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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 DREDGING RELATED CONSTRUCTION SERVICES IN THE CHANGJIANG RIVER REGION**

The Board is pleased to announce that on 27 March 2012 (after trading hours), Jiangsu Xingyu (being treated as a subsidiary of the Company) entered into the Zhangjiagang Works Contract with the Customer to provide services in connection with certain dredging-related construction services in Tung Chau Chassi Waterways in the PRC. The estimated aggregate contract sum for such works is approximately RMB77.1 million (equivalent to about HK\$94.1 million). The final aggregate 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 27 March 2012 (after trading hours), Jiangsu Xingyu (being treated as a subsidiary of the Company), in its ordinary course of business, entered into the Zhangjiagang Works Contract with the Customer. Under the Zhangjiagang Works Contract, Jiangsu Xingyu has agreed to provide dredging-related construction services in Tung Chau Chassi Waterways of the Changjiang River Region located in Jiangsu Province, the PRC. To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the Customer is a state-owned enterprise 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 Zhangjiagang Works Contract is expected to be completed in December 2012.

The contract sum expected to be received by Jiangsu Xingyu is approximately RMB77.1 million (equivalent to about HK\$94.1 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 Zhangjiagang Works Contract. Unless otherwise specified in the Zhangjiagang Works Contract, Jiangsu

Xingyu has to bear all expenses to be incurred by it in delivering the works under the Zhangjiagang Works Contract, save that the Customer will make direct payment for the raw materials to the relevant suppliers.

Under the Zhangjiagang Works Contract, Jiangsu Xingyu will receive progress payments up to 60% of contract sum upon completion of the entire works. Up to 80% of the contract sum will be paid to Jiangsu Xingyu upon satisfactory audit of the completion of the entire works contemplated under the Zhangjiagang Works Contract and the delivery of the relevant works completion documents to the Customer. Up to 90% will be settled within one year after the satisfactory inspection and acceptance by the Customer of the entire works under the Zhangjiagang Works Contract, and the remaining balance of 10% of the contract sum will be paid upon the expiry of the works-warranty period or (where there is any defect) within 28 days from the date of satisfactory inspection and acceptance by the Customer of the relevant remedial works.

The Group has been taking steps to seek contracts of dredging related construction services which would give the Group a reasonable return. The Zhangjiagang Works Contract is entered into as a step to enhance the Group's presence in the market.

## **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 state-owned enterprise, being the counterparty to the Zhangjiagang Works Contract  |
| “Directors” | the directors of the Company   |
| “Group”     | the Company and its subsidiaries   |
| “HK\$”      | Hong Kong dollars, the law currency of Hong Kong   |

|                               |  |
|-------------------------------|--|
| “Jiangsu Xingyu”              | 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 Jiangsu Xiangyu Port Constructing Project Administration Co., Ltd.* (江蘇翔宇港建工程管理有限公司) (a limited company incorporated in the PRC on 11 June 2010 which is an indirect wholly-owned subsidiary of the Company) with Jiangsu Xingyu and its shareholders |
| “Listing Rules”               | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “PRC”                         | the People’s Republic of China   |
| “RMB”                         | Renminbi, the lawful currency of the PRC   |
| “Stock Exchange”              | The Stock Exchange of Hong Kong Limited  |
| “Tung Chau Chassi Waterways”  | 長江澄通河段通洲沙西水道河道 (Tung Chau Chassi waterways of Cheng Tong River section of Changjiang*), which is located in Jiangsu Province of the PRC  |
| “Zhangjiagang Works Contract” | the contract dated 27 March 2012 and entered into between Jiangsu Xingyu and the Customer in relation to the provision of certain dredging-related construction services by Jiangsu Xingyu to the Customer   |

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**  
**Mr. Liu Kaijin**

*Joint chairman, executive Director and chief executive officer*

Hong Kong, 27 March 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. Dong Liyong as a non-executive Director and joint chairman; and Ms. Leung Mei Han, Mr. Zhang Jun and Ms. Peng Cuihong as independent non-executive Directors.*

\* For identification purpose only