



UDL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 620)

EXECUTION OF THE SETTLEMENT AGREEMENT AND ISSUE OF THE PROMISSORY NOTES

The Directors are pleased to announce that:

- (1) the Company and the Scheme Administrator/Trustee entered into the Settlement Agreement on 1 September 2006; and
- (2) the Promissory Notes, in the principal amount of HK\$30 million, were issued to the Scheme Administrator/Trustee on 1 September 2006 as part of the settlement arrangement.

Reference is made to the announcement of the Company dated 29 December 2005 and 25 July 2006 and the circular of the Company dated 27 January 2006 (“**Circular**”). Terms used herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

The Directors are pleased to announce that the Company and the Scheme Administrator/Trustee entered into the Settlement Agreement on 1 September 2006 and the Promissory Notes, in the principal amount of HK\$30 million, were issued to the Scheme Administrator/Trustee on the same date as part of the settlement arrangement. The principal terms of the Settlement Agreement and the Promissory Notes are consistent with those as set out in the paragraph headed “Proposed Settlement Agreement and issue of Promissory Notes” in the Letter from the Board in the Circular.

Subsequent to the execution of the Settlement Agreement and the issue of the Promissory Notes, in line with that stated in the Circular, the Group has (1) incurred an additional liability of HK\$30 million, being the principal amount of the Promissory Notes; (2) reduced its receivables as more particularly referred to in the Circular by approximately HK\$5.9 million; and (3) removed the uncertainty regarding the Company’s contingent liability in connection with the Shortfall Undertaking. As such, the scheme reserve account of the Group has been reduced by approximately HK\$35.9 million.

By Order of the Board
UDL Holdings Limited
Lee Ka Lun, Stephen
Director

Hong Kong, 1 September 2006

As at the date of this announcement, the Board comprises three executive Directors namely Mrs. Leung Yu Oi Ling, Irene, Mr. Lee Ka Lun, Stephen and Ms. Leung Chi Yin, Gillian and three independent non-executive Directors, namely Mr. Pao Ping Wing, JP, Professor Yuen Ming Fai, Matthew and Ms. Tse Mei Ha.

“Please also refer to the published version of this announcement in The Standard.”