

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.



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)

DELAY IN COMPLETION OF THE ACQUISITION OF EQUITY INTEREST IN A PRC ENTERPRISE

Reference is made to the Company's announcement dated 19 September 2011 in respect of the acquisition of equity interest in Targetco by the Group.

On 3 January 2012 (after trading hours), the parties to the Transfer Agreement and the Subscription Agreement entered into the Supplementary Agreement, pursuant to the which the parties have agreed to the following:

1. The date for fulfilment of conditions precedent under each of the Transfer Agreement and Subscription Agreement was extended to 31 January 2012 (or such other date as may be agreed between the parties).
2. The Purchaser's entitlement to the after-tax net profit of Targetco for the year ended 31 December 2011 pursuant to the Subscription Agreement, as undertaken by the Original Targetco Equity-holders and Targetco in favour of the Purchaser, had been cancelled.

Reference is made to the announcement ("2011 Announcement") of Xiangyu Dredging Holdings Limited (the "Company", together with its subsidiaries, the "Group") dated 19 September 2011 in relation to the acquisition of equity interest in the Targetco by the Group. Unless the context requires otherwise, terms and expressions defined in the 2011 Announcement shall have the same meanings when used in this announcement.

Pursuant to the Transfer Agreement and the Subscription Agreement (together known as the "Agreements") entered into by the Purchaser, Targetco and the Original Targetco Equity-holders, the completion of the Transfer and the Subscription is conditional upon satisfaction of certain conditions precedent which included, among others, (i) the result of the Purchaser's due diligence review on Targetco being to the reasonable satisfaction of the Purchaser, and (ii) a PRC legal opinion (in such

form and substance to the reasonable satisfaction of the Purchaser) being received by the Purchaser. As disclosed in the 2011 Announcement, should such conditions precedent not being fulfilled on or before 31 December 2011 (or another date to be agreed between the parties to such agreements) or the Purchaser has not given waiver(s) from the satisfaction of such conditions, the Agreements shall be terminated.

Further, under the Subscription Agreement, the Original Targetco Equity-holders and Targetco have given an undertaking in favour of the Purchaser to the effect that the after-tax net profit of Targetco which the Purchaser is entitled to receive for the financial year ended 31 December 2011 shall not be less than RMB10 million.

Due to the volume of assets of the Targetco involved, the above conditions precedent were not yet satisfied as of 31 December 2011. As such, on 3 January 2012 (after trading hours), the parties to the Agreements entered into a supplementary agreement (“the Supplementary Agreement”) pursuant to which it has been agreed that:

1. The date for fulfilment of the above conditions precedent under each of the Transfer Agreement and Subscription Agreement was extended to 31 January 2012 (or such other date as may be agreed between the parties).
2. Since the conditions precedent to completion of the Transfer Agreement and the Subscription Agreement were not satisfied as of 31 December 2011, the Agreements were not completed as of the date of this announcement. Accordingly, the above undertaking regarding the Group’s entitlement to the after-tax net profit of the Targetco for the year ended 31 December 2011 was agreed to be cancelled.

Save for the above amendments, all other terms under the Subscription Agreement and the Transfer Agreement remained unchanged.

By order of the Board
Xiangyu Dredging Holdings Limited
Liu Kaijin
Chief executive officer and executive Director

Hong Kong, 3 January 2012

As at the date of this announcement, the Board comprises Mr Liu Kaijin and Ms Zhou Shuhua as executive Directors; Mr Dong Liyong as a non-executive Director and chairman; and Ms Leung Mei Han, Mr Zhang Jun and Ms Peng Cuihong as independent non-executive Directors.