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 2026

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 2026 (the "Reporting Period"), together with the comparative figures as follows, which are prepared in accordance with HKFRS Accounting 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 2026

		Six months ended 30 June	
		2026	2025
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
Revenue	*4*	**112,756**	145,766
Operating cost		**(124,491)**	(120,013)
Gross (loss) profit		**(11,735)**	25,753
Other income		**854**	1,605
Other gains and losses, net	*6*	**221**	1,687
Administrative expenses		**(22,093)**	(21,122)
Share of results of an associate		**542**	(1)
Finance costs		**(8,648)**	(9,550)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
Loss before tax		**(40,859)**	(1,628)
Income tax credit (expenses)	*7*	**127**	(7,850)
Loss and total comprehensive expense for the period	*8*	**(40,732)**	(9,478)
Loss and total comprehensive expense for the period attributable to:			
– Owners of the company		**(36,963)**	(21,280)
– Non-controlling interests		**(3,769)**	11,802
		(40,732)	(9,478)
Loss per share for the period	*9*		
– Basic and diluted (RMB cents)		**(2.46)**	(1.42)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	**As at 30 June 2026** *RMB'000* **(Unaudited)**	As at 31 December 2025 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment	*11*	**532,397**	569,689
Right-of-use assets		**1,235**	1,809
Investment properties		**230,943**	230,943
Goodwill		**201**	201
Interest in an associate		**2,837**	2,295
Equity instruments at fair value through other comprehensive income		**6,000**	6,000
		773,613	810,937
Current assets			
Trade and other receivables and prepayments	*12*	**319,119**	323,682
Contract assets		**943**	380
Bank balances and cash		**10,459**	40,494
		330,521	364,556
Current liabilities			
Trade and other payables	*13*	**375,231**	383,941
Contract liabilities		**63,731**	63,622
Amounts due to related parties		**65,065**	64,490
Amounts due to non-controlling shareholders of a subsidiary		**3,282**	3,282
Tax payable		**69,833**	73,107
Bank borrowings	*14*	**139,550**	143,150
Other borrowings		**35,378**	41,098
Lease liabilities		**162**	463
		752,232	773,153
Net current liabilities		**(421,711)**	(408,597)
Total assets less current liabilities		**351,902**	402,340

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 June 2026

	Notes	**As at 30 June 2026** ***RMB'000*** **(Unaudited)**	As at 31 December 2025 *RMB'000* (Audited)
Capital and reserves			
Share capital	*15*	**25,525**	25,525
Reserves		**(33,650)**	3,313
Equity attributable to owners of the Company		**(8,125)**	28,838
Non-controlling interests		**180,453**	192,164
Total equity		**172,328**	221,002
Non-current liabilities			
Amounts due to non-controlling shareholders of a subsidiary		**45,207**	45,207
Bank borrowings		**31,850**	32,050
Other borrowings		**94,287**	95,257
Deferred tax liabilities		**8,049**	8,482
Lease liabilities		**181**	342
		179,574	181,338
		351,902	402,340

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

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 Room 1803 18/F, Singga Commercial Centre, 148 Connaught Road West, 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 for the six months ended 30 June 2026 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 (the "HKICPA"). The condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2025, which have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA and any public announcements made by the Company during the interim reporting period.

Going concern assessment

As at 30 June 2026, the Group incurred a net loss attributable to the shareholders of the Company of approximately RMB36,963,000 (31 December 2025: RMB98,122,000) and, as of that date, the Group had net current liabilities of approximately RMB421,711,000 (31 December 2025: RMB408,597,000).

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 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 RMB56,675,000, 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 2026; 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 2026;

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 2026;

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 2025 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.

The financial information relating to the financial year ended 31 December 2025 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 HKFRS Accounting Standards as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2025.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11

The application of the amendments to HKFRS Accounting Standards 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 HKFRS Accounting Standards that have been issued but are not yet effective.

Except for the new and amendments to HKFRS Accounting Standards 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	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers by categories		
Capital and Reclamation Dredging Business	**16,104**	19,285
Environmental Protection Dredging and Water Management Business	**2,745**	1,470
Other Marine Business	**93,907**	125,011
	112,756	145,766
Timing of revenue recognition		
Over time	**112,756**	145,766

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 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)

5. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the six months ended 30 June 2026

	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	**16,104**	**2,745**	**93,907**	**–**	**112,756**
Segment results	**(16,077)**	**(878)**	**687**	**(11)**	**(16,279)**
Share of results of an associate					**542**
Unallocated other income, gains and losses, net					**1,075**
Unallocated corporate expenses					**(21,149)**
Unallocated finance costs					**(5,048)**
Loss before tax					**(40,859)**

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 2025

	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	232,887	125,196	583,442	188,237	1,129,762
Unallocated assets:					
Right-of-use assets					808
Bank balances and cash					40,494
Other corporate assets					4,429
Consolidated assets					1,175,493

At 30 June 2026

	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	**230,254**	**125,833**	**529,197**	**188,044**	**1,073,328**
Unallocated assets:					
Right-of-use assets					**–**
Bank balances and cash					**10,459**
Other corporate assets					**20,347**
Consolidated assets					**1,104,134**

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	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Mainland China	**96,652**	127,966
Other regions	**16,104**	17,800
	112,756	145,766

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 properties and other intangible assets are located/registered in Mainland China.

6. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss on disposal of property, plant and equipment	**–**	(15)
Gain on disposal of subsidiaries	**–**	983
Others	**133**	–
Exchange gains and losses, net	**88**	719
	221	1,687

7. INCOME TAX CREDIT (EXPENSES)

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The charge comprises:		
Current tax		
– PRC Enterprise Income Tax ("EIT")	**(306)**	(8,288)
Deferred taxation		
– Current period	**433**	438
	127	(7,850)

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	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging (crediting):		
Directors' emoluments	**349**	370
Other staff costs	**27,116**	25,686
Retirement benefit scheme contributions	**2,740**	2,201
Total staff costs	**30,205**	28,257
Gross rental income from investment properties	**(2,507)**	(1,903)
Less: Direct operating expenses incurred for investment properties that generated rental income during the period	**88**	34
Direct operating expenses incurred for investment properties that did not generate rental income during the period	**11**	11
	(2,408)	(1,858)
Depreciation of property, plant and equipment	**39,468**	36,455
Depreciation of right-of-use assets	**446**	1,726
Loss on disposal of property, plant and equipment, net	**–**	15
Operating costs	**124,491**	120,013

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	
	2026	2025
	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	**(36,963)**	(21,280)
	'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 2026 and 30 June 2025, the Group did not have any potential ordinary shares.

10. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 June 2026 and 30 June 2025, 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 2026, the Group has purchased property, plant and equipment of RMB2,176,000 (30 June 2025: RMB1,866,000).

The Group has no disposal of property, plant and equipment during the six months ended 30 June 2026.

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 of disposal of RMB15,000.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Notes	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Trade receivables	*(i)*	**286,312**	297,706
Less: Allowance for credit losses		**(78,119)**	(78,119)
		208,193	219,587
Bills receivable		**22,456**	23,047
Value-added tax recoverable		**19,532**	19,422
Deposits		**8,672**	8,169
Other receivables		**14,272**	13,584
Other prepayments	*(ii)*	**29,399**	23,278
Loan to investees	*(iii)*	**16,595**	16,595
		319,119	323,682

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 Group's 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 2026 *RMB'000* **(Unaudited)**	At 31 December 2025 *RMB'000* (Audited)
0–30 days	**40,840**	35,460
31–90 days	**23,487**	19,556
91–180 days	**22,130**	33,346
181–365 days	**14,116**	62,217
1 year–2 years	**52,027**	29,071
Over 2 years	**55,593**	39,937
	208,193	219,587

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 updated.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

Notes: (Continued)

(ii) Other prepayments

As at 30 June 2026, the Group's other prepayments is paid for the chartering cost, docking costs and fuel cost for both PRC and overseas projects.

(iii) Loans to investees

During the six months ended 30 June 2026, the Group had provided shareholder loans amounted to RMB6,989,000 (31 December 2025: RMB6,989,000) and RMB9,606,000 (31 December 2025: RMB9,606,000) to Jiangsu Longxiang Harbour PRC Engineering Company Limited and an unlisted investment for daily operation and construction of a vessel, respectively. The amounts bear interest at 8% (2025: 8%), non-secured and repayable on demand.

13. TRADE AND OTHER PAYABLES

	At 30 June 2026 *RMB'000* (Unaudited)	At 31 December 2025 *RMB'000* (Audited)
Trade payables	**120,971**	141,673
Other payables		
Payable for construction cost of investment properties *(note below)*	**70,973**	70,973
Accrual for other taxes	**43,506**	41,378
Accrual for staff salaries and welfare	**34,637**	39,611
Others	**105,144**	90,306
	254,260	242,268
	375,231	383,941

Note: As at 30 June 2026, based on invoice date, other payables for construction cost for investment properties of approximately RMB70,973,000 (31 December 2025: 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 2026 *RMB'000* **(Unaudited)**	At 31 December 2025 *RMB'000* (Audited)
0–30 days	**21,630**	21,874
31–60 days	**19,926**	7,059
61–90 days	**6,546**	26,716
91–180 days	**6,643**	11,272
Over 180 days	**66,226**	74,752
	120,971	141,673

14. BANK BORROWINGS

During the current interim period, the Group raised bank loans of RMB18,900,000 (31 December 2025: RMB136,250,000) and repaid bank loans of RMB22,700,000 (31 December 2025: RMB145,850,000). As at 30 June 2026, the effective interest rates of the bank borrowings ranged from 4.5% to 6.8% (31 December 2025: 4.5% to 6.8%) per annum.

15. SHARE CAPITAL

	Number of shares *'000*	**Amount** *HK'000*	**RMB equivalent amount** *RMB'000*
Authorised			
As at 1 January 2025 (ordinary share of HK$0.2 each)	5,000,000	1,000,000	N/A
Share subdivision (Note below)	45,000,000	–	N/A
At 31 December 2025, 1 January 2026 and 30 June 2026 (ordinary share of HK$0.02 each)	50,000,000	1,000,000	N/A
Issued and fully paid			
As at 1 January 2025 (ordinary share of HK$0.2 each)	1,503,882	300,776	255,247
Capital Reorganisation	–	(270,699)	(229,722)
Balance at 31 December 2025, 1 January 2026 and 30 June 2026 (ordinary share of HK$0.02 each)	1,503,882	30,077	25,525

15. SHARE CAPITAL (Continued)

Pursuant to the Company's announcement dated 14 February 2025, as at 14 February 2025, the authorised share capital of the Company is HK$1,000,000,000 divided into 5,000,000,000 shares (having a nominal or par value of HK$0.20 each), of which 1,503,881,500 shares are in issue and are fully paid or credited as fully paid.

The Board proposed to carry out the capital reorganisation (the "Capital Reorganisation"), which involves:

(a) the capital reduction (the "Capital Reduction") whereby the nominal or par value of each issued share was 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;

(b) the share sub-division (the "Share Sub-division") whereby immediately following the Capital Reduction, each authorised but unissued share of a nominal or par value of HK$0.20 was sub-divided into ten (10) new shares of nominal or par value of HK$0.02 each; and

(c) the credit arising from the Capital Reduction in the amount of approximately HK$270,699,000 (equivalent to RMB229,722,000) was 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 was transferred to the accumulated losses account of the Company.

The Capital Reorganisation was approved by the shareholders of the Company at its extraordinary general meeting on 2 April 2025.

The new shares subsequent to the Capital Reorganisation rank pari passu with the existing shares in all respects.

Further details of the Group's Capital Reorganisation are set out in the Company's announcements dated 14 February 2025 and 2 April 2025 and the Company's circular dated 14 March 2025.

Save as disclosed above, there were no other movements in the authorised and issued share capital of the Company for the year ended 31 December 2025 and 30 June 2026.

16. LITIGATIONS AND CONTINGENT LIABILITIES

During the six months ended 30 June 2026, certain subsidiaries of the Group in PRC are subject to enforcement or/and named defendants in lawsuits issued in the Mainland China arising in the ordinary course of business and thus, certain property, plant and equipment and bank balances were frozen by the courts regarding these litigations.

Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits taking into account of the legal advice. The Group does not include any pending lawsuits in the contingent liabilities disclosed if the probability of loss is remote or the claim amount is insignificant to the Group. The Directors are of the view that the final outcome of the litigations will not have a significant impact to the financial position and financial performance of the Company in the coming years.

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 RMB40.7 million, as compared to a loss of approximately RMB9.5 million for the first half of 2025. The loss attributable to the shareholders of the Company for the Reporting Period was approximately RMB37.0 million.

BUSINESS REVIEW

During the Reporting Period, the Group's core business segment, namely the CRD Business, continued to navigate a highly challenging environment, with segment revenue decreasing by approximately 16.6% compared to the corresponding period in 2025. Despite ongoing challenges, the Group remains firmly committed to pursuing domestic and overseas dredging project opportunities to enhance the performance of its 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 80.0% compared to the corresponding period in 2025, though development in this segment remained relatively unstable in the second half of the year.

The Other Marine Business segment encompassing services such as wind power equipment installation, bulk material hoisting, and engineering work for docks and bridges contracted due to intense market competition. Consequently, segment revenue declined from approximately RMB125.0 million in the corresponding period of 2025 to around RMB93.9 million in the Reporting Period.

In the Property Management segment, Xingyu International Houseware Plaza, which has a commercial gross floor area of 75,600 square metres, was originally positioned as a large-scale, one-stop destination for domestic construction materials, furniture, housewares and decorative items. However, the sharp downturn in the domestic property market severely disrupted leasing operations. As in the corresponding period of 2025, the plaza remained closed and all leasing activities were suspended during the Reporting Period to minimize operating costs. The Group's plans for the business will depend on market value trends and the sector's overall development prospects.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group recorded a revenue of approximately RMB112.8 million, representing a decrease of 22.6% as compared with approximately RMB145.8 million in the corresponding period of 2025.

Regarding the CRD Business segment, the revenue generated during the Reporting Period was approximately RMB16.1 million which represented an decrease of 16.6% from the corresponding segment's revenue in the corresponding period of 2025. The decrease in revenue generated from the CRD Business segment was primarily due to the decrease 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 RMB2.7 million which represented an increase of 80.0% as compared with the corresponding segment's revenue in the corresponding period of 2025. 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 RMB93.9 million to the Group for the Reporting Period, which represented a decrease of 24.9% as compared with the corresponding segment's revenue in the corresponding period of 2025. 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, the same as in the corresponding period of 2025.

Operating costs and gross (loss) profit

The Group's operating costs increased by 3.8% from approximately RMB120 million for the six months ended 30 June 2025 to approximately RMB124.5 million for the Reporting Period.

The Group recorded a gross loss of approximately RMB11.7 million during the Reporting Period as compared to a gross profit of approximately RMB25.8 million for the six months ended 30 June 2025.

The Group recorded segment gross losses of approximately RMB16.1 million and RMB0.9 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 26.6% for the six months ended 30 June 2025 to 0.7% 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 loss of the Property Management Business decreased from approximately RMB0.8 million for the six months ended 30 June 2025 to loss of 0.01 million for the Reporting Period.

As a result, the overall gross profit margin of the Group decreased from 17.7% for the six months ended 30 June 2025 to the overall gross loss margin of 10.4% for the Reporting Period.

Other income

Other income decreased from approximately RMB1.6 million for the six months ended 30 June 2025 to approximately RMB0.9 million for the Reporting Period, which was mainly due to the decrease in loan interest income for the Reporting Period.

Net other gain

During the Reporting Period, the Group recorded net other gains of approximately RMB0.2 million, compared to approximately RMB1.7 million for the six months ended 30 June 2025. The decrease was mainly attributable to the absence of gains from the disposal of subsidiaries, which had occurred in the corresponding period in 2025.

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 RMB22.1 million, representing an increase of 4.8% from approximately RMB21.1 million for the six months ended 30 June 2025, which was mainly caused by the increase in depreciation amount.

Finance costs

Finance costs was approximately RMB8.6 million for the Reporting Period, representing a decrease of 10.4% as compared with that of the corresponding period last year.

Income Tax Expense

The Group recognized an income tax credit of RMB0.1 million for the Reporting Period compared to an income tax expense of RMB7.9 million for the corresponding period in 2025.

Loss for the period

As a combined effect of the above, the loss for the Reporting Period was approximately RMB40.7 million as compared with a loss of approximately RMB9.5 million for the corresponding period in 2025.

Loss per share

Loss per share for the Reporting Period was about RMB2.5 cents as compared with a loss per share of about RMB1.4 cents for the same period of last year.

Financial position

As at 30 June 2026, total equity of the Group amounted to approximately RMB172.3 million (31 December 2025: approximately RMB221.0 million).

The Group's net current liabilities as at 30 June 2026 amounted to approximately RMB421.7 million (31 December 2025: approximately RMB408.6 million). The current ratio, which is calculated by dividing current assets by current liabilities as at 30 June 2026 was 0.44 (31 December 2025: 0.47).

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 liabilities were cash and various bank deposits totaling approximately RMB10.5 million as at 30 June 2026 (31 December 2025: RMB40.5 million).

The Group's trade receivables as at 30 June 2026 decreased by 5.2% from approximately RMB219.6 million as at 31 December 2025 to approximately RMB208.2 million.

As at 30 June 2026, total liabilities of the Group were approximately RMB931.8 million, representing a decrease of about 2.4% 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 174.7% (31 December 2025: 107.5%). The increase 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 shareholders 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) the 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) the 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$270,699,000 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 RMB0.09 million (30 June 2025: losses of approximately RMB0.7 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 2026, 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 2026, the Group had capital commitments of approximately RMB72.9 million (31 December 2025: approximately RMB72.9 million) which mainly included the construction cost of the hotel.

As at 30 June 2026, the Group did not have any material contingent liability (31 December 2025: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2026, the Group had a workforce of 376 employees (31 December 2025: 418). Total staff cost for the Reporting Period was approximately RMB30.2 million (30 June 2025: approximately RMB28.3 million). The staff costs during the Reporting Period slightly increased by approximately RMB1.9 million as compared to the corresponding period in 2025. 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

The Group remains committed to closely monitoring market conditions and implementing measures to mitigate the impact of economic volatility. Priority will continue to be placed on controlling project costs and maintaining stability across projects, operations, and management. At the same time, the Group is actively identifying and evaluating high-growth opportunities to enhance diversification and broaden its business portfolio, with the objective of establishing multiple income streams and driving sustainable long-term growth to maximize shareholder returns.

Beyond its core businesses, the Group, through a joint venture, has entered the Hong Kong construction engineering sector with the aim of expanding its presence in the market, recognizing that such development will require time to mature. In parallel, the Group will continuously explore overseas project opportunities to further strengthen its market reach and enhance resilience through geographic diversification.

In terms of capital operations, the Group will adopt prudent financial planning, focusing on optimizing receivables recovery and strengthening the capital structure to support sustainable development. While balancing sustainable development, the Group continues to consider and evaluate various opportunities to enhance the efficiency of fixed assets for the Group. In addition, preventive measures have been implemented to safeguard the health and safety of employees, thereby enhancing resilience and laying a foundation for the Group's recovery and future growth.

INTERIM DIVIDEND

The Directors have determined that no dividend will be paid in respect of the Reporting Period (six months ended 30 June 2025: 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 2026 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, 31 August 2026

A*s 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 Mi*ng Sun Jonathan and Mr. Liang Zequan as Independent Non-executive Directors.

* *for identification purpose only*