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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 10 November 2011 (after trading hours), the PRC Operational Entity (being a subsidiary of the Company) entered into the Dredging Contract with the Customer to provide dredging services in connection with the construction of certain berths for the Qimu Island Port located in Shandong Province, the PRC with an estimated contract sum of approximately RMB60 million (equivalent to about HK\$73.20 million). The final contract sum to be received by the Group is subject to the volume and other parameters of the works delivered and accepted by the Customer.

The Board is pleased to announce that on 10 November 2011 (after trading hours), the PRC Operational Entity (being a subsidiary of the Company), in its ordinary course of business, entered into the Dredging Contract with the Customer. Under the Dredging Contract, the PRC Operational Entity has agreed to provide dredging services in connection with the construction of certain berths for the Qimu Island Port located in Shandong Province, the PRC. The Customer is a port construction engineering company established in the PRC. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Customer is a State-owned enterprise 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 volume of sediment to be excavated under the Dredging Contract is estimated to be 3 million cubic metres. The Dredging Contract is expected to commence from November 2011 and to be completed in February 2012.

The contract sum expected to be received by the PRC Operational Entity is approximately RMB60 million (equivalent to about HK\$73.20 million). The final contract sum to be received is subject to the volume and other parameters of the works delivered and accepted by the Customer on completion of

such Dredging Contract. Unless otherwise specified in the Dredging Contract, the PRC Operational Entity has to bear all expenses to be incurred by it in delivering the works under the Dredging Contract.

Under the Dredging Contract, the PRC Operational Entity will receive a sum of RMB0.5 million upon the dredger deployed by the PRC Operational Entity having arrived at the designated works site, and a sum of RMB1 million after completing the first 0.1 million cubic metres of excavation. Following that, the PRC Operational Entity will receive progress payment of 80% of the value of works completed on a monthly basis (which is determined based on the certificate of works done assessed on the 25th day of each month), subject to deduction of about 10% the monthly progress payment for purposes of contract performance warranty and surety deposits for safety operations. During the implementation of the works, such progress payments will cease to be paid by the Customer when the total sums received by the PRC Operational Entity is equal to 85% of the estimated total contract sum. Based on the Group's past experience, the amount of deductions from the final contract sum upon completion of project is not expected to be substantial. The final balance will be settled within 15 days after the inspection and acceptance by the Customer of the entire works under the Dredging Contract. The payment provisions of the Dredging Contract are generally in line with payment arrangement of other dredging contracts entered into between the PRC Operational Entity and other customers of the Group.

The Group has been taking steps to expand its dredging operations to such regions of the PRC, in addition to the ports or construction projects undertaken by the Group in the past. The Dredging Contract is entered into as a step to establish the Group's presence in the dredging market at the Qimu Island Port, where more dredging works are expected to be undertaken in the future.

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”	No. 2 Engineering Company Ltd. of CCCC First Harbor Engineering company Ltd. (中交一航局第二工程有限公司), 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 dated 10 November 2011 and entered into between the PRC Operational Entity and the Customer in relation to the provision of certain dredging services by the PRC Operational Entity to the Customer in connection with the construction of certain berths for the Qimu Island Port
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful 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
“Qimu Island Port”	Longkou Nanshan Qimu Island Port* (龍口市南山岬母島港) located in Shandong Province, the PRC
“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\$1.22 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, 10 November 2011

As at the date of this announcement, the Board comprises Mr Liu Kaijin and Ms Zhou Shuhua as executive Directors; Mr Dong Liyong as 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