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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 — AMENDMENT OF CERTAIN TERMS UNDER THE PRE-IPO WARRANT AGREEMENTS

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

In the Prospectus, it was disclosed that 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.

The Company was informed by Wangji Limited that certain terms under the Pre-IPO Warrant Agreements were varied. The Company has not been involved in the negotiation of their terms, nor is a party to the respective deeds. According to Wangji Limited, on 23 March 2012, the parties to the respective Pre-IPO Warrant Agreements and Mr. Liu Kaijin (the sole shareholder of Wangji Limited and a director of the Company) entered into respective deeds of undertakings. Under such deeds, in connection with the valuation shortfalls under the Performance Compensation (see page 102 to 104 of the Prospectus) in respect of the Pre-IPO Warrant Agreements, the reference date for determination of the Actual Valuation (as defined in the Prospectus), and the deadline for such payments, has been agreed to be extended to mid-2012 which, subject to further agreement by the parties to the respective deeds and the payment of certain fees by Wangji Limited to the respective Pre-IPO Investors, may be further extended to late 2012 or finally to mid-2013. Other than the changes mentioned above, the terms regarding valuation shortfalls remain substantially unchanged.

The Company was also informed by Wangji Limited that the terms regarding profit shortfalls under the Performance Compensation (see page 102 of the Prospectus) in respect of the Pre-IPO Warrant Agreements has not been altered.

In connection with the above deeds, the Company is not required to make any payment to the Pre-IPO Investors, Wangji Limited or otherwise. The Company would also highlight that neither the changes in the terms regarding valuation shortfalls, nor the absence of change in the terms regarding profit shortfalls, under the Pre-IPO Warrant Agreements, necessarily indicate the views of the relevant parties on the business or financial performance of the Group.

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

Shareholders and potential investors are advised to exercise caution when dealing in shares of the Company.

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

Hong Kong, 23 March 2012

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