



China Dredging Environment Protection Holdings Limited

中國疏浚環保控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 871)

PROFIT WARNING

This announcement is made by China Dredging Environmental Protection Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the latest unaudited financial information of the Group, the Group expects to record a net loss in the range of RMB21.0 million to RMB29.0 million for the six months ended 30 June 2019 as compared to a net profit of approximately RMB21.8 million for the six months ended 30 June 2018. The change from profit to loss is mainly caused by the following factors:

- 1). The initial investment costs for the expansion of the traditional dredging business to overseas markets are comparatively higher while the production capacity has not yet been unleashed, which led to a decline in revenue and gross profit margin of this business segment and further led to a fairly substantial drop in the overall gross profit;
- 2). Certain environmental protection dredging projects were progressing slowly. Although the gross profit margin of the environmental protection dredging business increased, the declining rate in operating revenue was higher, leading to a drop in the gross profit of such business segment in general; and
- 3). Both the gross profit margin and revenue of the other marine business dropped due to the intensive competition in the industry, resulting in a fairly substantial decline in the gross profit of this business segment.

Based on the above factors, the Group’s revenue decreased by approximately 23% as compared to the same period of the year 2018 to approximately RMB270.4 million and the total gross profit also decreased by approximately 67% as compared to the same period of the year 2018 to approximately RMB30.5 million.

The Company is still in the process of finalising its interim results for the six months ended 30 June 2019. The information contained in this announcement is based on the preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Group for the six months ended 30 June 2019 and the information currently available to the Board, which have not been reviewed by the auditor of the Company or approved by the audit committee of the Company. Actual financial results of the Group for the six months ended 30 June 2019 may be different from what is disclosed in this announcement. Further details of the Group’s interim results for the six months ended 30 June 2019 will be announced in late August 2019.

The Company's shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
China Dredging Environment Protection Holdings Limited
Liu Kaijin
Chairman and Executive Director

Hong Kong, 16 August 2019

As at the date of this announcement, the Board comprises Mr. Liu Kaijin as Chairman and Executive Director; Mr. Wu Bin as Vice Chairman and Executive Director; Mr. Wu Xuze as Executive Director and Chief Executive Officer; Ms. Zhou Shuhua as Executive Director; and Mr. Huan Xuedong, Mr. Chan Ming Sun Jonathan and Mr. Liang Zequan as Independent Non-executive Directors.