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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 announcements of Xiangyu Dredging Holdings Limited (the “**Company**”) dated 23 March 2012 (the “**2012 Announcement**”) and 19 July 2013 (the “**2013 Announcement**”). Terms defined in the 2012 Announcement and the 2013 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.

As disclosed in the 2013 Announcement, Wangji Limited's obligations in respect of payment of the valuation shortfalls under the Performance Compensation under the Pre-IPO Agreement to Hong Jun (one of the Pre-IPO Investors) and the respective deeds of undertaking and Mr. Liu Kaijin's obligations as the guarantor of Wangji Limited's aforesaid obligations were completely discharged. Recently, the Company was further informed by Wangji Limited and Mr. Liu Kaijin that they entered into another settlement agreement (the "**Settlement Agreement**") with Apex Ally (another Pre-IPO Investor; a wholly owned subsidiary of ICBC International Investment Management Limited). Pursuant to the said Settlement Agreement and following the settlement of payment of the Performance Compensation on 26 July 2013, Wangji Limited's obligations in respect of payment of the valuation shortfalls under the Performance Compensation under the Pre-IPO Agreement to Apex Ally and the respective deeds of undertaking and Mr. Liu Kaijin's obligations as the guarantor of Wangji Limited's aforesaid obligations were also completely discharged.

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

Hong Kong, 29 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.