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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 29 October 2012, Jiangsu Xingyu entered into the Longkou Contract with the Customer. Under the Longkou 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 Longkou Contract is approximately RMB90 million (equivalent to approximately HK\$110 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 board (“**Board**”) of directors (“**Directors**”) of Xiangyu Dredging Holdings Limited (“**Company**”) is pleased to announce that on 29 October 2012, Jiangsu Xingyu Port Construction Company Limited* (江蘇興宇港建有限公司) (“**Jiangsu Xingyu**”) (a subsidiary of the Company), in its ordinary course of business, entered into a contract (“**Longkou Contract**”) 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) (the “**Customer**”). Under the Longkou 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 (the “**PRC**”).

The Longkou Contract represents an addition to the contracts for the reclamation works currently provided by the Group to the Customer which were announced on 22 April 2012 and 23 September 2012 respectively. The works under the Longkou Contract are expected to finish by the 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 RMB90 million (equivalent to approximately HK\$110 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
Liu Kaijin
*Joint Chairman, Executive Director and
Chief Executive Officer*

Hong Kong, 29 October 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*