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)

Clarification Announcement

Reference is made to the announcement ("**Announcement**") dated 31 December 2012 in relation to the discloseable transaction regarding the acquisition of equity interest in Targetco principally holding land use rights in the PRC and settlement of trade receivable. Unless otherwise stated, capitalised terms used herein shall have the same respective meanings as defined in the Announcement.

The Board wishes to clarify that in connection with the definition of "Land" as stated on page 6 of the Announcement, due to a clerical error, it was incorrectly stated as "two pieces of land located at 鹽城市鹽都區龍街道丁晏居委會 with an aggregated area of about 11,000 m²", and the correct definition should read "two pieces of land located at 鹽城市鹽都區**鹽**龍街道丁晏居委會 with an aggregated area of about 11**0**,000 m²".

This announcement is made supplemental to (and should be read in conjunction with) the Announcement. Except for the above information, all other information contained in the Announcement remains unchanged.

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

Hong Kong, 2 January 2013

As at the date of this announcement, the Board comprises Mr. Liu Kaijin as Joint Chairman, Executive Director and Chief Executive Officer; Ms. Zhou Shuhua as an Executive Director; Mr. Liu Longhua as Joint Chairman and a Non-executive Director; and Ms. Leung Mei Han, Ms. Peng Cuihong, Mr. Huan Xuedong and Mr. Chan Ming Sun Jonathan as Independent Non-executive Directors.