This summary is intended to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read the prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. However, we have a limited operating history. Our performance during the Track Record Period may not serve as an adequate basis to evaluate our business. You should consider the risks and difficulties frequently encountered by early-stage companies such as our Company. Our recent revenue growth should not be taken as indicative of the revenue growth, if any, that can be expected in the future. In addition, our limited operating history provides a limited historical basis for assessing the impact that critical accounting policies may have on our business and our financial performance. See "Risk Factors — Risks Relating to Our Industry and Our Business — Our limited operating history may not serve as an adequate basis to judge our future prospects and result of operations."

OVERVIEW

We are the largest privately owned dredging company in China based on dredging volume in 2010, with market shares of 15.5% among privately owned dredging companies and 2.4% among all dredging companies in the PRC in 2010, according to a report we commissioned from Frost & Sullivan, a third party market research company, or the Frost & Sullivan Report. We are engaged in providing capital dredging, reclamation dredging, maintenance dredging and environmental protection dredging services. In addition, we provide dredging-related construction services, which include small-scale land reclamation construction, temporary road construction and soil compaction.

We began providing dredging services in the PRC in July 2007 and have achieved significant growth in recent years. We believe that we are well positioned to capture attractive opportunities in the fast-growing PRC dredging industry. The PRC dredging market has grown from 438 million cubic meters in total dredging volume in 2006 to 1,311 million cubic meters in 2010, representing a CAGR of 31.5%, according to the Frost & Sullivan Report. According to the same report, the existing capacity of qualified contractors in the PRC was almost fully utilized by the end of 2010, which resulted in a shortage of dredging capacity in the PRC. See "Industry — Overview of the PRC Dredging Market — Market Overview." While China's dredging market has historically been dominated by state-owned enterprises, we believe that the PRC dredging market will grow and that capacity constraints will provide significant growth opportunities for privately owned dredging companies like us. Privately owned dredging companies, taken together, accounted for an estimated 15.7% of the total dredging volume in China in 2010, according to the Frost & Sullivan Report. Our annual output from dredging and related services grew from 11.0 million cubic meters in 2008 to 29.9 million cubic meters in 2009 and 32.0 million cubic meters in 2010. Demand for dredging services in China is expected to increase because the PRC government is actively promoting large-scale infrastructure construction for transportation in response to the development of China's economy. According to the Frost & Sullivan Report, the PRC dredging market is expected to grow at a CAGR of 27.1% from 2011 to 2015 in terms of dredging volume. In particular, the PRC maintenance and environmental protection dredging markets are forecasted to grow at CAGRs of 37.0% and 43.5%, respectively, during the same period in terms of dredging volume, according to the Frost & Sullivan Report.

Our two largest customers in terms of revenues during the Track Record Period, TDC Port and CWWEC, are subsidiaries of, respectively, (i) CCCC, the largest port design and construction company in China, and (ii) the Changjiang Waterway Bureau of the Ministry of Transport of the PRC. TDC Port and CWWEC have been our customers since 2007 and 2008, respectively. These customers have engaged us to undertake dredging work for projects in the Caofeidian Industrial Area, Dalian Changxingdao Harbor, Jingtang Harbor and Tianjin Port. These major projects, which last for years, have not only enhanced our reputation, but have also supported our rapid growth. We have also successfully developed these customer relationships into important strategic partnerships for securing long-term business, as described in "Business — Customers — Strategic Partnerships". In January 2008 and May 2010, respectively, we entered into strategic partnership agreements with TDC Port and CWWEC, which we believe enhance our ability to secure new dredging projects and sustain the growth of our business. We have maintained relationships with our top five customers in 2010 for an average of over two years.

We are led by a project management team with an average of approximately 20 years of experience in the PRC dredging industry. Our extensive project management experience and strong technical team of professional experts enable us to engage in capital, maintenance, reclamation and environmental protection dredging work. We believe that our ability to provide a full line of high quality dredging services enables us to capture attractive opportunities in the fast-growing PRC dredging market.

We achieve efficiency and cost savings by using a flexible operation model, employing an experienced project management team and implementing preventive maintenance practices. We employ three modes of operation. We provide dredging services ourselves by using our own dredgers and employing dredgers that we charter from third parties depending on our production capacity and the availability of dredgers. In addition, we engage other dredging companies through subcontracting arrangements based on the workload or the timeframe of a particular project. Both chartering and subcontracting allow us to take on large projects in a short time frame without undertaking significant capital investment. We may alter our mode of operation after projects are underway, taking into consideration a variety of factors, such as fluctuations in the price of oil or spare parts, chartering costs, wages of crew members and our dredging capacity. This flexible operation model enables us to take on more projects, enhance dredger working efficiency rates and increase profits.

We believe that our flexible operation model, fleet of relatively young dredgers, preventative maintenance practices and extensive project management experience also allow us to achieve higher cost savings and profitability than our competitors. We achieved an average dredger working efficiency rate of approximately 83% in 2010, which was higher than the industry average of 70% in China, according to the Frost & Sullivan Report. We achieved a gross profit margin of 46.0%, 35.7% and 45.4% in 2008, 2009 and 2010, respectively. In addition, we intend to continue to make significant investments to expand the scale and scope of our dredging capacity in order to reduce our reliance on subcontractors. While subcontracting has been an important part of our flexible operation model, we believe that maintaining a relatively low proportion of subcontracting will help us to achieve higher gross profit margins. Further, we emphasize preventative maintenance to minimize downtime, extend vessel life and reduce replacement capital expenditure requirements.

Since most contracts that our customers subcontract to us relate to long-term, large-scale projects, our customers typically divide the work into projects covering different phases and offer individual contracts for each phase. Therefore, in order to engage in these large-scale projects, we generally enter into multiple contracts with a limited number of customers. In the years ended December 31, 2008, 2009 and 2010, our largest five customers accounted for 97.3%, 96.9%, and 99.3%, respectively, of our total revenues. During the same periods, our largest customer accounted for 49.7%, 54.1% and 51.7%, respectively, of our total revenues. Most of our customers are also our competitors. Substantially all of our contracts were subcontracted from our major customers during the Track Record Period. Since the large-scale projects which we have primarily worked on have had strict dredging contractor qualification requirements, including prior experience, financial conditions, certifications and availability of personnel, fleet and equipment, some of which we could not meet on our own, in the past we have not typically bid directly for contracts from project owners. However, we believe that we have developed close relationships with our customers and that they cannot easily replace us with other subcontractors.

During the Track Record Period, we rapidly expanded our customer base to build a strong pipeline of new business and developed strategic partnerships with our major customers, which we attribute to the high quality of our work and our strong reputation. While our major customers are typically not the project owners of the relevant projects, we have expanded our customer base, as described further in "Business — Our Dredging Contracts — Future Prospects — Non-binding Letters of Intent and Framework Agreement" and "— Customers — New Customers", and we believe that continuing to expand our customer base will help us to reduce our reliance on a limited number of customers. In addition, the expansion of our dredging capacity and the improvement of our financial position have enabled us to source more contracts directly from project owners. For example, in August 2010, we entered into a non-binding five-year framework agreement to provide capital dredging for a project in Yancheng City, Jiangsu Province and a non-binding letter of intent to provide reclamation dredging for a project in Dongying Harbor, Shandong Province. Since the framework agreement and letter of intent are not legally binding and are subject to signing of definitive contracts, these projects may not proceed or generate any revenue. However, the projects in Yancheng City and Dongying Harbor are major transportation development projects in China, and we expect to provide dredging services directly to the owners of these projects, rather than acting as a subcontractor. In addition, we were engaged in recent months by contractors of project owners for new projects, including projects in Yingkou Harbor, Liaoning Province and Tianjin Port in Tianjin.

In addition, we plan to further expand and diversify our service offerings by building up our environmental protection dredging business. We entered into a non-binding letter of intent, a non-binding cooperation memorandum and a framework agreement to undertake environmental protection dredging projects in Wuhan City, Hubei Province in July 2010, March 2011 and April 2011, respectively, all of which are subject to the signing of definitive contracts with the relevant customers and the successful commencement of the relevant projects and therefore may not proceed or generate any revenue. In addition, in May 2011, we entered into an agreement with the Yandu Management Company in respect of an environmental protection dredging project in Yandu District of Yancheng City, Jiangsu Province.

Growth in demand for our dredging services and expansion of our capacity contributed to significant increases in our revenue and profits during the Track Record Period. For the years ended December 31, 2008, 2009 and 2010, our revenue was RMB133.3 million, RMB346.5 million and RMB374.9 million, respectively. Our profit and total comprehensive income for the year increased from RMB45.7 million in 2008, to RMB88.8 million in 2009, and to RMB95.0 million in 2010.

OUR STRENGTHS

We believe we have the following competitive strengths:

- we are the largest privately owned dredging company in the PRC based on dredging volume in 2010 and are well-positioned to capture attractive opportunities in the fast-growing PRC dredging industry;
- we have cultivated strong client relationships and have a strong project pipeline that includes large-scale projects with prestigious clientele;
- we possess a strong technical team and extensive project management experience, which enable us to provide a full line of high quality dredging services, selectively engage in profitable projects and efficiently execute our projects;
- we have a young and versatile fleet of dredgers, flexible and profitable operation model and preventive maintenance practices, which contribute to our high dredger working efficiency rates and high profit margins; and
- we have experienced senior management who possess in-depth knowledge of our industry.

You can find a more detailed discussion of our principal competitive strengths in the section headed "Business — Our Strengths" in this prospectus.

OUR STRATEGIES

Our objective is to enhance our position as the largest privately owned dredging company in China based on dredging volume in China by implementing the following strategies:

- expand our capacity to capture attractive growth opportunities;
- increase and diversify our service offerings;
- firmly establish operations in other geographical regions in China;
- further improve our cost structure, operational efficiency and service quality; and
- pursue strategic acquisitions.

You can find a more detailed discussion of our principal business strategies in the section headed "Business — Our Strategies" in this prospectus.

OUR HISTORICAL ORDER BACKLOG

The following chart sets forth the order backlog information of our dredging services business during the Track Record Period.

	2008	2009	2010
	(RMB in millions)		
Backlog order beginning balance[(1)]	16.2	138.0	110.2
New contracts signed	222.9	269.9	1,409.5
Orders completed[(2)]	101.1	297.7	375.4
Backlog order ending balance[(3)]	138.0	110.2	1,144.3

(1) Includes all backlog orders on a contract basis, excluding non-binding framework agreements and letters of intent as of January 1 of the respective year.

(2) Figures provided are on a pre-tax basis.

(3) As of December 31 of the respective year.

Our order backlog ending balance decreased from December 31, 2008 to December 31, 2009 despite a higher aggregate contract value of new contracts signed in 2009 than in 2008 because we completed and received payments for a substantially greater value of work in 2009 than in 2008. Our ending balance increased significantly from December 31, 2009 to December 31, 2010 because we entered into a greater number of contracts with a substantially greater aggregate contract value in 2010 than in 2009. In addition, all of the major contracts we entered into in 2010 had terms that extended beyond the end of that year. The ending balance of our order backlog fluctuated significantly during the Track Record Period, and it may continue to fluctuate significantly in the future due to factors such as our ability to enter into new contracts, the contract value and term of the contracts we enter into, the value of work we are able to complete and payments we receive in any given year.

REVENUE BY BUSINESS SEGMENT

During the Track Record Period, we generated our revenue from two operating segments: (i) our dredging business and (ii) our dredging-related construction business.

The following table sets forth our revenue contributed by each of our business segments and as a percentage of our total revenue for the periods indicated.

	Year ended December 31,					
	2008		2009		2010	
	(in thousands of RMB, except for percentages)					
Dredging business	97,804	73.3%	287,967	83.1%	362,766	96.8%
Dredging-related construction business	35,545	26.7%	58,582	16.9%	12,117	3.2%
Total revenue	133,349	100.0%	346,549	100.0%	374,883	100.0%

REVENUE BY TYPE OF DREDGING

The following table sets forth revenue contributed by each of our capital and reclamation dredging and maintenance dredging businesses and as a percentage of our total revenue for the periods indicated.

	Year ended December 31,					
	2008		2009		2010	
	(in thousands of RMB, except for percentages)					
Capital and reclamation dredging[(1)]	133,349	100.0%	344,552	99.4%	372,264	99.3%
Maintenance dredging[(1)]	—	—	1,997	0.6%	2,619	0.7%
Total revenue[(1)]	133,349	100.0%	346,549	100.0%	374,883	100.0%

(1) Revenue from capital and reclamation dredging and maintenance dredging businesses include revenue from both our dredging and dredging-related construction businesses.

REVENUE BY PROJECT

The following table sets forth revenue contributed by each of our projects and as a percentage of our total revenue for the periods indicated.

	Year ended December 31,					
	2008		2009		2010	
	(in thousands of RMB, except for percentages)					
Caofeidian Industrial Area	100,828	75.6%	259,450	74.9%	183,068	48.8%
Dalian Changxingdao Harbor	28,930	21.7%	47,975	13.8%	59,008	15.8%
Qingdao Industrial Area	—	—	35,609	10.3%	—	—
Jingtang Harbor	—	—	—	—	101,262	27.0%
Tianjin Port	—	—	—	—	10,642	2.8%
Others	3,591	2.7%	3,515	1.0%	20,903	5.6%
Total revenue	133,349	100.0%	346,549	100.0%	374,883	100.0%

CONTRACTUAL ARRANGEMENTS

In China, enterprises engaging in dredging business must have a general contracting certificate for port and waterway construction (港口與航道工程施工總承包企業資質) or a specialty contracting certificate for waterway construction (航道工程專業承包企業資質). One of the requirements for issuance of either such certificate by the relevant PRC authorities is that the applicant enterprise must be the registered owner of a vessel or vessels with the stipulated functions. Under the relevant PRC laws, the Maritime Safety Administration of the PRC will not register the ownership of a vessel to an enterprise unless at least 50% of its registered capital has been contributed by Chinese investors. As a result, foreign investors cannot own more than a 50% equity interest in any enterprise which owns vessels for conducting a dredging business. Our Group has determined that Xiangyu PRC own 50% of interest in the relevant vessels, being the maximum percentage that a foreign investor may own under PRC laws to register the ownership of the relevant vessels for certain commercial reasons. In addition, our Group intends to participate in dredging projects which forbid any involvement of foreign-invested companies under PRC laws. Even with regard to certain dredging projects in which foreign-invested companies are technically allowed to engage under PRC laws, foreign-invested companies find it difficult, in common practice, to secure dredging business opportunities. For these reasons, our Company does not own any equity in the PRC Operational Entity, but rather controls the PRC Operational Entity through the Contractual Arrangements.

Pursuant to the Contractual Arrangements, we conduct our business operation indirectly in the PRC through the PRC Operational Entity by way of the Contractual Arrangements. Although our Group does not have any direct or indirect equity interest in the PRC Operational Entity, we manage to maintain effective control over the financial and operational policies of the PRC Operational Entity and are entitled to the economic benefits derived from the operations of the PRC Operational Entity through the Contractual Arrangements.

The Contractual Arrangements consist of: (i) the Composite Services Agreement; (ii) the Option Agreement; (iii) the Proxy Agreement; (iv) the Equity Pledge Agreement; and (v) the Vessel Pledge Agreements.

These Contractual Arrangements effectively transfer the economic benefits of the PRC Operational Entity and pass the risks associated therewith to Xiangyu PRC, and on this basis, the financial position and operating results of the PRC Operational Entity are included in our combined financial statements. Revenue generated from the PRC Operational Entity accounted for approximately 99.9%, 100.0% and 100.0% of our total revenue in the years ended December 31, 2008, 2009 and 2010, respectively. Furthermore, 100.0%, 100.0% and 129.5% of our total net profit was derived from the PRC Operational Entity in each of these periods. Net profit derived from the PRC Operational Entity was greater than 100% of our total net profit in 2010 primarily due to net losses incurred by certain subsidiaries of our Company.

As advised by our PRC Legal Advisers, the Contractual Arrangements are in compliance with all existing PRC laws and regulations and the provisions of the respective articles of association of the relevant companies that are incorporated in the PRC. The respective current businesses and operations of each of Xiangyu PRC and the PRC Operational Entity, as described in this prospectus, are within its respective business scope as approved by the competent government authorities in the PRC and have not been found by any PRC governmental authorities to be in violation of its respective permitted business scope. Each of Xiangyu PRC and the PRC Operational Entity has obtained all necessary approvals for its business and in respect of the Contractual Arrangements.

PRE-IPO INVESTMENTS

Mr. Liu, Wangji Limited and (i) Hong Jun and (ii) Apex Ally entered into the HJ Pre-IPO Note Purchase Agreement and AA Pre-IPO Note Purchase Agreement, respectively, on September 7, 2010 and October 4, 2010, pursuant to which Hong Jun and Apex Ally advanced to Wangji Limited the sums of HK$230 million and HK$153 million by way of issue and subscription of the HJ Pre-IPO Notes and AA Pre-IPO Notes, respectively.

In connection with the Pre-IPO Note Purchase Agreements, among other pledges, (i) 100% of the issued share capital of each of our Company, Power Wealth BVI and Power Wealth HK, (ii) the entire registered capital of Xiangyu PRC and (iii) the 50% interest held by Xiangyu PRC in each of the Kaijin No. 1 and Kaijin No. 3 dredgers were pledged to Hong Jun and Apex Ally. Pursuant to the Pre-IPO Note Purchase Agreements, these pledges will be released upon Listing.

When Wangji Limited and (i) Hong Jun and (ii) Apex Ally entered into the HJ Pre-IPO Note Purchase Agreement and AA Pre-IPO Note Purchase Agreement, they also entered into the HJ Pre-IPO Warrant Agreement and AA Pre-IPO Warrant Agreement, respectively. Pursuant to the Pre-IPO Warrant Agreements, if the consolidated net profit of our Group for the year ending December 31, 2011 is less than RMB300 million and the Actual Valuation (as defined in the section headed "History, Reorganization and Corporate Structure") of our Group is less than HK$2,600 million (if the Exit (as defined in the section headed "History, Reorganization and Corporate Structure") is consummated on or before the first anniversary of the respective issuance date of the Pre-IPO Warrants) or less than HK$3,500 million (if the Exit is consummated after the first anniversary of the respective issuance date of the Pre-IPO Warrants), the holders of the Pre-IPO Warrants shall be entitled to collect compensation from Wangji Limited.

For details of the Pre-IPO investments, please see the section headed "History, Reorganization and Corporation Structure — Pre-IPO Investments".

Pursuant to the Hong Kong Underwriting Agreement, the Listing will not proceed if the Pledges (excluding the personal guarantees provided by Mr. Liu and the pledges over the entire issued share capital of Wangji Limited pursuant to the Pre-IPO Notes or the Pre-IPO Warrants (where applicable)) have not been effectively discharged or released prior to 8:00 a.m. on the Listing Date. For details, please see the section headed "Underwriting".

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth a summary of our combined financial information as of and for the years ended December 31, 2008, 2009 and 2010, extracted from the Accountants' Report set out in Appendix I to this prospectus.

The results were prepared on the basis of presentation as set out in the Accountants' Report. The summary combined financial information should be read in conjunction with the combined financial statements set out in the Accountants' Report, including the related notes.

Summary Combined Statements of Comprehensive Income Data

	Year ended December 31,		
	2008	2009	2010
	(in thousands of RMB, except earnings per share data)		
Revenue	133,349	346,549	374,883
Operating cost	(71,987)	(222,937)	(204,823)
Gross profit	61,362	123,612	170,060
Other income	4,292	4,803	26
Marketing and promotion expenses	(820)	(1,779)	(2,979)
Administrative expenses	(2,093)	(3,348)	(6,267)
Listing expenses	—	—	(21,531)
Finance costs	(816)	(1,317)	(3,640)
Profit before tax	61,925	121,971	135,669
Income tax expense	(16,261)	(33,130)	(40,639)
Profit and total comprehensive income for the year	45,664	88,841	95,030
Earnings per share			
Basic (RMB)	0.57	0.80	0.38

Summary Combined Statements of Financial Position Data

	As at December 31,		
	2008	2009	2010
	(in thousands of RMB)		
NON-CURRENT ASSETS			
Property, plant and equipment	43,272	40,407	376,300
Deposit paid for acquisition of property, plant and equipment	18,700	28,494	273
Rental deposits	1,000	3,000	—
	62,972	71,901	376,573
CURRENT ASSETS			
Trade and other receivables	65,707	230,249	280,440
Amount due from a director	29,216	82,121	—
Bank balances and cash	973	1,764	12,520
	95,896	314,134	292,960
CURRENT LIABILITIES			
Trade and other payables	44,535	130,009	127,678
Amount due to a director	11,382	11,395	26,464
Tax payable	16,664	49,503	39,185
Secured bank borrowings	7,500	27,500	40,000
	80,081	218,407	233,327
NET CURRENT ASSETS	15,815	95,727	59,633
NET ASSETS	78,787	167,628	436,206
CAPITAL AND RESERVES			
Paid-in-capital/share capital	39,406	39,406	39,451
Reserves	39,381	128,222	396,755
TOTAL EQUITY	78,787	167,628	436,206

Summary Combined Cash Flow Data

The following table sets forth a summary of our cash flows for the periods indicated:

	Year ended December 31,		
	2008	2009	2010
	(in thousands of RMB)		
Net cash from operating activities	44,412	45,218	75,663
Net cash used in investing activities	(47,092)	(63,123)	(91,446)
Net cash from financing activities	1,988	18,696	26,539
Net increase/(decrease) in cash and cash equivalents	(692)	791	10,756
Cash and cash equivalents at the end of the period	973	1,764	12,520

RETENTION AND TRADE RECEIVABLES ANALYSIS

Certain of our contracts with our customers contain a retention clause pursuant to which our customers withhold a portion of the value of the work performed each month, typically 5%, for a retention period of typically about one year after the completion of our work under the relevant contract in order to cover any defects in the quality of our work. We recognize this portion of our revenue and the corresponding retention receivables when we have completed substantial work under the relevant contract in the later stage of the relevant project.

We recognize revenue from our dredging and dredging-related construction services when the services are rendered. In terms of payment, however, most of our contracts require our customers to make monthly progress payments with reference to the value of work completed at a certain percentage (typically 70% to 80%) of the value of work completed in the previous month, within thirty days after we issue a monthly progress certificate to the customer specifying the value of the work completed during the relevant month. Under these contracts, the remaining balance, which is typically 20% to 30% of the value of work completed or less under contracts that have retention clauses, is to be paid by our customers within thirty to sixty days after completion of the project audit work on completed projects, during which time the project owner checks the quality of the completed work. Therefore, until such tail period following the completion of the project and the project audit work concludes and we collect the remaining portion (for example, 20% to 30%, or less under contracts that have retention clauses) of the value of work we performed, this amount remains as trade receivables on our statement of financial position. This arrangement causes us to accumulate trade receivable balances for projects that have reached later stages but have not yet been completed.

The following table sets forth our trade receivables turnover days for the Track Record Period:

	Year ended December 31,		
	2008	2009	2010
Trade receivables turnover days[1]	87	146	210

[1] Trade receivables turnover days are equal to the average balance of trade receivables at the beginning and the end of the relevant year divided by revenue for such year and multiplied by 365.

The increase in our trade receivables turnover days in 2009 was due to a combination of factors, including the expansion of our business, especially near the end of the year, the mature stage of many of our projects at year-end and late payments by certain of our customers. In 2010, the continued expansion of our business, including new contracts that had duration terms which extended beyond year-end, as well as late payments by certain of our customers contributed to our stable balance of trade receivables at the beginning and end of the year resulting in higher trade receivables turnover days in 2010 than in 2009 which had a relatively low balance of trade receivables at the beginning of the year and a relatively high balance at year-end. See "Financial Information — Analysis of Selected Statement of Financial Position Items — Trade and Other Receivables Analysis" for more information. As of April 30, 2011, RMB20.7 million of the amount of our trade receivables that were overdue as of December 31, 2010 had been settled.

Our trade receivables, net of allowance on trade receivables, were RMB60.7 million, RMB215.7 million and RMB216.1 million as of December 31, 2008, 2009 and 2010, respectively, of which RMB46.0 million, RMB137.6 million and RMB28.2 million were past due but not impaired as of December 31, 2008, 2009 and 2010, respectively. Our customers are typically state-owned enterprises and governmental entities, which we believe do not represent a credit risk. We believe that late payments from customers were partly due to late payments to certain of our customers by the relevant project owners, which are also generally state-owned enterprises and government entities. These late payments by project owners were due in part to the complicated internal approval procedures for government entities and state-owned enterprises, such as audits and approvals by the relevant government authorities. During the Track Record Period and up to the Latest Practicable Date, we did not have any disputes with our customers regarding their late payments.

We have undertaken measures aimed at reducing our trade receivables turnover days. Before accepting any new customer, we assess the potential customer's credit quality and define its credit limits based on the reputation of the customer within the industry. We regularly review our customers' payment history. We also review the aging of our trade receivables on a regular basis. In addition, our project managers closely monitor the status of payment by our customers.

For additional information on trade receivables, please see "Financial Information — Analysis of Selected Statement of Financial Position Items — Trade and Other Receivables Analysis."

WORKING CAPITAL

During the Track Record Period, we maintained adequate working capital for our operations as cash and cash equivalents on hand and cash flows from operations were sufficient to meet our cash needs with minimal borrowing. In 2008, 2009 and 2010, we generated net cash from operating activities of RMB44.4 million, RMB45.2 million and RMB75.7 million, respectively, and as of December 31, 2008, 2009 and 2010, we had net current assets of RMB15.8 million, RMB95.7 million and RMB59.6 million, respectively. Although our gross profit margin decreased from 46.0% in 2008 to 35.7% in 2009, principally due to the increase in operating cost of our dredging projects in 2009, our gross profit margin increased to 45.4% in 2010, principally due to a significant decrease in subcontracting costs as we decreased the use of subcontractors by expanding our own dredging capacity, and an improvement of our average dredger working efficiency rate. While we expect our gross profit margin to decrease somewhat in future periods due to start-up costs relating to projects that started in late 2010 and early 2011 and other operating costs, we do not expect that this decrease will have any material adverse effect on our ability to maintain adequate working capital based on our expected cash and cash equivalents on hand and our operating cash flow. Similarly, our current ratio (the ratio of current assets to current liabilities) increased from 1.2 as of December 31, 2008 to 1.4 as of December 31, 2009, primarily due to an increase in trade receivables, but decreased to 1.3 as of December 31, 2010. Our current ratio was significantly but temporarily reduced in mid 2010 due to our purchase of two dredgers in the second quarter of 2010, which was financed by a short-term loan from our Director. Going forward we do not expect our current ratio to have any material adverse effect on our ability to maintain adequate working capital based on our expected cash and cash equivalents on hand and our operating cash flow. Furthermore, while our average trade receivable turnover days increased from 87 in 2008 to 146 and 210 in 2009 and 2010, respectively, our liquidity was not materially adversely affected as our average trade payable turnover days were comparable in the respective periods, at 102, 124 and 194 in 2008, 2009 and 2010, respectively and therefore, the timing of our cash inflows and outflows relating to operating activities was generally consistent in each of those years. Our liquidity has also been supported by our maintenance of a low gearing ratio (the percentage of total debt to total assets) of 4.7%, 7.1% and 6.0% in 2008, 2009 and 2010, respectively, which we believe represents a relatively low level of debt to service in comparison to the size of our Company. Since we do not have inventory, our ratio of current assets less stock to current liabilities, or quick ratio, was substantially the same as our current ratio during the Track Record Period and therefore did not impact on our liquidity.

As of April 30, 2011, we had cash and cash equivalents of RMB15.2 million. Taking into account the net proceeds available to us from the Global Offering, cash and cash equivalents on hand and our operating cash flow, our Directors are of the opinion that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this prospectus. For additional details of the risks and uncertainties relating to our working capital, see "Risk Factors — Risks Relating to Our Industry and Our Business — We commit to pay significant costs before receiving payment from our customers and if we are unable to collect our accounts receivable or suffer impairment losses, our liquidity, financial condition and results of operation may be materially and adversely affected" and "Risk Factors — Risks Relating to Our Industry and Our Business — We require substantial amounts of capital for our operation and expansion".

PROFIT FORECAST FOR THE SIX MONTHS ENDING JUNE 30, 2011

The Directors believe that, in the absence of unforeseen circumstances and on the basis of the assumptions as set out in "Appendix III — Profit Forecast" to this prospectus, our Company's profit attributable to owners of our Company for the six months ending June 30, 2011 is unlikely to be less than RMB94 million. On the basis of the prospective financial information and the assumption that our Company had been listed since January 1, 2011 and a total of 800,000,000 Shares were issued and outstanding during the entire period, the pro forma forecast earnings per Share for the six months ending June 30, 2011 is unlikely to be less than RMB0.12.

The Directors expect our revenue in the six months ending June 30, 2011 to increase as compared to our revenue in the six months ended June 30, 2010 due to the expansion of our business and an increase in our number of projects in the first half of 2011. Notwithstanding the expected increase in our revenue, our gross profit margin in the six months ending June 30, 2011 is expected to decrease as compared with that in the six months ended June 30, 2010 as a result of (a) start-up costs relating to our work on projects that newly started in late 2010 or early 2011; (b) the prudent output level we have forecasted to safely buffer for any uncertainties in these newly started projects; and (c) the higher operating costs we have budgeted for in the six months ending June 30, 2011.

We have undertaken to the Stock Exchange that the interim report of our Group for the six months ending June 30, 2011 will be audited pursuant to Rule 11.18 of the Listing Rules.

OFFERING STATISTICS(1)

	Based on an Offer Price of HK$3.19 per Share	Based on an Offer Price of HK$4.07 per Share
Market capitalization of the Shares(2)	HK$2,552 million	HK$3,256 million
Unaudited pro forma adjusted combined net tangible asset per Share(3)	HK$1.36	HK$1.57

Notes:

(1) All statistics in this table are prepared without taking into account the following: (i) the 1% brokerage fee, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee and (ii) any Shares which may be issued upon exercise of options that may be granted under the Share Option Scheme.

(2) The calculation of market capitalization is based on 800,000,000 Shares expected to be in issue immediately following the Global Offering and the Capitalization Issue.

(3) The calculation of the unaudited pro forma adjusted combined net tangible asset per Share is based on 800,000,000 Shares expected to be in issue immediately following the Global Offering and the Capitalization Issue and the respective Offer Prices of HK$3.19 and HK$4.07, without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option.

USE OF PROCEEDS

Assuming the Offer Price is HK$3.63 per Offer Share (being the mid-point of the indicative Offer Price range), we estimate that the aggregate net proceeds to us from the Global Offering will be approximately HK$645.0 million, after deducting the underwriting fees and other estimated expenses payable by us in connection with the Global Offering. We intend to use the net proceeds from the Global Offering as follows:

(a) approximately 80%, or HK$516.0 million, will be used for the purchase of dredgers and dredging equipment. We estimate that these purchases will require capital expenditures of approximately HK$564 million. The ownership of these dredgers and equipment (including environmental protection dredging equipment) is expected to be split equally between Xiangyu PRC and the PRC Operational Entity.

(b) approximately 7%, or HK$45.1 million, will be used for the improvement of existing equipment and machinery of dredgers.

(c) approximately 3%, or HK$19.4 million, will be used to support the expansion of our business including the setting up of new project offices and computerization of management information systems.

(d) approximately 10%, or HK$64.5 million, will be used for working capital and other general corporate purposes.

The allocation of the proceeds described in (b) through (d) above will be adjusted on a pro-rata basis in the event that the Offer Price is fixed below or above the mid-point of the indicative price range. If the Offer Price is set at the lowest end of the price range (HK$3.19), the net proceeds will be approximately HK$561.1 million. If the Offer Price is set at the highest end of the price range (HK$4.07), the net proceeds will be approximately HK$729.2 million.

We will not receive any of the proceeds from the sale of the Sale Shares by the Selling Shareholder pursuant to the Over-allotment Option. We estimate that the Selling Shareholder will receive HK$104.0 million net proceeds, assuming the Over-allotment Option is exercised in full, and assuming an Offer Price of HK$3.63 per Share (being the mid-point of the indicative Offer Price range), after deducting the estimated expenses payable by the Selling Shareholder.

Our Group will control costs and identify appropriate targets for the planned use of proceeds described above, including, in particular, the expenditure referred to in paragraphs (a) and (b) above. In the event that the actual capital expenditure exceeds the respective net proceeds obtained from the Global Offering, our Group would then consider whether to utilize our own resources or to further raise funds.

To the extent that the net proceeds from the Global Offering are not immediately required for the above purposes or if we are unable to implement any part of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks and authorized financial institutions.

DIVIDEND POLICY

We may distribute dividends by way of cash or by other means that we consider appropriate. A decision to declare and pay any dividends would require the approval of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval. The Board will review dividend policy from time to time in light of the following factors in determining whether dividends are to be declared and paid:

- our result of operations;
- our cash flows;
- our financial condition;
- our Shareholders' interests;
- general business conditions and strategies;
- our capital requirements;
- the payment by our subsidiaries of cash dividends to us; and
- other factors the Board may deem relevant.

We are a holding company incorporated in the Cayman Islands. Our ability to pay dividends depends substantially on the payment of dividends to us by our subsidiaries in China. In particular, each of our PRC subsidiaries may pay dividends only out of its accumulated distributable profits, if any, determined in accordance with its articles of association, and the accounting standards and regulations in China. Moreover, pursuant to relevant PRC laws and regulations applicable to our subsidiaries in the PRC, each of our PRC subsidiaries is required to set aside a certain amount of its accumulated after tax profits each year, if any, to fund statutory reserves. These reserves may not be distributed as cash dividends. Furthermore, if any of our subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other payments to us.

Except as mentioned in the following paragraph, we currently intend to adopt, after our Listing, a general annual dividend policy of declaring and paying dividends on an annual basis of no more than 20% of our distributable net profit attributable to our Group for any particular financial year.

We launched a number of new projects in the year ended December 31, 2010, and we made capital expenditures of RMB347.5 million in this period. We estimate that our capital expenditures in the year ending December 31, 2011 will be approximately RMB470 million, which will be used for the acquisition of dredgers and dredging equipment. For the above reasons, it is unlikely that we will recommend the declaration of any annual dividend at any annual general meeting of our Company for considering and approving our audited accounts for the financial year ended December 31, 2010.

RISK FACTORS

There are certain risks and considerations relating to an investment in the Shares, details of which are set out in the section headed "Risk Factors" in this prospectus. Set out below is a summary of these risks and uncertainties:

Risks relating to our industry and our business

- Our performance largely depends on public spending on transportation infrastructure.
- We derive a significant portion of our revenues from a small number of customers and substantially all of our contracts are subcontracts with our customers. The loss of one or more of these customers would negatively impact our business, operating results and financial condition.
- Most of our contracts with customers are short-term in nature and are not automatically renewed. If we fail to renew our existing contracts or secure new contracts on a continual basis, our operating results may be materially and adversely affected.
- The ending balance of the order backlog for our dredging services fluctuated significantly during the Track Record Period and may continue to fluctuate significantly in the future. Our order backlog increased substantially in 2010 and we may not be able to maintain a comparable level of order backlog in future years.
- The timing of new contracts as well as any delays in the commencement of projects may be outside of our control and may cause our actual financial results to vary.
- We commit to pay significant costs before receiving payment from our customers and if we are unable to collect our accounts receivable or suffer impairment losses, our liquidity, financial condition and results of operation may be materially and adversely affected.
- Some of our Controlling Shareholders have made certain commitments under the Pre-IPO Investment Agreements. Mr Liu and Wangji Limited may have to sell their Shares in our Company to obtain enough funds to pay the compensation as required pursuant to the Pre-IPO Warrant Agreements.
- We need to maintain permits or licenses for our operations and any delay in obtaining, suspension or loss of these permits or licenses could significantly hinder our business and reduce our expected turnover and profits.
- Our success depends on the continuing service of our senior management team and other key personnel.
- The PRC dredging industry is short of qualified personnel which may make it difficult for us to retain and recruit the employees necessary to further expand our business.
- We require substantial amounts of capital for our operation and expansion.

- If we fail to accurately estimate our costs or fail to execute within our cost estimates on fixed-price contracts, our results of operations would be adversely affected.

- We have entered into letters of intent, a cooperation memorandum and a framework agreement with our customers, but such letters of intent, cooperation memorandum and framework agreement are not legally binding and may not result in an engagement under a definitive contract or earn any revenue.

- We conduct our business operation in the PRC through the PRC Operational Entity by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws.

- Our limited operating history may not serve as an adequate basis to judge our future prospects and result of operations.

- We may incur higher costs in the future to charter the dredgers necessary for our operations and may not be able to charter the necessary equipment on time.

- Increases in the price of fuel and other petroleum-based products could increase our costs which could adversely affect our business, operating results and financial condition.

- Many of our contracts provide for penalties in the event of late completion or substandard work.

- We cannot assure you that services performed by our subcontractors will always meet our standards or that we will be able to procure subcontracting services at a reasonable price.

- Environmental regulations could force us to incur significant capital and operational costs.

- Our business is subject to significant operating risks and hazards that could result in monetary damage or personal injury, which could result in losses or liabilities to us.

- Our operations are susceptible to adverse weather conditions in regions in which we operate.

- Our current insurance coverage may not be adequate, and we may not be able to obtain insurance at acceptable rates.

- Increases in labor costs and the occurrence of labor disputes or strikes could materially and adversely affect our profitability and results of operations.

Risks relating to our corporate structure

- If the PRC government finds that the Contractual Arrangements or the ownership structures or business operations of our Company or our PRC Operational Entity do not comply with any of the PRC laws and regulations, our business, financial condition or results of operations could be materially and adversely affected.

- The Contractual Arrangements related to critical aspects of our operations with the PRC Operational Entity and its shareholders may not be as effective as direct ownership in providing operational control.

- Shareholders of the PRC Operational Entity may potentially have a conflict of interest with us, and they may breach their contracts with us.

- Our arrangements with the PRC Operational Entity may be considered by the PRC tax authorities as requiring transfer pricing adjustments.

- If we were required to obtain the prior approval of MOFCOM for or in connection with our corporate restructuring, our failure to do so could have a material adverse effect on our business, our operating results and the trading price of our Shares.

- PRC regulation of loans and direct investment by offshore holding companies to or in PRC entities may delay or prevent us from using the net proceeds we receive from the Global Offering to make loans or additional capital contributions to our PRC subsidiaries.

- We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund cash and financing requirements, and limitations on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business.

Risks relating to the PRC

- Changes in the PRC's economic, political and social conditions, as well as government policies, could have a material adverse effect on our business, financial condition, results of operations and prospects.

- Uncertainties with respect to the PRC legal system could have a material adverse effect on us.

- Any requirement to obtain prior approval from the CSRC could delay the Global Offering and a failure to obtain this approval, if required, could have a material and adverse effect on our business, operating results, reputation and the trading price of our Shares.

- Fluctuation in the exchange rates of Renminbi may have a material adverse effect on your investment.

- Governmental control over currency conversion may affect the value of your investment and limit our ability to utilize our cash effectively.

- Failure to comply with PRC regulations in respect of the registration of our PRC citizen employees' share options and restricted share units may subject such employees or us to fines and legal or administrative sanctions.

- Our global income and the dividends we may receive from our PRC subsidiaries may be subject to PRC tax under the PRC Enterprise Income Tax Law, which would have a material adverse effect on our results of operations.

- You may experience difficulty in effecting service of legal process, enforcing foreign judgments or bringing original actions in China based on foreign laws against us and our Directors and senior management.

Risks relating to the Global Offering

- There has been no prior public market for our Shares and the liquidity and market price of the Shares may be volatile.

- The trading price of our Shares may be volatile, which could result in substantial losses to you.

- The sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers and the Controlling Shareholders, could adversely affect the market price of our Shares.

- Holders of our Shares will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future.

- You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media, some of which may not be consistent with information contained in this prospectus.

- We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to the PRC and any provinces, cities or regions thereof or with respect to the economy and the property industry of the PRC and any provinces, cities or regions thereof contained in this prospectus.