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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)

VOLUNTARY ANNOUNCEMENT — UPDATES ON THE PRE-IPO WARRANT AGREEMENTS

Reference is made to the prospectus (“**Prospectus**”) dated 8 June 2011 issued by Xiangyu Dredging Holdings Limited (“**Company**”) and the Company’s announcement dated 23 March 2012 (the “**2012 Announcement**”). Terms defined in the Prospectus and the 2012 Announcement shall, unless the context otherwise requires, have the same meanings when used in this announcement.

As disclosed in the Prospectus and the 2012 Announcement, Wangji Limited (the controlling shareholder of the Company) has agreed to pay to each of the Pre-IPO Investors a valuation shortfall in connection with the Performance Compensation under the Pre-IPO Warrant Agreements. As further disclosed in the 2012 Announcement, the Company was informed by Wangji Limited that in March 2012, the parties to the respective Pre-IPO Warrant Agreement and Mr. Liu Kaijin (the sole shareholder of Wangji Limited and a joint chairman, executive Director and chief executive officer of the Company) entered into respective deeds of undertaking. Under such deeds, in connection with the valuation shortfalls under the Performance Compensation in respect of the Pre-IPO Agreements, subject to payment of certain fees by Wangji Limited to the respective Pre-IPO Investors, the time of payment of the Performance Compensation has been agreed to be further extended to mid-2013.

The Company was recently informed by Wangji Limited and Mr. Liu Kaijin that they entered into a settlement agreement (the “**Settlement Agreement**”) with Hong Jun (one of the Pre-IPO Investors, which is a wholly owned subsidiary of CCB International Asset Management Limited). Pursuant to the said Settlement Agreement and following the settlement of payment of the Performance Compensation to Hong Jun which was completed on 17 July 2013, Wangji Limited’s obligations in connection with the payment to Hong Jun of the valuation shortfalls under the Performance Compensation in respect of the Pre-IPO Agreement and the respective deeds of undertaking and Mr. Liu Kaijin’s obligations as the guarantor in respect of Wangji Limited’s aforesaid obligations were completely discharged. According to Wangji Limited, negotiation on settlement with Apex Ally (another Pre-IPO Investor; a wholly owned subsidiary of ICBC International Investment Management Limited), is in progress.

Further announcement in connection with the above matters will be made as and when required.

By order of the Board
Xiangyu Dredging Holdings Limited
Liu Kaijin
*Joint Chairman, Executive Director and
Chief Executive Officer*

Hong Kong, 19 July 2013

As at the date of this announcement, the Board comprises Mr. Liu Kaijin as Joint Chairman, Executive Director and Chief Executive Officer; Ms. Zhou Shuhua as an Executive Director; Mr. Liu Longhua as Joint Chairman and a Non-executive Director; and Ms. Peng Cuihong, Mr. Huan Xuedong and Mr. Chan Ming Sun Jonathan as Independent Non-executive Directors.