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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)**

### **NOTICE OF AGM**

**NOTICE IS HEREBY GIVEN** that the annual general meeting for the year ended 31 December 2011 (“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, Wanchai, Hong Kong on Tuesday, 15 May 2012 at 11:30 a.m. for the following purposes:

#### **ORDINARY BUSINESS**

1. To consider and adopt the audited financial statements and the reports of the directors (“Directors”) and of the auditor for the year ended 31 December 2011.
2. To re-elect the retiring director (namely, Ms. Zhou Shuhua) and to authorise the board (“Board”) of Directors to fix the remuneration of directors of the Company.
3. To re-appoint the auditor of the Company and to 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 with 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;

- (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
  - (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 with 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.”

To consider and, if thought fit, pass, with or without modification, the following resolution as a Special Resolution:

### **SPECIAL RESOLUTION**

7. “**THAT** the articles of association of the Company be amended in the following manner:

- (i) Article 1(A)

By inserting the following new definition of “substantial shareholder” immediately after the definition of “Statutes”:

“substantial shareholder”

shall mean a person who is entitled to exercise, or to control the exercise of, 10% or more (or such other percentage as may be prescribed by the rules of the stock exchange in the Relevant Territory from time to time) of the voting power at any general meeting of the Company;”

(ii) Article 72

By deleting the existing Article 72 in its entirety and replacing therewith the following new Articles 72(1) and 72(2):

“72.(1) Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a poll every shareholder present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every shareholder present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a shareholder which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of this Article, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its shareholders; and (ii) relate to the chairman’s duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all shareholders a reasonable opportunity to express their views.

(2) Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:

(a) by at least three shareholders present in person or in the case of a shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

(b) by a shareholder or shareholders present in person or in the case of a shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one tenth of the total voting rights of all shareholders having the right to vote at the meeting; or

(c) by a shareholder or shareholders present in person or in the case of a shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a shareholder or in the case of a shareholder being a corporation by its duly authorised representative shall be deemed to be the same as a demand by the shareholder.”

(iii) Article 73

By deleting the existing Article 73 in its entirety and replacing therewith the following new Article 73:

“73. Where a resolution is voted on by a show of hands, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution. The result of the poll shall be deemed to be the resolution of the meeting. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the stock exchange of the Relevant Territory.”

(iv) Article 74

By adding the words “whether on a show of hands or on a poll,” after the words “In the case of an equality of votes,” and by deleting the “,” after the word “meeting” in the first sentence of the existing Article 74.

(v) Article 89(B)

By inserting the words “in respect of the number and class of shares specified in the relevant authorization or proxy form including, where a show of hands is allowed, the right to vote individually on a show of hands” at the end of the existing Article 89(B).

(vi) Article 104(H)

By deleting the existing Article 104(H) in its entirety and replacing therewith with the following new Article 104(H):

“104.(H) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associate(s) or obligations incurred or undertaken by him or any of his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;

- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub underwriting of the offer;
- (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (v) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors or his associate(s) and to employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.”

(vii) Article 104(I)

By deleting the existing Article 104(I) in its entirety and replacing therewith the words “Intentionally deleted”.

(viii) Article 104(J)

By deleting the existing Article 104(J) in its entirety and replacing therewith the words “Intentionally deleted”.

(ix) Article 104(L)

By deleting the words “, (I), (J)” after the words “(D), (E), (H)” in the first sentence of Article 104(L).

(x) Article 139(B)

By inserting the following new sentence after the last sentence in Article 139(B):

“Notwithstanding the foregoing, a resolution in writing shall not be passed in lieu of a meeting of the Directors for the purposes of considering any matter or business in which a substantial shareholder of the Company or a Director has a conflict of interest and the Board has determined that such conflict of interest to be material.”

(xi) Article 177(B)(iii)

By deleting the existing Article 177(B)(iii) in its entirety and replacing therewith with the following new Article 177(B)(iii):

“by placing it on the Company’s website or the website of the stock exchange in the Relevant Territory, and giving to the member a notice stating that the notice or other document is available there (a “notice of availability”) which may be given to the members by any of the means set out in this Article other than by posting it on a website.””

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

Hong Kong, 5 April 2012

*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  
Nos. 168–200 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.
- (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 Monday, 14 May 2012 to Tuesday, 15 May 2012, 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 Friday, 11 May 2012.
- (e) In relation to the proposed resolution no. 2, each of the re-election of the retiring Director and other matters mentioned therein will be considered and passed as a separate resolution.

*As at the date of this announcement, the Board comprises Mr. Liu Kaijin, 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.*