the year ended 31 December 2024. The reduction in administrative expenses was primarily attributable to lower depreciation charges under this category, following the relatively high depreciation expenses recorded in the prior year.

### *Changes in fair values of investment properties*

Based on the valuation conducted by an independent professional valuer, the fair value of the Group's investment properties was decreased by RMB45 million during the Reporting Period (2024: the fair value was decrease by RMB94 million).

### *Finance Costs*

Finance costs for the Reporting Period amounted to approximately RMB18.3 million, which decreased by about 14.5% when compared to that for the year ended 31 December 2024.

### *Income Tax Expenses*

The Group recorded an income tax expenses approximately RMB21.3 million for the Reporting Period, as compared with an income tax expenses approximately of RMB26.7 million for the year ended 31 December 2024. The decrease in income tax expenses is mainly due to decrease in taxable profits of certain PRC subsidiaries during the Reporting Period.

### *Loss for the Year attributable to owners of the Company*

Influenced by the above factors as a whole, the net loss for the Reporting Period attributable to owners of the Company was approximately RMB98.1 million, as compared to a net loss of approximately RMB322.1 million for the year ended 31 December 2024.

### *Loss per Share*

Loss per share for the Reporting Period was approximately RMB0.07 per share (2024: loss per share was approximately RMB0.21).

### *Financial 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 mitigate the adverse effects of these risks on its financial performance in full measure.

As most of the Group's trading transactions, monetary assets and liabilities are denominated mainly in Renminbi, which is the Group's functional and reporting currency, and save for certain bank borrowings and deposits denominated in United States dollars, Hong Kong dollars, Canadian Dollar, Singapore Dollar and Kazakhstani Tenge, the foreign exchange gains recognised for the Reporting Period was approximately RMB2.4 million (31 December 2024: exchange losses of approximately RMB1.3 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 instruments. Nonetheless, the Group will continue to closely monitor its related interest rate exposure.

### *Financial Position*

As at 31 December 2025, the total equity of the Group amounted to approximately RMB221 million (31 December 2024: approximately RMB307.0 million). The decrease in total equity was mainly attributable to the loss made during for the Reporting Period.

The Group's net current liabilities as at 31 December 2025 amounted to approximately RMB408.6 million (31 December 2024: approximately RMB459.4 million). The current ratio, which is calculated by dividing current assets by current liabilities, was 0.47 as at 31 December 2025 (31 December 2024: 0.44).

### *Liquidity and Financial Resources*

The Group adopts prudent cash and financial management policies. In order to achieve better cost control and reduce capital cost, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in Renminbi.

Included in current assets were cash and various bank deposits which was approximately RMB40.5 million in total as at 31 December 2025, representing a decrease by about 17.2% as compared with that of approximately RMB48.9 million as at 31 December 2024.

The Group's trade receivables as at 31 December 2025 amounted to approximately RMB219.6 million (2024: approximately RMB191.8 million), representing a increase by 14.5% when compared with that of the corresponding period of the preceding year.

As at 31 December 2025, total liabilities of the Group amounted to approximately RMB954.5 million (31 December 2024: approximately RMB995.7 million). The Group's gearing ratio (calculated by interest bearing instruments (including bank borrowings and other borrowings) divided by total equity) increased to 141.0% (2024: 108.4%).

### *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 which involves Capital Reduction and Share Sub-division as follows:

1. (i) 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) 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;
2. (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; and
3. (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.

### *Charge over Assets of the Group*

As at 31 December 2025, the Group's bank and other borrowings were secured by charges over certain dredgers and land owned by the Group, a property owned by a company in which Mr. Liu has beneficial interest and personal guarantees by Mr. Liu and Ms. Zhou, and shares of a subsidiary company held by the Company. There were also intragroup 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 Xiangyu PRC.

### *Material Investments Acquisitions and Disposals*

The Group had no material investments in or material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

### *Capital Commitments and Contingent Liabilities*

As at 31 December 2025, the Group had capital commitments of approximately RMB72.9 million (31 December 2024: approximately RMB73.6 million), which mainly included the construction and decoration costs of a hotel.

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

## **Business Review**

In recent years, the Group has maintained its domestic operations while actively pursuing dredging project opportunities across Southeast Asia and Belt and Road countries. During the Reporting Period, the Group participated in dredging projects in Malaysia and Indonesia. However, challenging economic conditions both domestically and internationally hindered project execution, resulting in continued performance decline.

Despite persistent effort and strategic execution, the Group recorded a 7.1% decrease in total revenue during the Reporting Period. The downturn reflects broader macroeconomic pressures, particularly in the EPD and Water Management Business and other Marine Business sectors, where sustained weakness in the domestic economy has made significant growth difficult to achieve.

The Group's primary focus remains on its Other Marine Business segment, which includes offshore wind power equipment installation, heavy lifting for port and bridge construction, underwater pipeline installation, and related engineering services. Nevertheless, this segment also faced considerable challenges during the Reporting Period, limiting its contribution to overall performance.

Xingyu International Houseware Plaza, located in the administrative centre of Yandu District, Yancheng City, Jiangsu Province, within the Yancheng National High-Tech Industrial Development Zone, has a gross floor area of 75,600 square meters and is primarily used for leasing under the Property Management Business. During the Reporting Period, the retail leasing market continued to experience a significant downturn. In response to these challenging market conditions, the Group made the strategic decision to temporarily suspend the operation for carrying out a renovation of its shopping mall under the Property Management Business segment. This initiative was implemented with the objective of enhancing the mall's facilities and overall appeal, thereby positioning the property to achieve stronger performance and generate higher returns in future leasing activities. While the renovation temporarily impacted revenue, management views this investment as a necessary step to secure long-term growth and competitiveness in the leasing market.

In addition to the Houseware Plaza, the Group owns a hotel project with a gross floor area of approximately 20,000 square meters, located on the west side of Caihong Road in Yancheng City, Jiangsu Province. Construction of the hotel has been suspended.

Finally, the Group started to pick up some construction engineering project in Hong Kong through a joint venture.

## **PROSPECTS**

The Group remains committed to closely monitoring market conditions and implementing measures to mitigate the impact of economic slowdown. Priority will be placed on controlling project costs and maintaining stability across construction projects, operations, and management. A prudent operational strategy will be adopted to manage risks effectively while accelerating the collection of receivables.

Concurrently, the Group is actively identifying and evaluating high-growth opportunities to enhance diversification and broaden its business portfolio. The aim is to establish multiple income streams and drive sustainable long-term growth, ultimately maximizing shareholder returns. Beyond its core businesses, the Group, through a joint venture, go into the Hong Kong construction engineering sector hoping to expand its appearance in Hong Kong.

In terms of capital operations, the Group will pursue sound financial planning, focusing on optimizing receivables collection and strengthening the capital structure to support ongoing development. Preventive measures have also been introduced to safeguard employee health and safety, reinforcing resilience and positioning the Group for recovery and future growth.

## **EMPLOYEES AND REMUNERATION POLICY**

The sustained development of our business leverages on the ongoing contributions by our employees. The Board considers employees the Group's most valuable assets and is committed to improving their professional growth, providing them competitive remuneration packages and safeguarding their health and safety. As at 31 December 2025, the Group had 418 (2024: 415) employees. The total staff cost for the Reporting Period was approximately RMB61.7 million (2024: approximately RMB62.2 million). The Group's remuneration policy is basically determined by the Directors based on the performance of individual employees and market conditions. In addition to salaries and discretionary bonuses, employee benefits include pension contributions and options which may be granted under share option scheme.

## **FINAL DIVIDEND**

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2025 (2024: nil).

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities (including the sale of treasury shares (as defined in the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")) during the year ended 31 December 2025.

As at the end of the Reporting Period, the Company does not hold any treasury Shares (including any treasury shares held or deposited with CCASS (as defined in the Listing Rules)).

## **CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and enhance its corporate value and accountability. The Group has applied the principles and adopted all code provisions, where applicable, contained in Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the “**CG Code**”) as the Group’s own code of corporate governance. The Directors consider that the Company has complied with all code provisions under the CG Code during the Reporting Period.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding the Directors’ dealings in the Company’s securities.

Having made specific enquiry to the Directors, all Directors had confirmed that they had complied with the required standard set out in the Model Code for the year ended 31 December 2025.

## **AUDIT COMMITTEE**

The Board has established the audit committee with written terms of reference. As at the date of this announcement, the audit committee comprises three independent non-executive Directors, namely Mr. Chan Ming Sun Jonathan, Mr. Huan Xuedong and Mr. Liang Zequan. Mr. Chan Ming Sun Jonathan is the chairman of the audit committee. The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, financial reporting system, risk management and internal control systems of the Group, and has reviewed the Group’s annual results for the year ended 31 December 2025.

## **SCOPE OF WORK OF ZSZH (HK) FUSON CPA LIMITED**

The figures in respect of this announcement of the Group's results for the year ended 31 December 2025 have been agreed by the Company's external auditor, ZSZH (HK) Fuson CPA Limited (formerly known as SFAI (HK) CPA Limited) ("ZSZH"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2025. The work performed by ZSZH in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by ZSZH on this announcement.

## **PUBLICATION OF ANNUAL REPORT**

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Company ([www.cdep.com.hk](http://www.cdep.com.hk)). The annual report of the Company for the year ended 31 December 2025 will be despatched to the shareholders of the Company as required and made available on the websites of the Stock Exchange and the Company in due course.

By order of the Board

**China Dredging Environment Protection Holdings Limited**

**Zhou Shuhua**

*Chairlady and Executive Director*

Hong Kong, 31 March 2026

*As at the date of this announcement, the Board comprises Ms. Zhou Shuhua as Chairlady and executive Director; Mr. Liu Yajun 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.*