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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)**

### **DISCLOSEABLE TRANSACTION: ACQUISITION OF A DREDGER**

The Board is pleased to announce that, on 27 September 2012 (after trading hours), Xiangyu PRC and Jiangsu Xingyu (both being (treated as) subsidiaries of the Company) as purchasers entered into an agreement with Zhongchuan Transport, pursuant to which the Group has agreed to acquire Zhongchuan No. 9, a cutter suction dredger, at the Purchase Price of RMB285.0 million (equivalent to approximately HK\$353.4 million).

As the applicable percentage ratios (within the meaning of the Listing Rules) for the Acquisition exceeds 5% but is less than 25%, the Dredger Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

The Board is pleased to announce that, on 27 September 2012 (after trading hours), Xiangyu PRC and Jiangsu Xingyu (both being (treated as) subsidiaries of the Company) as purchasers entered into the Agreement with Zhongchuan Transport, pursuant to which the Group has agreed to purchase Zhongchuan No. 9 (a cutter suction dredger) from Zhongchuan Transport at the Purchase Price of RMB285.0 million (equivalent to approximately HK\$353.4 million). The principal terms of the Agreement are set out below.

## **THE AGREEMENT**

### **The Dredger Acquisition**

Date : 27 September 2012 (after trading hours)

Parties Vendor : Zhongchuan Transport, which is principally engaged in the business of cargo transportation in the PRC.

Each of Zhongchuan Transport and its ultimate beneficial owners is a person who, to the best of the Directors' knowledge and belief, information and belief having made all reasonable enquiries, is not a connected person of the Company and is a third party independent of and not connected with the Company and its subsidiaries and its connected persons (as defined under the Listing Rules).

Purchaser : Xiangyu PRC and Jiangsu Xingyu (each purchasing 50% interest in Zhongchuan No. 9).

Subject matter of the Dredger Acquisition : Zhongchuan No. 9, a cutter suction dredger whose construction was completed in 2004. It has a gross tonnage of 2,713 tonnes and net tonnage of 813 tonnes.

The Agreement also contains usual representations and warranties given by Zhongchuan Transport as to (among other matters) title to and operational status of Zhongchuan No. 9.

### **Completion of the Dredger Acquisition**

Registration of the transfer of title to Zhongchuan No. 9 will commence upon the Group making payment of 30% of the Purchase Price to Zhongchuan Transport. The Dredger Acquisition will be completed upon the successful registration with the relevant governmental department(s) as required under PRC laws and regulations of the transfer of title of Zhongchuan No. 9 to the Purchasers pursuant to the Agreement, and the completion date in any event shall not fall later than 31 October 2012.

### **Purchase Price**

The Purchase Price for Zhongchuan No. 9 is RMB285.0 million (equivalent to approximately HK\$353.4 million). It is payable by the Group to Zhongchuan Transport in cash, of which:

- (1) as to 30% of the Purchase Price (i.e. RMB85.5 million, equivalent to approximately HK\$106.0 million) shall be paid before the submission of the application for the registration of the change of owner (from Zhongchuan Transport to the Purchasers) of Zhongchuan No. 9;
- (2) as to 40% of the Purchase Price (i.e. RMB114.0 million, equivalent to approximately HK\$141.4 million) shall be paid within 15 working days after the signing of the Agreement; and

- (3) the remaining balance of 30% of the Purchase Price (i.e. RMB85.5 million, equivalent to approximately HK\$106.0 million) to be paid within 30 working days from the date of signing of the Agreement.

The Purchase Price was determined after arm's length negotiations between Zhongchuan Transport and the Purchasers with reference to a valuation report prepared by an independent asset valuer, in respect of Zhongchuan No. 9 (which indicative value was determined having taken into account replacement cost method and is stated to be about RMB298.1 million (equivalent to approximately HK\$369.6 million) as at 20 September 2012).

#### **Source of fundings**

The Group will apply about RMB100.0 million (equivalent to approximately HK\$124.0 million) from its internal resources. The remaining balance will be financed by bank loan facilities to be obtained with security to be created over certain assets owned by the Purchasers and the Company's indirect non-wholly owned subsidiary.

#### **INFORMATION ON THE GROUP AND REASONS FOR THE DREDGER ACQUISITION**

The Group is principally engaged in the providing dredging related services in the PRC, ranging from capital and reclamation dredging business, environmental protection dredging and water management business, dredging related construction business, and other marine business.

The Directors believe that the acquisition of Zhongchuan No. 9 is beneficial to the Group as it will enhance the Group's capacity to render dredging services, hence its income stream which is beneficial to the Group. The Directors also considered that Zhongchuan No. 9 has sufficient power and is suitable for long distance dredging.

Having regard to the above factors, the Directors, including the independent non-executive Directors, consider that the terms of the Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

#### **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios (within the meaning of the Listing Rules) for the Dredger Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

## DEFINITIONS

In this announcement, the following definitions shall have the meanings set out below unless the context requires otherwise:

“Agreement”	the agreement dated 27 September 2012 and made between Zhongchuan Transport (as vendor) on the one part and Xiangyu PRC and Jiangsu Xingyu (as purchasers) on the other part, pursuant to which Zhongchuan Transport has agreed to sell Zhongchuan No. 9 to the Purchasers
“Board”	the board of Directors
“Company”	Xiangyu Dredging Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Dredger Acquisition”	the purchase of Zhongchuan No. 9 by the Purchasers from Zhongchuan Transport pursuant to the Agreement
“Group”	the Company and its subsidiaries
“Jiangsu Xingyu”	江蘇興宇港建有限公司 (Jiangsu Xingyu Port Construction Company Limited*), a limited company incorporated in the PRC and the financial results of which have been combined and accounted for as a subsidiary of the Company by way of certain contractual arrangements made by Xiangyu PRC with such company and its shareholders
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchase Price”	RMB285.0 million (equivalent to approximately HK\$353.4 million), being the purchase price of Zhongchuan No. 9 payable by the Purchasers to Zhongchuan Transport under the Agreement
“Purchasers”	collectively, Xiangyu PRC and Jiangsu Xingyu
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Shares”	share(s) of HK\$0.1 each in the share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 limited company incorporated in the PRC and an indirect wholly owned subsidiary of the Company
“Zhongchuan No. 9”	a cutter suction dredger with the name of “Zhongchuan No. 9”
“Zhongchuan Transport”	鹽城市中川運輸有限公司 (Yanzheng Zhongchuan Transport Company Limited*)

In this announcement, for the purpose of illustration only, amounts quoted in RMB and HK\$ are stated at the translation rate of HK\$1.24 to RMB1.00. Such exchange rate has been used, where applicable, for purposes of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rate or at all.

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

Hong Kong, 27 September 2012

*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. Leung Mei Han, Ms. Peng Cuihong and Mr. Huan Xuedong as Independent Non-executive Directors.*

\* *For identification purpose only*