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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)

Positive Profit Alert

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform shareholders of the Company and potential investors that, based on a preliminary assessment on the unaudited management accounts of the Company and the information currently available to the Board, the result of the Company for the year ended 31 December 2011 is expected to increase significantly as compared to the corresponding period in 2010.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Xiangyu Dredging Holdings Limited (the “Company”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors (the “Directors”) of the Company (the “Board”) wishes to inform shareholders of the Company and potential investors that, based on a preliminary assessment on the unaudited management accounts of the Company and the information currently available to the Board, the result of the Company for the year ended 31 December 2011 (the “Annual Results”) is expected to increase significantly as compared to the annual result for the financial year ended 31 December 2010. The Company considers that the significant increase in the financial results of the Company for the year ended 31 December 2011 was mainly attributable to the increase in turnover as a result of the increase in the total contract sums under dredging contracts.

The Company is currently still in the process of finalizing its Annual Results. The information contained in this announcement is based only on a preliminary assessment of the unaudited management accounts of the Company for the year ended 31 December 2011 and the information currently available to the Board and has not been audited or reviewed by the Company's independent auditor or the Company's audit committee. Further details of the Company's Annual Results will be announced in due course.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in shares of the Company.

By order of the Board
Xiangyu Dredging Holdings Limited
Liu Kaijin
*Joint chairman, executive Director
and chief executive officer*

Hong Kong, 5 March 2012

As at the date of this announcement, the Board comprises Mr Liu Kaijin as the joint chairman, an executive Director and chief executive officer; Ms Zhou Shuhua as an executive Director; Mr Dong Liyong as the joint chairman and a non-executive Director; and Ms Leung Mei Han, Mr Zhang Jun and Ms Peng Cuihong as independent non-executive Directors.