

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Xiangyu Dredging Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

(A) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES; (B) RE-ELECTION OF RETIRING DIRECTORS; AND (C) NOTICE OF ANNUAL GENERAL MEETING

A notice convening the AGM to be held at Boardroom 6, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong at 1 Harbour Road, Wan Chai, Hong Kong on Wednesday, 29 May 2013 at 3:00 p.m. is set out on page 13 to 16 of this circular. A form of proxy for use at the AGM is also enclosed with this circular.

Whether or not you intend to attend the AGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof if you so wish and, in such event, the form of proxy shall be deemed to be revoked.

11 April 2013

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company to be held at Boardroom 6, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong at 1 Harbour Road, Wan Chai, Hong Kong on Wednesday, 29 May 2013 at 3:00 p.m. or any adjournment thereof
“Articles”	the Articles of Association of the Company
“associate(s)”	shall have the same meaning as ascribed to such term under the Listing Rules
“Board”	the board of Directors
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands
“Company”	Xiangyu Dredging Holdings Limited 翔宇疏浚控股有限公司, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“connected person(s)”	shall have the meaning as ascribed to such term under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to the effect that the total number of Shares which may be allotted and issued under the General Mandate may be increased by an additional number of Shares representing such number of Shares actually repurchased by the Company under the Repurchase Mandate
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to exercise the Company’s power to allot, issue or otherwise deal in Shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution at the AGM

DEFINITIONS

“Jiangsu Xingyu”	江蘇興宇港建有限公司 (Jiangsu Xingyu Port Construction Company Limited*), a company incorporated in the PRC and which is treated as a subsidiary of the Company by way of certain contractual arrangements made by Xiangyu PRC with Jiangsu Xingyu and its shareholders, details of which are disclosed in the Company’s prospectus dated 8 June 2011
“Latest Practicable Date”	2 April 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to enable them to repurchase Shares on the Stock Exchange, or any other stock exchange on which the Shares of the Company may be listed, Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution at the AGM
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong
“Xiangyu PRC”	江蘇翔宇港建工程管理有限公司 (Jiangsu Xiangyu Port Constructing Project Administration Co., Ltd.*), a wholly foreign-owned enterprise established under the laws of the PRC in June 2010, which is an indirect wholly-owned subsidiary of the Company
“Xiangyu Water Management”	江蘇翔宇水務有限公司 (Jiangsu Xiangyu Water Management Company Limited*), a wholly-owned foreign entity in the PRC incorporated in August 2011
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Liu Kaijin (*Joint chairman
and chief executive officer*)
Ms. Zhou Shuhua

Non-executive Director:

Mr. Liu Longhua (*Joint chairman*)

Independent non-executive Directors:

Ms. Leung Mei Han
Ms. Peng Cuihong
Mr. Huan Xuedong
Mr. Chan Ming Sun Jonathan

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Office 19, 36th Floor
China Merchants Tower
Shun Tak Centre
200 Connaught Road Central
Hong Kong

11 April 2013

To the Shareholders

Dear Sir/Madam

**(A) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES;
(B) RE-ELECTION OF RETIRING DIRECTORS; AND
(C) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

On 15 May 2012, resolutions were passed by Shareholders to grant to the Directors general mandates to issue Shares and to repurchase Shares respectively and to extend the general mandate to allot, issue and deal in additional Shares by the number of Shares repurchased by the Company. The abovementioned general mandates will lapse at the conclusion of the AGM. It is therefore proposed to seek at the AGM (among other matters) the grant by Shareholders to the Directors of the Issue Mandate, the Repurchase Mandate and the Extension Mandate.

LETTER FROM THE BOARD

The primary purposes of this circular are to provide you with information regarding the resolutions to be proposed at the AGM and to give you notice of AGM. Resolutions to be proposed at the AGM include ordinary resolutions relating to (i) the proposed grant of each of the Issue Mandate, the Repurchase Mandate and the Extension Mandate; and (ii) the proposed re-election of each of the retiring Directors.

THE ISSUE MANDATE

At the AGM, an ordinary resolution will be proposed that the Directors be granted the Issue Mandate to allot, issue and deal in Shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution. As at the Latest Practicable Date, the number of Shares in issue is 800,000,000. Subject to the passing of the relevant resolution, the maximum number of new Shares to be issued under the Issue Mandate will be 160,000,000 Shares (assuming that there will be no change in the number of Shares in issue between the Latest Practicable Date and the date of AGM).

THE REPURCHASE MANDATE AND THE EXTENSION MANDATE

At the AGM, an ordinary resolution will also be proposed that the Directors be granted the Repurchase Mandate to exercise all powers of the Company to repurchase on the Stock Exchange, or on any other stock exchange on which the Shares of the Company may be listed, Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution.

In addition, at the AGM, an ordinary resolution will be proposed that the Directors be granted the Extension Mandate by which the Issue Mandate will be extended by such number of additional Shares as is equal to the number of Shares repurchased by the Company pursuant to the exercise of the Repurchase Mandate.

The Repurchase Mandate and the Issue Mandate will continue in force until the conclusion of the next annual general meeting of the Company, unless it is renewed at such meeting or until revoked or varied by ordinary resolutions of the Shareholders in general meeting held prior to the next annual general meeting of the Company.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the Repurchase Mandate is set out in Appendix I to this circular. The explanatory statement contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the proposed resolution relating to the Repurchase Mandate at the AGM.

RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 105(A) of the Articles, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but no less than one third) shall retire office from rotation. It is proposed that Mr. Liu Kaijin (being an executive Director) and Ms. Peng Cuihong (being an independent non-executive Director) will by rotation retire from their office as Directors at the AGM and being eligible, offer themselves for re-election as Directors at the AGM.

LETTER FROM THE BOARD

Under the same Article 105(A), Ms. Leung Mei Han will retire from her directorship at the forthcoming AGM and, because of her work commitment, will not offer herself for re-election.

Mr. Chan Ming Sun Jonathan (“**Mr. Chan**”) was appointed by the Board as an independent non-executive Director on 30 November 2012. In accordance with Article 109 of the Articles, Mr. Chan will hold office until (and will retire at) the AGM. Being eligible, Mr. Chan offers himself for re-election as a Director at the AGM.

Biographical details of each of Mr. Liu Kaijin, Ms. Peng Cuihong and Mr. Chan (who would offer themselves for re-election) are required to be disclosed pursuant to the Listing Rules, and are set out in Appendix II to this circular.

AGM

Notice of the AGM is set out on page 13 to 16 of this circular. A form of proxy for use at the AGM is also enclosed herewith. They are also published on the website of the Stock Exchange and the website of the Company.

Whether or not you intend to attend the AGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time of the AGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or at any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the results of the poll will be published by the Company after the AGM on the respective websites of the Stock Exchange and the Company.

RECOMMENDATION

The Directors consider that the proposed granting to the Directors of the Issue Mandate, the Repurchase Mandate and the Extension Mandate, and the re-election of each of the retiring Directors mentioned above are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend Shareholders to vote in favour of all the relevant resolutions as set out in the notice of the AGM.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

LETTER FROM THE BOARD

MISCELLANEOUS

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

By Order of the Board
Xiangyu Dredging Holdings Limited
Liu Kaijin
*Joint chairman, executive Director and
chief executive officer*

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide certain information to you for your consideration of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the number of Shares in issue is 800,000,000. Subject to the passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 80,000,000 Shares, being 10% of the issued share capital of the Company as at the date of passing of the relevant resolution for granting the Repurchase Mandate.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASES

Repurchases made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Articles and the applicable laws of the Cayman Islands. Under the Cayman Islands laws, any repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, if so authorised by its Articles and subject to the provisions of the Companies Law, out of capital and, in the case of any premium payable on a repurchase, such premium must be provided for out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorised by its Articles and subject to the provisions of the Companies Law, out of capital.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31 December 2012) in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse impact on the working capital requirements of the Company or the gearing levels which, in the opinion of the Board, are from time to time appropriate for the Company.

4. SHARE PRICES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date:

Month	Share prices per Share	
	Highest	Lowest
2012		
April	2.26	1.50
May	1.99	1.70
June	2.09	1.80
July	2.08	1.70
August	2.08	1.68
September	2.30	1.80
October	2.82	2.15
November	2.97	1.99
December	2.40	2.04
2013		
January	2.20	1.72
February	1.83	1.67
March	1.79	1.59
April (up to the Latest Practicable Date)	1.67	1.61

5. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, has any present intention to sell any Shares to the Company, if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will only exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

The Company has not been notified by any connected person that such a person has a present intention to sell, or has undertaken not to sell, any Shares to the Company, if the Repurchase Mandate is approved by the Shareholders.

All repurchased Shares (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those Shares must be cancelled and destroyed. Under Cayman Islands law, a company's repurchased share may be treated as cancelled and the amount of the company's issued share capital will be reduced by the aggregate par value of the repurchased shares accordingly although the authorized share capital of the company will not be reduced.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, (i) Wangji Limited ("**Wangji**", which is solely owned by Mr. Liu Kaijin, a joint chairman, an executive Director and chief executive officer)) holds 325,100,000 Shares, representing approximately 40.64% of the issued share capital of the Company; (ii) Mr. Liu Kaijin is also the beneficial owner of 6,050,000 Shares (representing approximately 0.75% of the issued share capital of the Company); (iii) Shen Wang Limited ("**Shen Wang**", which is solely owned by Mr. Dong Liyong ("**Mr. Dong**"), the then joint Chairman and a non-executive Director between 24 May 2011 and 25 April 2012)) holds 62,802,000 Shares, representing approximately 7.85% of the issued share capital of the Company; and (iv) Mr. Dong is also the beneficial owner of 10,000 Shares. As the Shares held by Shen Wang were procured by Mr. Liu Kaijin to be transferred in the form of a gift, Mr. Liu Kaijin and Mr. Dong had been treated as parties acting in concert (as defined under the Takeovers Code) and were deemed to be a group of controlling shareholders of the Company. On the basis of the aggregate shareholdings of Wangji, Shen Wang, Mr. Liu Kaijin and Mr. Dong, an exercise of the Repurchase Mandate in full may result in such group of controlling shareholders becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code. Nevertheless, the Directors have no intention to exercise the Repurchase Mandate to an extent as may result in any shareholder becoming obliged to make a general offer under Rule 26 of the Takeovers Code.

On the basis of the current financial position of the Group as disclosed in the annual report for the year ended 31 December 2012 and taking into account the Group's current working capital position, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse impact on the working capital and/or the gearing position of the Group as compared with the position disclosed in the annual report. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Group.

Assuming that there is no issue of Shares between the date of this circular and the date of a repurchase and no disposal by any of the substantial Shareholders of their interests in the Shares, an exercise of the Repurchase Mandate whether in whole or in part will not result in less than 25% of the Shares being held by the public. In any event, the Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than 25%.

Save as disclosed above, the Directors are currently not aware of any consequences which will arise under the Takeovers Code as a result of any purchase made under the Repurchase Mandate.

No Shares had been repurchased by the Company, whether on the Stock Exchange or otherwise, during the six months preceding the Latest Practicable Date.

The particulars of each of Mr. Liu Kaijin, Ms. Peng Cuihong and Mr. Chan Ming Sun Jonathan, the retiring Directors who are proposed to be re-elected at the AGM are set out below:

EXECUTIVE DIRECTOR

Mr. Liu Kaijin (劉開進先生), aged 52, the founder of the Group, was appointed as a Director on 31 May 2010, and was re-designated as an executive Director and chief executive officer on 24 May 2011. Mr. Liu entered into a service agreement with the Company for an initial term of three years with effect from 1 June 2011. He is subject to retirement by rotation under the Articles. Pursuant to the service contract, Mr. Liu is entitled to a salary of RMB3,000,000 on an annual basis (subject to such increase as the Board may, subject to compliance with the provisions of the Articles for the time being in force, determine from time to time in its absolute discretion provided that such increase shall not exceed 10 per cent. per annum). In addition, he is also entitled to a discretionary bonus provided that the aggregate amount of the bonuses payable to the executive Directors for any financial year of the Company may not exceed 10% of the audited combined or audited consolidated net profit of the Group (after taxation and minority interests and payment of such bonuses but before extraordinary items) in respect of that financial year of the Company. Mr. Liu was further appointed as the joint chairman of the Board on 5 March 2012. To demonstrate his dedication to the Company and boost shareholders' confidence and value, Mr. Liu has reduced his salary voluntarily by 50% to RMB1,500,000 per annum with effect from 1 January 2013. Mr. Liu is the spouse of Ms. Zhou, an executive Director.

Mr. Liu completed his secondary education in 1977. In 2003, Mr. Liu obtained a certificate as a senior construction engineer from the Human Resources Bureau of Yancheng City* (鹽城市人事局). As his experience and knowledge in the PRC dredging business grew, Mr. Liu established Jiangsu Xingyu in 2007. Mr. Liu worked in the dredging industry of the PRC for approximately 20 years.

Mr. Liu is a member of the 6th session of the committee of the Chinese People's Political Consultative Conference of Yancheng City, Jiangsu Province* (中國人民政治協商會議江蘇省鹽城市第六屆委員會) and a member of the 14th session of the People's Congress of Yandu District, Yancheng City* (鹽城市鹽都區第十四屆人民代表大會代表).

Mr. Liu is the chairman of Jiangsu Xingyu and the chairman and general manager of Xiangyu PRC and Xiangyu Water Management; and has been responsible for overseeing their daily operations and planning their business strategies. Jiangsu Xingyu, Xiangyu PRC and Xiangyu Water Management are subsidiaries of the Company. He is currently a director of each of the subsidiaries of the Company. Save as disclosed above, Mr. Liu has not previously held and is not holding any other position with any of the Company or its subsidiaries.

At at the Latest Practicable Date, (i) Wangji, which is solely owned by Mr. Liu, holds 325,100,000 Shares, representing approximately 40.64% of the issued share capital of the Company; and (ii) Mr. Liu is also the beneficial owner of 6,050,000 Shares, representing approximately 0.75% of the issued share capital of the Company.

Mr. Dong Liyong (a then joint chairman and non-executive Director between 24 May 2011 and 25 April 2012) has known Mr. Liu Kaijin for over 10 years. In 2007, Mr. Dong procured the necessary funding for Mr. Liu to support the Group's development in the PRC dredging market. The funding was mainly provided by way of personal loans from business entities with which Mr. Dong were acquainted

and which agreed to advance the relevant sums to Mr. Liu or Jiangsu Xingyu on the recommendations of Mr. Dong. In consideration of Mr. Dong procuring the supply of funds to Mr. Liu to be used to pay up the registered capital of Jiangsu Xingyu in 2007, Mr. Liu agreed to transfer 20.0% (on a fully diluted basis upon completion of the global offering of the Company) of his interest in his dredging business to Mr. Dong as a gift effective on 1 July 2007. On 18 May 2011, out of the 100,000,000 Shares held by Wangji, 26,666,667 Shares, representing approximately 26.7% of the then entire issued share capital of the Company, were transferred to Shen Wang, a company wholly-owned by Mr. Dong to honour Mr. Liu's undertaking given to Mr. Dong. Other than the above arrangement with respect to the procurement of funds in 2007 and transfer of Shares between Mr. Liu and Mr. Dong in May 2011, there is no business and/or financial relationship between Mr. Liu and Mr. Dong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Peng Cuihong (彭翠紅女士), aged 66, was appointed as an independent non-executive Director on 24 May 2011. She is the chairman of the Company's remuneration committee and a member of each of the Company's audit committee and nomination committee. Ms. Peng entered into an appointment letter with the Company for an initial term of three years commencing from 1 June 2011. She is subject to retirement by rotation under the Articles. Pursuant to the appointment letter, Ms. Peng is entitled to a salary of RMB150,000 per annum.

Ms. Peng graduated from Shanghai Maritime University (上海海事大學) (formerly known as Shanghai Maritime Institute (上海海運學院)) and obtained a graduation certificate for undergraduate courses in marine transport economics in 1970. Ms. Peng worked at the Water Transportation Bureau of the Ministry of Communications (交通部) (now Ministry of Transport (交通運輸部)) from 1975 to 2006. She was the director of the transportation management division and deputy director of the water transport department of the Ministry of Communication (交通部).

Ms. Peng has been engaged in the field of water transport and port management for approximately 30 years. She has conducted in-depth studies and research on the fundamental situation, legal system, development policies and management system of water transport and port of the developed countries such as the European countries and the United States for a considerable number of years. Ms. Peng has held, organised and participated in the drafting on laws, regulations and departmental rules of the PRC related to water transport and ports such as Regulations of the Administration of Water Transport* (《水路運輸管理條例》) and Port Law* (《港口法》), and the reforming of the national port system.

Ms. Peng currently serves as the executive vice chairman of the China Pilot Association* (中國引航協會).

Ms. Peng has not previously held and is not holding any other position with any of the Company or its subsidiaries.

Mr. Chan Ming Sun Jonathan (陳銘樂先生), aged 40, was appointed as the Company's independent non-executive Director in November 2012. He is a member of each of the Company's audit committee, remuneration committee and nomination committee. Mr. Chan entered into an appointment letter with the Company for an initial term of three years commencing from 30 November 2012. He is subject to retirement by rotation under the Articles. Pursuant to the appointment letter, Mr. Chan is entitled to a salary of RMB150,000 per annum.

Mr. Chan graduated from the University of New South Wales, Australia with a Bachelor of Commerce degree in Accounting and Computer Information Systems. Mr. Chan is both a member of the Hong Kong Institute of Certified Public Accountants and Certified Public Accountants, Australia. He has extensive working experience in accounting, investment and corporate finance. Mr. Chan worked in an international accounting firm for about five years and currently, he is an associate director of Go-To-Asia Investment Limited.

Mr. Chan is also an independent non-executive director of each of Hao Tin Resources Group Limited (stock code: 474), Shenyang Public Utility Holdings Company Limited (stock code: 747) and Fintronics Holdings Company Limited (stock code: 706), whose securities are listed on the main board of the Stock Exchange, and of China Data Broadcasting Holdings Limited (stock code: 8016), whose securities are listed on the growth enterprise market of the Stock Exchange. He was also an independent non-executive director of Capital VC Limited (stock code: 2324), a company whose securities are listed on the main board of the Stock Exchange, between August 2004 and April 2012.

Mr. Chan has not previously held and is not holding any other position with any of the Company or its subsidiaries.

GENERAL

Save as disclosed above, none of Mr. Liu Kaijin, Ms. Peng Cuihong and Mr. Chan Ming Sun Jonathan (a) hold any other directorships in any listed companies in the past three years or other major appointments and qualifications; (b) have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company; and (c) have any interests in the shares of the Company within the meaning of Part XV of the SFO.

There is no information which is discloseable nor is/was any of Mr. Liu Kaijin, Ms. Peng Cuihong and Mr. Chan Ming Sun Jonathan involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under the Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules in relation to his proposed re-election. There are no other matters concerning any of Mr. Liu Kaijin, Ms. Peng Cuihong and Mr. Chan Ming Sun Jonathan that need to be brought to the attention of the Shareholders.

NOTICE OF AGM



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)

NOTICE IS HEREBY GIVEN that the annual general meeting for the year ended 31 December 2012 (“**Meeting**”) of Xiangyu Dredging Holdings Limited (“**Company**”) will be held at Boardroom 6, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong at 1 Harbour Road, Wan Chai, Hong Kong on Wednesday, 29 May 2013 at 3:00 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and approve the audited consolidated financial statements and the reports of the directors (“**Directors**”) and auditors (“**Auditors**”) of the Company for the year ended 31 December 2012.
2. To re-elect the following retiring directors (namely, Mr. Liu Kaijin, Ms. Peng Cuihong and Mr. Chan Ming Sun Jonathan (each as a separate resolution)) and to authorise the board of Directors (which may be further delegated to its duly authorised committee) to fix the remuneration of Directors.
3. To re-appoint Deloitte Touche Tohmatsu as the auditors of the Company to hold office until conclusion of the next AGM at a period to be agreed with the Board and authorise the Board to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, pass, with or without modification, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

4. “**THAT**
 - (a) subject to paragraph (c) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal in additional shares in the capital of the Company and to make or grant offers, agreements and options (including but not limited to bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;

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- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including but not limited to bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of the shares allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a rights issue; (ii) the exercise of options under a share option scheme; (iii) the exercise of rights of conversion under the terms of any securities which are convertible into shares of the Company or exercise of warrants to subscribe for shares of the Company; (iv) any scrip dividend schemes or similar arrangements implemented in accordance with the articles of association (“**Articles**”) of the Company; or (v) a specific authority granted or to be granted by the shareholders in general meeting, shall not exceed 20 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution and the approval in paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws to be held; and
 - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

5. “**THAT**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and which is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other stock exchange, as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution; and

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- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws to be held; and
 - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
6. “**THAT** conditional upon the passing of ordinary resolutions No. 4 and 5 as set out in the notice convening this Meeting, the general mandate granted to the directors to allot, issue and deal in additional shares in the capital of the Company pursuant to ordinary resolution No. 4 set out in the notice convening this Meeting be and is hereby extended by the addition thereto the aggregate nominal amount of shares of the Company repurchased by the Company under the authority granted pursuant to ordinary resolution No. 5 above.”

By Order of the Board
Xiangyu Dredging Holdings Limited
Liu Kaijin
*Joint chairman, executive Director and
chief executive officer*

Hong Kong, 11 April 2013

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:

Office 19, 36th Floor
China Merchants Tower
Shun Tak Centre
200 Connaught Road Central
Hong Kong

Notes:

- (a) A member entitled to attend and vote at the Meeting may appoint a proxy or, if holding two or more shares, more than one proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
- (b) To be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof must be deposited at the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or adjournment thereof.

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- (c) To be valid, the form of notice of appointment of corporate representative, in the case of appointment by a shareholder which is a corporate shareholder other than a clearing house, must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or adjournment thereof.
- (d) The register of members of the Company will be closed from Tuesday, 28 May 2013 to Wednesday, 29 May 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 27 May 2013.
- (e) In relation to the proposed resolution no. 2, the re-election of each retiring Director and other matters mentioned therein will be considered as passed as a separate resolution.