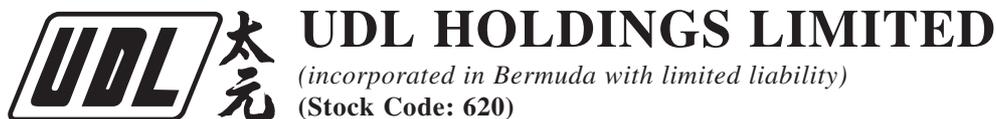


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PROPOSED MAJOR TRANSACTION

ACQUISITION OF THE ENTIRE INTEREST IN AND DEBTS DUE BY SILK ROAD DEVELOPMENT COMPANY LIMITED

THE ACQUISITION

On 26 April 2011, the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Shares and the Sale Debts for a consideration of approximately HK\$205.21 million, which will be satisfied by the issue of the Promissory Note by the Purchaser.

The Consideration was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement. The Consideration was determined with reference to (i) the unaudited net asset value of Silk Road Development Company Limited as at 31 December 2010 less non-controlling interest of Silk Road Development Company Limited (being approximately HK\$32.34 million) (including the unaudited book value of the land use rights of The Dunhuang Lodge Hotel as at 31 December 2010); (ii) the unaudited book value of the Sale Debts as at 31 December 2010 (being approximately HK\$82.90 million); and (iii) the value of the land use rights of The Dunhuang Lodge Hotel owned as to 80% by Silk Road Development Company Limited (being approximately HK\$89.97 million over the unaudited book value of such land use rights of approximately HK\$3.9 million as at 31 December 2010).

Upon Completion, Silk Road Development Company Limited will become a wholly-owned subsidiary of the Company and its consolidated accounts will be consolidated into that of the Group.

LISTING RULES IMPLICATION

The Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval of the Shareholders at a general meeting of the Company.

As no Shareholder would have a material interest in the Acquisition which is different from the interests of the other Shareholders, no Shareholder would be required to abstain from voting at the general meeting to be convened by the Company for the purpose of approving the Acquisition.

Pursuant to Rule 14.41(a), a circular containing, amongst other things, details of the Sale and Purchase Agreement, the financial information of Silk Road Development Company Limited, the financial information of the Group, and other information as required under the Listing Rules will be despatched to the Shareholders on or before 19 May 2011.

THE SALE AND PURCHASE AGREEMENT

Date	:	26 April 2011
Purchaser	:	Sunfill Limited, a wholly-owned subsidiary of the Company
Vendor	:	Culture Resources Development Company Limited
Assets to be acquired	:	100% of Silk Road Development Company Limited (being the Sale Shares and Sale Debts)
Consideration	:	Approximately HK\$205.21 million (subject to adjustment)

Culture Resources Development Company Limited is a company incorporated in Hong Kong with limited liability since 30 June 2000. It is principally engaged in investment holding. Apart from the interests held in Silk Road Development Company Limited, it holds interests in various operations, including but not limited to, holding and managing cultural hotels and resorts in the PRC. The ultimate beneficial owner of Culture Resources Development Company Limited is Mr. Wong Man Kong, Peter, BBS, JP.

Mr. Wong, a graduate of the University of California at Berkeley and a Deputy of the 11th National People's Congress, is the Chairman of the M.K. Corporation Ltd., and North West Development Ltd., Culture Resources Development Co., Ltd., Silk Road Hotel Management Co. Ltd., Silk Road Travel Management Ltd.

Mr. Wong is a non-executive director of Hong Kong Ferry (Holdings) Company Limited (Stock code: 50) and New Times Energy Corporation Limited (Stock Code: 166) and an independent non-executive director of Glorious Sun Enterprises Limited (Stock Code: 393), China Travel International Investment Hong Kong Limited (Stock Code: 308), Sun Hung Kai & Co., Limited (Stock Code: 86), Sino Hotels (Holdings) Limited (Stock Code: 1221), Chinney Investments, Limited (Stock Code: 216) and Far East Consortium International Limited (Stock Code: 35).

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the Vendor and its ultimate beneficial owner are third parties independent of the Company and not connected with the Company or any of its connected persons.

The Consideration is approximately HK\$205.21 million, which will be satisfied by the issue of Promissory Note by the Purchaser.

The Consideration was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement. The Consideration was determined with reference to (i) the unaudited net asset value of Silk Road Development Company Limited as at 31 December 2010 less non-controlling interest of Silk Road Development Company Limited (being approximately HK\$32.34 million) (including the unaudited book value of the land use rights of The Dunhuang Lodge Hotel as at 31 December 2010); (ii) the unaudited book value of the Sale Debts as at 31 December 2010 (being approximately HK\$82.90 million); and (iii) the value of the land use rights of The Dunhuang Lodge Hotel owned as to 80% by Silk Road Development Company Limited (being approximately HK\$89.97 million over the unaudited book value of such land use rights of approximately HK\$3.9 million as at 31 December 2010).

The Consideration payable under the Sale and Purchase Agreement is subject to downward adjustments in the event that, at 31 January 2011 or another agreed date being not more than four months before completion of the Sale and Purchase Agreement, the audited net asset value less non-controlling interest of Silk Road Development Company Limited is less than approximately HK\$32.34 million or the value of the Sale Debts is less than approximately HK\$82.90 million or the value of the land use rights of The Dunhuang Lodge Hotel owned as to 80% by Silk Road Development Company Limited is less than approximately HK\$89.97 million over the audited book value of such land use rights.

Conditions precedent

In the event during the review to be carried out by the Purchaser in accordance with the Sale and Purchase Agreement before Completion, it is revealed that the assets, liabilities, operations or affairs of Silk Road Development Company Limited is materially different from the information provided by the Vendor before entering into the subject agreement, the Purchaser shall be entitled to terminate the Sale and Purchase Agreement and none of the parties to the Sale and Purchase Agreement shall have any claim of any nature or liabilities hereunder whatsoever against any of the other parties under the Sale and Purchase Agreement (save for any antecedent breaches of the terms hereof).

Completion of the Sale and Purchase Agreement is conditional upon the Shareholders approving the ordinary resolution in relation to the Sale and Purchase Agreement and the transaction contemplated therein at a special general meeting of the Company.

If the above condition with regard to the Sale and Purchase Agreement has not been fulfilled at or before 5:00 pm on or before 30 June 2011, the agreement shall terminate with effect from that date.

Upon Completion, Silk Road Development Company Limited will become a wholly-owned subsidiary of the Company and its consolidated accounts will be consolidated into that of the Group.

THE PROMISSORY NOTE

- Date: The date on which Completion takes place
- Issuer: the Purchaser
- Recipient: the Vendor
- Amount: the Consideration, subject to adjustment in accordance with the Sale and Purchase Agreement

Early repayment: the Purchaser may at its absolute discretion elect to repay all or parts of the outstanding principal amount before the repayment date (which is the date upon the expiry of the 13th month after the date of Completion), in which event, the principal amount of the Promissory Note shall be reduced by an amount to be determined in accordance with the following formula:

$$R = P*(H+2\%)*D/365$$

Where

R = Reduced Amount

P = Early repayment amount

H = being the overnight Hong Kong Interbank Offered Rate (HIBOR) as at 5:30 p.m. on the date of Completion

D = being the number of calendar days between the early repayment date and the repayment date

Transferability: The Promissory Note is not transferable or assignable without the prior written consent from the Purchaser

INFORMATION OF SILK ROAD DEVELOPMENT COMPANY LIMITED

Silk Road Development Company Limited is a company incorporated in Hong Kong on 1 July 1993. Silk Road Development Company Limited is an investment holding company which owns 80% of the equity interest in The Dunhuang Lodge Hotel in Dunhuang, Gansu, the PRC.

The Dunhuang Lodge Hotel locates in the midst of the rolling sand dunes of Gobi desert. The hotel captures the spirit of the Tang Dynasty with its unique architectural design – the large rooftops and long corridors of the Han and Tang dynasties, the typical enclosed courtyard style design and mud walls of the northwestern part of China, and the replica of the late Tang, Ming and Qing dynasties furniture. All these work together to recapture the flavour of a bygone era with their simplicity and use of natural building materials. The hotel commenced business in 1995 and has 420 staff. The property comprises 8 single to 4-storey hotel buildings. The hotel comprises 269 guestrooms, a Chinese restaurant, a Western restaurant, a lounge, a business centre and some entertainment facilities. The hotel has a total gross floor area of approximately 32,712.76 square meters (352,120 square feet) erected on a parcel of land with a site area of approximately 200,000 square meters (2,152,800 square feet).

For the two years ended 31 December 2009 and 2010, Silk Road Development Company Limited recorded an unaudited consolidated net profit/loss as follows:

	For the year ended	
	31 December	
	2010	2009
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	17,601	12,233
Profit/(Loss) before taxation	3,445	1,568
Profit/(Loss) after taxation	3,445	1,568

The unaudited consolidated total assets and consolidated net assets of Silk Road Development Company Limited as at 31 December 2010 were approximately HK\$147.58 million and approximately HK\$43.99 million respectively. As at 31 December 2010, the unaudited value of the Sale Debts amounted to approximately HK\$82.90 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal activities of the Group are mainly involved in the provision of marine engineering, construction and structural steel engineering and related services, and trading of vessels.

For the year ended 31 July 2010, the Group reported an audited consolidated revenue of approximately HK\$114.3 million, representing a slight decline of approximately HK\$3 million from the previous financial year. During the same period, the Group reported an audited loss of approximately HK\$48.3 million, representing an increase of approximately 71.3% from an audited loss of approximately HK\$28.2 million for the year ended 31 July 2009. The Group attributed the consecutive loss to the Group due to the impairment of the Group's leasehold shipyard in Singapore and the licenses for approved list of port works for the Government of the HKSAR and for structural steel engineering works in the PRC.

For the six months ended 31 January 2011, the Group continued to report a shrinking revenue of approximately HK\$45.6 million (31 January 2010: approximately HK\$67.6 million) with an unaudited consolidated loss of approximately HK\$11.8 million (31 January 2010: approximately HK\$5.4 million). The Group attributed the continued decline in revenue and consequential widening of the loss for the period as a result of the effect from the transition of the Group's operations.

In order to capture the forthcoming infrastructural and marine engineering projects in Hong Kong and the neighboring region, such as the Hong Kong-Zhuhai-Macao Bridge project, as well as to adopt to various new/specialized engineering methods/equipments required by these projects, the Group will continue its efforts (i) to search for alternative site in the region to replace the expired Singapore leasehold shipyard and leveraging from its existing operations in the yards in the PRC and (ii) to source specialized engineering equipments and/or unique type vessels to meet clients' demand. In addition, the Group will explore opportunities to expand its business scope and/or income stream from time to time.

In the 12th Five-Year-Plan for 2011 to 2015, the Government of the PRC has laid out measures to rebalance economic growth drivers by putting more emphasis on domestic consumption and services. Also to support an inclusive and sustainable growth in the economy, the Government of the PRC undertakes broad policy to promote, among other things, cultural related activities and environmental friendly living.

According to the World Tourism Organization, international tourism recovered strongly in 2010 according to the Advance Release of the UNWTO World Tourism Barometer. International tourist arrivals were increased by 6.7% to 935 million compared to 2009, and Asia was the first region to recover and the strongest growing region in 2010, with international tourist arrivals rose by around 13%. In 2011, UNWTO forecasts international tourist arrivals worldwide to grow at between 4% and 5% and emerging destinations, especially in Asia and the Pacific, are expected to continue leading the growth.

Cultural hotel development and culture property development in key locations in the PRC such as Dunhuang is the important element for the success of such business. Given the pace of growth of the tourism industry and the local economy, the outlook of developing hotels in key locations in the PRC remains attractive.

Taking into account (i) the potential growth giving rise from the abovementioned policy under the 12th Five-Year-Plan for 2011 to 2015 of the Government of the PRC, (ii) the abovementioned tourist arrivals statistics, the history/reputation/location of the underlying businesses of the Acquisition, (iii) the already developed transport infrastructure and related cultural tourism activities in Dunhuang (since the Government of the PRC has in 2000 embarked on the Great Western Region Development by placing extra effort and emphasis on the local infrastructure, economy and ecological environment), the Directors believe that tourism is a fast growing industry and cultural tourism and related activities in the PRC (in particular, in location with historical background like Dunhuang) has particular attraction and growth potential.

By means of the Acquisition, the Directors are of the view that it provides the Group with an unique opportunity to own and operate this cultural tourism related project; which in turn, enable the Group to diversify into property development, cultural and tourism-related businesses in the Western part of the PRC, and leverage opportunities brought from the rapid growth of this industry. Also the Directors are of the view the terms of the Sale and Purchase Agreement are fair and reasonable and with the potential benefits to be derived from the underlying business of the Acquisition, it is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

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Pursuant to Rule 14.41(a), a circular containing, amongst other things, details of the Sale and Purchase Agreement, the financial information of Silk Road Development Company Limited, the financial information of the Group, and other information as required under the Listing Rules will be despatched to the Shareholders on or before 19 May 2011.

DEFINITIONS

“Acquisition”	the proposed acquisition as contemplated under the Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	UDL Holdings Limited (Stock Code 620), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

“Consideration”	approximately HK\$205.21 million, being the consideration payable for the Acquisition
“Directors”	Directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Administrative Region and Taiwan
“Promissory Note”	the promissory note to be issued by the Purchaser to the Vendor to satisfy the payment of the Consideration pursuant to the Sale and Purchase Agreement
“Purchaser”	Sunfill Limited, a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 26 April 2011 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Shares and Sale Debts
“Sale Debts”	all obligations, liabilities and debts owing or incurred by Silk Road Development Company Limited to the Vendor or its other subsidiaries (whether being intermediate holding company or not) as at the Completion Date whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion
“Sale Shares”	2 shares of Silk Road Development Company Limited (representing the entire issued share capital of Silk Road Development Company Limited)
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“The Dunhuang Lodge Hotel”	甘肅絲路敦煌山莊酒店管理公司(Gansu Dunhuang Lodge Hotel Co., Ltd.), a company incorporated in Dunhuang, Gansu, the PRC
“Vendor”	Culture Resources Development Company Limited
“HK\$”	Hong Kong dollars
“%”	percentage

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

Hong Kong, 26 April 2011

As at the date of this announcement, the executive Directors of the Company are Mr. Leung Yat Tung, Mrs. Leung Yu Oi Ling, Irene, Miss Leung Chi Yin, Gillian and Mr. Leung Chi Hong, Jerry; and the independent non-executive Directors of the Company are Mr. Pao Ping Wing, JP, Prof. Yuen Ming Fai, Matthew and Ms. Tse Mei Ha.