

*The forecast of the combined profit attributable to owners of our Company for the six months ending June 30, 2011 is set out in the section headed “Financial Information — Profit Forecast for the six months ending June 30, 2011” in this prospectus.*

**(A) BASIS AND ASSUMPTIONS**

Our Directors have prepared the forecast combined profit attributable to owners of our Company for the six months ending June 30, 2011 based on the unaudited combined results of the Company and its subsidiaries (the “**Group**”) for the three months ended March 31, 2011, and a forecast of the combined results of the Group for the remaining three months ending June 30, 2011. The forecast has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by our Group as set out in Note 3 of “Appendix I — Accountants’ Report” to this prospectus and is based on the following principal assumptions:

- (a) there will be no significant changes in existing political, legal, fiscal, market or economic conditions in the PRC, including changes in legislation, regulations, or rules, which may have a material adverse effect on the Group’s income;
- (b) there will be no significant changes in the government policies in the PRC in which we operate including, but not limited to, those in relation to dredging industry, which may adversely affect the Group’s business or operations;
- (c) there will be no material changes in the inflation rate, interest rates or foreign currency exchange rates in the PRC;
- (d) there will be no material change in the bases or rates of taxation, both direct and indirect, in the PRC;
- (e) the Group’s operations and business will not be severely interrupted by any force majeure events or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Directors, including the occurrence of natural disasters or catastrophes (such as floods and typhoons), epidemics or serious accidents;
- (f) there will be no material impacts of subsequent revisions of the accounting standards, which the Group currently adopted for preparation of the Group’s financial statements, to the Group’s financial reporting;
- (g) there will be no material change in the Group’s dividend policy. The Group might or might not declare dividend in the future. The timing, amount and form of future dividends, if any, will mainly depend on our results of operations and cash flows, our future prospects, general business conditions and our capital requirements and surplus;
- (h) There will be no significant changes in the Group’s expansion plans of business; and
- (i) There will be no material change in the timing of global offering.

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.

**(B) LETTER FROM THE REPORTING ACCOUNTANTS**

The following is the text of a letter, prepared for inclusion in this prospectus, received by the Directors, the Sole Sponsor and from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in connection with the forecast of the Group's combined profit attributable to owners of the Company for the six months ending June 30, 2011.

**Deloitte.**  
**德勤**

德勤·關黃陳方會計師行  
香港金鐘道88號  
太古廣場一座35樓

Deloitte Touche Tohmatsu  
35/F One Pacific Place  
88 Queensway  
Hong Kong

June 8, 2011

The Directors  
Xiangyu Dredging Holdings Limited  
Morgan Stanley Asia Limited

Dear Sirs,

We have reviewed the accounting policies adopted and calculations made in arriving at the forecast of the combined profit of Xiangyu Dredging Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the six months ending June 30, 2011 attributable to owners of the Company (the "**Forecast**"), for which the directors of the Company are solely responsible, as set out in the prospectus dated June 8, 2011 2011 (the "**Prospectus**") issued by the Company. The Forecast is prepared based on the results shown in the unaudited management accounts of the Group for the three months ended March 31, 2011 and a forecast of the results of the Group for the remaining three months of the period ending June 30, 2011.

In our opinion, the Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the directors of the Company as set out in "Basis and assumptions" in Appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report on the financial information of the Group for the three years ended December 31, 2010 as set out in Appendix I to the Prospectus.

Yours faithfully,

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

**(C) LETTER FROM THE SOLE SPONSOR**

The following is the text of a letter, prepared for inclusion in this prospectus by the Sole Sponsor in connection with the profit forecast for the six months ending June 30, 2011.

# Morgan Stanley

June 8, 2011

The Directors  
Xiangyu Dredging Holdings Limited

Dear Sirs,

We refer to the forecast of the combined profit attribute to the owners of Xiangyu Dredging Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) for the six months ending June 30, 2011 (the “**Profit Forecast**”) as set out in the prospectus issued by the Company dated June 8, 2011 (the “**Prospectus**”).

The Profit Forecast, for which the Directors of the Company are solely responsible, has been prepared by them based on the results shown in the unaudited combined management accounts of the Group for the three months ended March 31, 2011, and a forecast of the combined results for the remaining three months ending June 30, 2011.

We have discussed with you the bases and assumptions made by the Directors as set out in Appendix III to the Prospectus upon which the Profit Forecast has been made. We have also considered, and relied upon, the letter dated June 8, 2011 addressed to yourself and ourselves from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the information comprising the Profit Forecast and upon the bases and the accounting policies and calculations adopted by you and reviewed by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, we are of the opinion that the Profit Forecast, for which you as Directors of the Company are solely responsible, have been made after due and careful enquiry.

Yours faithfully,  
For and on behalf of  
**Morgan Stanley Asia Limited**

**George Taylor**  
*Managing Director*