

The information set out in this appendix does not form part of the accountants' report prepared by the reporting accountants of the Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong as set out in Appendix I "Accountants' Report" to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" and Appendix I "Accountants' Report" to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an unaudited pro forma statement of adjusted net tangible assets of the Group, which has been prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on December 31, 2010.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at December 31, 2010 or at any future dates.

	Audited combined net tangible assets of the Group as at December 31, 2010	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted combined net tangible assets	Unaudited pro forma adjusted combined net tangible assets per Share	
	(Note 1) RMB'000	(Note 2) RMB'000	RMB'000	(Note 3) RMB	(Note 4) HK\$
Based on an Offer Price					
of HK\$3.19 per share	436,206	470,729	906,935	1.13	1.36
Based on an Offer Price					
of HK\$4.07 per share	436,206	612,321	1,048,527	1.31	1.57

notes:

- (1) The audited combined net tangible assets of the Group as at December 31, 2010 is extracted from the Accountants' Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on an Offering Price of HK\$3.19 (equivalent to RMB2.66) and HK\$4.07 (equivalent to RMB3.39) per share, respectively (after deducting the underwriting fees and other related expenses payable by the Company in connection with the Global Offering). For the purpose of the estimated net proceeds from the Global Offering, the amount stated in Hong Kong dollars has been converted into Renminbi at the rate of RMB0.83368 to HK\$1.0.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share is arrived at after the adjustments referred to in note 2 in the preceding paragraph and on the basis that 800,000,000 Shares were in issue assuming that the Global Offering had been completed on December 31, 2010, but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.
- (4) The unaudited pro forma adjusted combined net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of RMB0.83368 to HK\$1.0. No representation is made that the Renminbi amounts have been, could have or may be converted to Hong Kong dollars, or vice versa, at that rate.

- (5) As at April 30, 2011, the Group's property interests were revalued by Jones Lang LaSalle Sallmanns Limited, an independent property valuer, and the relevant property valuation report is set out in Appendix IV to this prospectus. The net valuation surplus, representing the excess of market value of the properties over their book value, is approximately RMB1,964,000. Such revaluation surplus has not been incorporated in the Group's combined financial information for the year ended December 31, 2010 and will not be incorporated in the Group's financial statements in the year ending December 31, 2011. The above adjustment does not take into account the above revaluation surplus. Had the properties been stated at such valuation, an additional depreciation and amortisation of approximately RMB39,000 per annum would have been charged against the combined statement of comprehensive income.

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per share for the six months ending June 30, 2011 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on January 1, 2011. The unaudited pro forma forecast earnings per share has been prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the earnings per share of the Group for the six months ending June 30, 2011 or for any future periods following the Global Offering.

For the six months ending June 30, 2011

Forecast combined profit attributable to owners of the Company ⁽¹⁾	Not less than RMB94 million (equivalent to approximately HK\$113 million) ⁽³⁾
Unaudited pro forma forecast earnings per share ⁽²⁾	Not less than RMB0.12 (equivalent to approximately HK\$0.14) ⁽³⁾

notes:

- (1) The basis and assumptions on or which the above profit forecast have been prepared are summarized in Appendix III to this prospectus.
- (2) The calculation of the unaudited pro forma forecast earnings per share is based on the forecast combined profit attributable to owners of the Company for the six months ending June 30, 2011 and a total of 800,000,000 Shares in issue throughout the six months period, assuming that the Global Offering had been completed on January 1, 2011, without taking into the account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option.
- (3) The forecast combined profit attributable to owners of the Company and unaudited pro forma forecast earnings per share is converted into Hong Kong dollars at an exchange rate of RMB0.83368 to HK\$1.0. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa at that rate.

The following is the text of a report, prepared for inclusion in this prospectus, in respect of the unaudited pro forma financial information of the Group, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

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ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF XIANGYU DREDGING HOLDINGS LIMITED

We report on the unaudited pro forma financial information of Xiangyu Dredging Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the global offering might have affected the financial information of the Group presented, for inclusion in sections under the heading of “Unaudited Pro Forma Statement of Adjusted Net Tangible Assets” and “Unaudited Pro Forma Forecast Earnings Per Share” (the “**Unaudited Pro Forma Financial Information**”) in Appendix II to the Company's prospectus dated June 8, 2011 (the “**Prospectus**”). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 and II-2 of Appendix II of the Prospectus.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants' Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the

Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Our work has not been carried out in accordance with the auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it has been carried out in accordance with those standards.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of:

- the financial position of the Group as at December 31, 2010 or any future date; or
- the earnings per share of the Group for the six months ending June 30, 2011 or any future period.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

June 8, 2011