



UDL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)
(Stock Code: 620)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2007

INTERIM RESULTS

The board of directors (the “Directors”) of UDL Holdings Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31 January 2007 together with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		(Unaudited)	
		Six months ended	
		31 January	
		2007	2006
	Note	HK\$'000	HK\$'000
Turnover	3	9,273	10,057
Other revenue and income		110	3,785
Total revenue and income		9,383	13,842
Staff costs		(2,114)	(2,934)
Marine engineering and structural steel engineering costs and cost of vessels		(3,564)	(7,169)
Depreciation and amortisation		(693)	(9,957)
Other operating expenses		(2,128)	(4,654)
Profit/(Loss) from operating activities	5	884	(10,872)
Finance costs		(1,640)	(5,675)
Loss before taxation		(756)	(16,547)
Taxation	6	-	-
Loss attributable to shareholders		(756)	(16,547)
Loss per share – Basic (Hong Kong dollars)	7	(HK\$0.00)	(HK\$0.02)

CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited) 31 January 2007 HK\$'000	(Audited) 31 July 2006 HK\$'000
	<i>Note</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		28,497	28,392
Land use rights		885	888
Investments in associates		92	86
		<u>29,474</u>	<u>29,366</u>
Current assets			
Inventories		35,735	34,908
Land use rights		60	58
Trade and other receivables	8	14,538	13,251
Amounts due from related companies		13,263	15,281
Cash and bank balances		924	1,038
		<u>64,520</u>	<u>64,536</u>
Current liabilities			
Other borrowings	9	5,823	5,633
Trade and other payables		9,899	13,321
Promissory notes	10	15,126	7,500
Amount due to ultimate holding company	11	28,307	25,692
Amounts due to related companies		6,809	6,241
Amounts due to directors		898	920
Provision for taxation		46	84
		<u>66,908</u>	<u>59,391</u>
Net current assets/(liabilities)		<u>(2,388)</u>	<u>5,145</u>
Total assets less current liabilities		<u>27,086</u>	<u>34,511</u>
Non-current liabilities			
Promissory notes	10	15,000	22,500
NET ASSETS		<u>12,086</u>	<u>12,011</u>
CAPITAL AND RESERVES			
Share capital		33,634	33,634
Reserves		(21,548)	(21,623)
NET EQUITY		<u>12,086</u>	<u>12,011</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimate and assumption that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in these condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 July 2006.

The Group has not early applied the following new standard, amendment and interpretations that have been issued but are not yet effective. The Group is still not yet in the position to reasonably estimate the impact that may arise from the application of these standard, amendment and interpretations.

HKAS 1 (Amendment)	Capital Disclosures ^a
HKFRS 7	Financial Instruments: Disclosures ^a
HK (IFRIC) – INT 10	Interim Financial Reporting and Impairment ^b
HK (IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions ^c

^a Effective for annual periods beginning on or after 1 January 2007.

^b Effective for annual periods beginning on or after 1 November 2006.

^c Effective for annual periods beginning on or after 1 March 2007.

3. TURNOVER

The Group's turnover represents revenue derived from sales of vessels, marine engineering and structural steel engineering operations which comprise engineering works income, the gross other income from its capacity and related services provided as a result thereof. Revenue recognised during the period is as follows:

	(Unaudited) Six months ended 31 January	
	2007	2006
	HK\$'000	HK\$'000
Sales of vessels	–	6,224
Marine engineering income	4,950	1,951
Structural steel engineering income	4,323	1,882
	<u>9,273</u>	<u>10,057</u>

4. SEGMENT INFORMATION

a. Business segments

For management purposes, the Group is currently organised into three operating divisions – marine engineering, structural steel engineering and sales of vessels. These principal operating activities are the basis on which the Group reports its primary segmental information.

	Marine engineering		Structural steel engineering		Sales of vessels		Consolidated	
	(Unaudited)							
	Six months ended 31 January							
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	<u>4,950</u>	1,951	<u>4,323</u>	1,882	–	6,224	<u>9,273</u>	10,057
Segment results	<u>1,541</u>	1,113	<u>4,168</u>	1,715	–	60	<u>5,709</u>	2,888
Unallocated other income							110	3,785
Unallocated expenses							<u>(4,935)</u>	<u>(17,545)</u>
Profit/(loss) from operations							884	(10,872)
Finance costs							<u>(1,640)</u>	<u>(5,675)</u>
Loss before and after taxation							<u>(756)</u>	<u>(16,547)</u>

b. Geographical segments

The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods/services:

	Hong Kong		Singapore		PRC		Consolidated	
	(Unaudited)							
	Six months ended 31 January							
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	5,049	9,631	4,224	426	–	–	<u>9,273</u>	10,057
Other income	52	666	58	3,119	–	–	<u>110</u>	3,785
							<u>9,383</u>	<u>13,842</u>

5. PROFIT AND LOSS FROM OPERATING ACTIVITIES

The Group's profit and loss from operating activities is arrived at after crediting/charging:

	(Unaudited) Six months ended 31 January	
	2007 HK\$'000	2006 HK\$'000
Crediting:–		
Foreign exchange gain, net	55	2,216
Recovery of bad debts	–	597
Charging:–		
Depreciation	693	9,928
Staff cost (including directors' remuneration)		
– contribution to mandatory provident fund	127	68
– salaries, wages and other benefits	1,987	2,866
Operating leases	632	588
Legal and professional fees	75	1,534
	<u> </u>	<u> </u>

6. TAXATION

No Hong Kong and Singapore profit tax has been provided in the financial statements for the current period as the Group did not derive any assessable profit for the period (2006: Nil).

7. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss attributable to shareholders of HK\$756,000 (January 2006: net loss of HK\$16,547,000) and the adjusted weighted average number of 3,363,355,826 (January 2006: 984,272,717) ordinary shares in issue during the period.

Diluted loss per share is not presented as there was no dilution potential ordinary shares during the period.

8. TRADE AND OTHER RECEIVABLES

	(Unaudited) 31 January 2007 HK\$'000	(Audited) 31 July 2006 HK\$'000
Trade receivables	2,713	3,736
Retention money receivable	1,098	1,098
Prepayments, deposits and other receivables	10,727	8,417
	<u> </u>	<u> </u>
	<u>14,538</u>	<u>13,251</u>

The aged analysis of trade receivable net of impairment losses on doubtful debts was as follows:

	(Unaudited) 31 January 2007 HK\$'000	(Audited) 31 July 2006 HK\$'000
Current	1,471	354
1-3 months	58	1,247
4-6 months	667	683
7-12 months	53	1,057
Over 1 year	464	395
	<u> </u>	<u> </u>
	<u>2,713</u>	<u>3,736</u>

Trading terms with customers are largely on credit, where trade deposits, advances and payment in advance are normally required. Invoices are normally payable within 30 days of issuance, except for certain well-established customers, where the terms are extended beyond 30 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by the senior management.

9. OTHER BORROWINGS

	(Unaudited) 31 January 2007 HK\$'000	(Audited) 31 July 2006 HK\$'000
Amount due within one year and shown under current liabilities :		
Other loans	<u>5,823</u>	<u>5,633</u>

Notes:

As at 31 January 2007, unsecured loans of approximately HK\$5,823,000 (31 July 2006: HK\$5,633,000) were borrowed from related parties which are used to finance the Group's operation. Those loans were unsecured, repayable on demand and bear interest at Hong Kong prime rate plus 2% per annum.

10. PROMISSORY NOTES

	(Unaudited) 31 January 2007 HK\$'000	(Audited) 31 July 2006 HK\$'000
Principal with interest repayable:		
Within 1 year	15,126	7,500
Payable after 1 year but within 2 years	15,000	15,000
After 2 years but within 5 years	-	7,500
Total	<u>30,126</u>	<u>30,000</u>
Amount due to noteholders	30,126	30,000
Classified under current liabilities	<u>(15,126)</u>	<u>(7,500)</u>
Classified under non-current liabilities	<u>15,000</u>	<u>22,500</u>

The promissory notes are unsecured, interest bearing at 1% per annum and with maturity dates on 28 February 2007, 31 August 2007, 29 February 2008 and 31 August 2008.

11. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount due to ultimate holding company is unsecured, interest bearing at Hong Kong prime rate plus 2% per annum and repayable on demand.

12. CONTINGENT LIABILITIES

- (a) An amount of SGD358,982 (July 2006: SGD358,982 equivalent to HK\$1,766,335) relating to interest payable on banking facilities of a subsidiary. The directors of the subsidiary are disputing this amount and no provision has been made in the financial statements.
- (b) The Company and the Group had pending litigation in respect of the Statement of Claim for HCA 624 of 2005 dated 28 September 2005, the Group's solicitor is of the view that there are three claims which duplicate partly with each others. Fonfair Company Limited ("Fonfair") claims against the defendants for the amount of HK\$19,568,644.66 together with interest and costs, Money Facts Limited ("Money Facts ") claims the amount of HK\$13,334,211.42 (HK\$12,874,121.48 of which is pleaded by Money Facts as part of its loss and damage suffered by virtue of its 7,900/12,008th interest held in Fonfair) together with interest and costs, and Leung Yuet Keung claims the amount of HK\$15,190,409.54 (HK\$6,667,105.71 of which is pleaded by Leung Yuet Keung as part of his loss and damage suffered by virtue of his 3,950/7,900th interest held in Money Facts) together with interest and costs. As pleaded by the plaintiffs, (a) Harbour Front Limited, which is the majority shareholder of the Company, holds 3,958 out of the 12,008 issued ordinary shares of Fonfair and 3,950 out of the 7,900 issued ordinary shares of Money Facts Limited; (b) Money Facts holds 7,900 out of the 12,008 issued ordinary shares of Fonfair; and (c) Leung Yuet Keung holds 3,950 out of the 7,900 issued ordinary shares of Money Facts.

13. OTHER COMMITMENTS

	(Unaudited) 31 January 2007 HK\$'000	(Audited) 31 July 2006 HK\$'000
Commitments in respect of capital contribution to a subsidiary in the People's Republic of China ("PRC")	<u>2,810</u>	<u>4,810</u>

The Company has no significant other commitment at the balance sheet date.

14. POST BALANCE SHEET EVENT

The first tranche of the promissory notes was matured on 28 February 2007 and the Company has settled in cash for approximately HK\$7,655,000 (inclusive of interest).

INTERIM DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 31 January 2007 (2006: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 31 January 2007, turnover of the Group amounted to approximately HK\$9.3 million (Jan 2006: HK\$10.1 million).

For the period under review, net loss attributable to shareholder amounted to HK\$0.8 million (Jan 2006: loss of HK\$16.5 million).

As at 31 January 2007, the Group has a gearing ratio (total liabilities over total assets) of 87.1% (July 2006: 87.2%).

Business Review and Prospects

The Group's turnover for the period six months ended 31 January 2007 has lowered by 7.8% to HK\$9,273,000 (January 2006: HK\$10,057,000) whilst overall operating profit improved at HK\$884,000 (January 2006: loss of HK\$10,872,000) as a result of reduction of operating cost and administration expenses during the period.

Given the lasting upsurge market demand in the offshore engineering and related shipbuilding activities, sales was enhanced in the Marine Engineering sector. The Group continues its effort in further developing in this segment through aligning and utilising its building facilities from Singapore and PRC.

Growth in sales was also observed in the Structural Steel Engineering division. Deck assembly work for the stonecutters bridge as well as several other PRC highways related structural steel projects continue during the period. The Group remains actively pursuing business for structural steel in the region in collaboration with its business partners.

With a view to further improve prices of vessels, efforts were spent during the period to widen the customers base both in market spectrum and regional spread. The Group's marine division is in the process of negotiating with potential clients and expects returns in the next period.

LIQUIDITY AND FINANCIAL RESOURCES

The finance cost of the period is reduced to HK\$1,640,000 (January 2006: HK\$5,675,000) as a result of reduction in borrowing since the last financial year.

Working capital for the operation of the Group is largely financed by the substantial shareholder. The management is reviewing various fund-raising options and corporate strategies corresponding to its business development in order to reduce the above financial burden, borrowing and financial support.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 January 2007.

CORPORATE GOVERNANCE

During the period, the Company has been taking action to comply with the code provision set out in the Code of Corporate Governance Practices as contained in Appendix 14 of the Listing Rules, only with deviation that the independent non-executive directors of the Company are not appointed for a specified term, but are subject to retirement by rotation and re-election at annual general meetings in accordance with the Company's Articles of Association.

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry to all directors regarding any non-compliance with the Model Code during the period under review and they all confirmed that they have fully complied with the standard set out in the Model Code.

AUDIT COMMITTEE

The Audit Committee was established for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls systems, and compliance with the relevant rules and regulations. The audit committee comprises three independent non-executive directors of the Company. The unaudited financial statement for six months ended 31 January 2007 has been reviewed by the Audit Committee.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

All the financial and other related information of the Company required by the Listing Rules will be published on the websites of the Stock Exchange in due course.

By order of the Board
UDL Holdings Limited
Leung Yu Oi Ling Irene
Chairman

Hong Kong SAR, 28 April 2007

Executive Directors

Mrs. Leung Yu Oi Ling, Irene (*Chairman*)
Miss. Leung Chi Yin, Gillian
Mr. Leung Chi Hong, Jerry

Independent Non-Executive Directors

Mr. Pao Ping Wing, JP
Prof. Yuen Ming Fai, Matthew
Ms. Tse Mei Ha

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