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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

The Board is pleased to announce that on 29 June 2011, the PRC Operational Entity (being a subsidiary of the Company) entered into the Dredging Contract with the Customer to provide dredging services at Tianjin Port in the PRC for an aggregate revenue expected to be approximately RMB169.8 million (equivalent to about HK\$198.7 million).

The Board of Directors of the Company is pleased to announce that on 29 June 2011, the PRC Operational Entity (accounted for as a subsidiary of the Company) entered into the Dredging Contract with the Customer to provide dredging services at Tianjin Port in the PRC. The Customer is the main contractor of the project owner of Tianjin Port project (“**Project Owner**”). The amount of sediment to be excavated under the contract is approximately 15 million cubic metres and the aggregate revenue of the PRC Operational Entity from the contract is expected to be approximately RMB169.8 million (equivalent to about HK\$198.7 million). This contract represents an addition to the capital and reclamation dredging services currently provided by our Group for the port expansion project in Tianjin Port. The contract is expected to commence from around August 2011 and to be completed around May 2012.

Based on the terms of the Dredging Contract, the PRC Operational Entity expects to receive progressive payment of about 70% of the value of work completed (subject to the issue of a progress certificate on the work done being assessed each month and the Customer receiving the corresponding payment from the Project Owner) during the term of the contract, which is generally in line with previous contracts entered into between the PRC Operational Entity and the Customer regarding the Tianjin Port project. The remaining balance under the contract is payable after the completion of the Dredging Contract subject to the work being completed and accepted by the Customer and the Project Owner and the Customer receiving the corresponding payment from the Project Owner. Under the Dredging Contract, the PRC Operational Entity is required to provide a bank guarantee of 10% of the expected aggregate revenue (i.e. about RMB17.0 million, equivalent to about HK\$19.9 million) as

security for the Group's performance of the contract. Such guarantee is to be released upon completion and acceptance of work by the Customer. The Contractual Arrangements (as defined in the Company's prospectus dated 8 June 2011), require Xiangyu PRC, a wholly-owned subsidiary of the Company, to provide written consent to the PRC Operational Entity to provide the guarantee in favour of the Customer.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Customer is a company established in the PRC and is a third party independent of and not connected with the Company and its subsidiaries and its connected persons (as defined under the Listing Rules).

The Board considers that the entering into of the Dredging Contract demonstrates the continuous growth of the Group's business, and enables the Group to increase its market share, competitiveness and reputation in dredging market of the PRC and that such contract is expected to provide positive cash inflow to the Group.

DEFINITIONS

In this announcement, the following definitions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Xiangyu Dredging Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Customer”	a port construction engineering company in the PRC, which is the counterparty to the Dredging Contract
“Directors”	the directors of the Company
“Dredging Contract”	The contract entered into between the PRC Operational Entity and the Customer on 29 June 2011 in relation to dredging services to be provided by the PRC Operational Entity
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the law currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China

“PRC Operational Entity”	江蘇興宇港建有限公司 (Jiangsu Xingyu Port Construction Company Limited*), a company incorporated in the PRC and which is treated as a subsidiary of the Company by way of certain contractual arrangements made by Xiangyu PRC (a limited company incorporated in the PRC, being a wholly-owned subsidiary of the Company) with the PRC Operational Entity and its shareholders
“RMB”	Renminbi, the lawful currency of the PRC
“Xiangyu PRC”	Jiangsu Xiangyu Port Constructing Project Administration Co. Ltd.* (江蘇翔宇港建工程管理有限公司), a wholly foreign-owned enterprise established under the laws of the PRC on 11 June 2010, which is an indirect wholly owned subsidiary of the Company

In this announcement, for the purpose of illustration only, amounts quoted in RMB and HK\$ have been converted at the rate of HK\$1.17 to RMB1. Such exchange rate has been used, where applicable, for purposes of illustration only and do not constitute a representation that any amounts were or may have been exchanged at these or any other rates or at all.

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

Hong Kong, 3 July 2011

As at the date of this announcement, the Board comprises Mr Liu Kaijin and Ms Zhou Shuhua as executive Directors; Mr Dong Liyoung as a non-executive Director and chairman; and Ms Leung Mei Han, Mr Zhang Jun and Ms Peng Cuihong as independent non-executive Directors.

* *For identification purpose only*