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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 — CONTRACT IN RESPECT OF RECLAMATION DREDGING SERVICES IN SHANDONG PROVINCE

The Board is pleased to announce that on 21 September 2012, Jiangsu Xingyu entered into a contract with its customer. Under the contract, Jiangsu Xingyu has agreed to provide reclamation dredging services in connection with the reclamation project at Long Port Development Area of Longkou City* (龍口市龍港開發區), Shandong Province, the PRC. The estimated revenue of such works under the contract is approximately RMB250 million (equivalent to approximately HK\$310 million). The estimated revenue to be received by the Group is subject to the volume and other parameters of the works to be delivered and accepted by the customer under the contract.

The board (“**Board**”) of directors (“**Directors**”) of Xiangyu Dredging Holdings Limited (“**Company**”) is pleased to announce that on 21 September 2012, Jiangsu Xingyu Port Construction Company Limited (“**Jiangsu Xingyu**”) (being treated as a subsidiary of the Company), in its ordinary course of business, entered into a contract with its customer. Under the contract, Jiangsu Xingyu has agreed to provide dredging services in connection with a reclamation project at Long Port Development Area of Longkou City* (龍口市龍港開發區), Shandong Province, the People’s Republic of China (“**Longkou Contract**”).

The Longkou Contract is a supplemental contract for the reclamation works with Longkou City Nanshan Western Coastline Artificial Island Construction and Development Limited* (龍口市南山西海岸人工島建設發展有限公司), which was announced on 22 April 2012. The works under the Longkou Contract are expected to finish in end of 2014.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the customer under the Longkou Contract is a third party independent of and not connected with the Company and its subsidiaries (collectively, the “**Group**”) and its connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).

The estimated revenue of such works under the Longkou Contract is approximately RMB250 million (equivalent to approximately HK\$310 million). The estimated revenue to be received by the Group is subject to the volume and other parameters of the works to be delivered and accepted by the customer under the Longkou Contract.

The Longkou Contract further enhances the order book and will generate revenue to the Group.

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

Hong Kong, 23 September 2012

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 and Mr. Huan Xuedong as Independent Non-executive Directors.

* *For identification purpose only*