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XIANGYU DREDGING HOLDINGS LIMITED

翔宇疏浚控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 871)

CLARIFICATION ANNOUNCEMENT

This announcement is made by the Company at the request of the Stock Exchange after considering the requirements of Rule 11.13 of the Listing Rules.

The Directors noted that there were some newspapers articles dated 8 June 2011, which reported that Mr. Dong Liyong (“Mr. Dong”), the Chairman and a non-executive Director, and/or Mr. Liu Kaijin (“Mr. Liu”), the founder and an executive Director, expressed their confidence in meeting the performance guarantee under the Pre-IPO Investments. It was reported that such information was disseminated during the press conference of the Company in relation to the Global Offering held on 7 June 2011.

The statements made by Mr. Dong and Mr. Liu, quoted in these articles were their personal view and should not be interpreted as the opinion of the Company as a whole.

The Company clarifies that the profit forecast of the Group for the six months ending 30 June 2011 and all material information relevant to the Global Offering and the Group has been disclosed in the Prospectus. The Company does not currently have any additional information relating to the profit forecast of the Group for the year ending 31 December 2011 or other information that would warrant an amendment to the Prospectus or issuance of supplemental prospectus.

Specific reference is made to the disclosure at page 102 in the section headed “History, Reorganization and Corporate Structure — Pre-IPO Investments” in the Prospectus, which sets out the details of performance guarantees under the Pre-IPO Investments. The Company and the Directors also wish to remind the potential investors of the risk relating to this performance guarantee as set out at page 39 in the section headed “Risk Factors” of the Prospectus.

The Directors would like to emphasize that any information or representations relating to the Group or the Global Offering not included in the Prospectus or the Application Forms must not be relied upon as having been authorised by the Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Lead Managers, the Lead Bookrunner, the Co-Bookrunner, the Underwriters, or any of their respective directors, employees, agents or representatives or any other person or party involved in the Global Offering. Potential investors are urged to rely only on information contained in the Prospectus before making investment decision in respect of the Shares.

By order of the Board
Xiangyu Dredging Holdings Limited
DONG LIYONG
Chairman

Hong Kong, Wednesday, 8 June 2011

As at the date of this announcement, the executive Directors are Mr. LIU Kaijin and Ms. ZHOU Shuhua, the non-executive Directors is Mr. DONG Liyong, the independent non-executive Directors are Ms. LEUNG Mei Han, Mr. ZHANG Jun and Ms. PENG Cuihong.