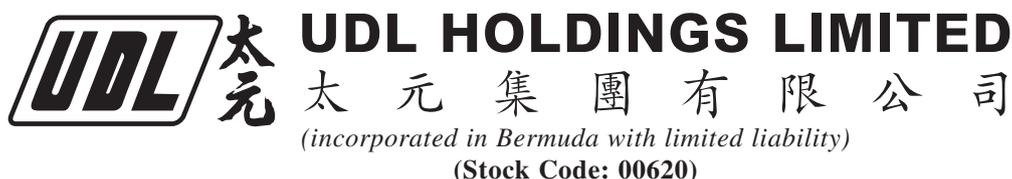


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- (1) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED CHANGE IN BOARD LOT SIZE; AND
(3) PROPOSED RIGHTS ISSUE OF RIGHTS SHARES OF HK\$0.50 EACH AT
HK\$0.70 PER RIGHTS SHARE, PAYABLE IN FULL ON ACCEPTANCE
(IN THE PROPORTION OF ONE RIGHTS SHARE FOR
EVERY THREE CONSOLIDATED SHARES HELD ON THE RECORD DATE)**

**Underwriter of the Rights Issue
HARBOUR FRONT LIMITED**

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every 50 issued and unissued Existing Shares of HK\$0.01 each will be consolidated into one Consolidated Share of HK\$0.50 each. As at the date of this announcement, the authorised share capital of the Company was HK\$240,000,000 divided into 24,000,000,000 Existing Shares of HK\$0.01 each, of which 10,210,968,152 Existing Shares had been issued and were fully paid or credited as fully paid. Assuming that no further Existing Shares are issued or repurchased between the date of this announcement and the date of the SGM, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$240,000,000 divided into 480,000,000 Consolidated Shares of HK\$0.50 each, of which 204,219,363 Consolidated Shares will be in issue which are fully paid or credited as fully paid following the Share Consolidation but before completion of the Rights Issue.

PROPOSED CHANGE IN BOARD LOT SIZE

The Board also proposes that the board lot size of the Shares for trading on the Stock Exchange be changed from 40,000 Existing Shares to 2,000 Consolidated Shares.

PROPOSED RIGHTS ISSUE

The Company proposed to retain Harbour Front as the Underwriter of the Rights Issue on 6 August 2012 and proposes to raise approximately HK\$47.65 million before expenses by issuing 68,073,121 Rights Shares at the Subscription Price of HK\$0.70 per Rights Share on the basis of one Rights Share for every three Consolidated Shares in issue on the Record Date. The Rights Issue is conditional upon, among others, the Share Consolidation having become effective.

The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Excluded Shareholders. Fractional entitlements for the nil-paid Rights Shares will not be issued but will be aggregated and sold, if a premium (net of expenses) can be obtained, for the benefit of the Company.

The aggregate number of Rights Shares to be issued pursuant to the terms of the Rights Issue represents approximately 33.33% of the Company's issued share capital immediately after the Share Consolidation becoming effective and approximately 25% of the Company's issued share capital as enlarged by the issue of the Rights Shares.

The Rights Issue will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement. Further details of the underwriting arrangement are set out in the paragraph headed "Underwriting arrangement" in this announcement below.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

LISTING RULES IMPLICATIONS

The entering into of the Underwriting Agreement between the Company and the Underwriter is a connected transaction under the Listing Rules. Pursuant to Rule 14A.31(3)(c) of the Listing Rules, provided that Rule 7.21(2) of the Listing Rules has been complied with, the Underwriting Agreement will be exempted from the reporting, announcement and independent shareholders approval requirements.

GENERAL

The Share Consolidation is subject to the Shareholders' approval at the SGM and no Shareholders are required to abstain from voting on the resolution(s) in relation to the Share Consolidation.

A circular containing, among other things, details of the Share Consolidation and the Change in Board Lot Size and a notice convening the SGM will be despatched to the Shareholders on or about 28 August 2012.

WARNING OF THE RISK OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

If the conditions of the Rights Issue are not fulfilled and/or waived, or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed and the Rights Issue will lapse.

Any persons contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form, bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders or other persons contemplating dealings in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every 50 issued and unissued Existing Shares of HK\$0.01 each will be consolidated into one Consolidated Share of HK\$0.50 each. Fractional Consolidated Shares will not be issued to the Shareholders. Any fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company was HK\$240,000,000 divided into 24,000,000,000 Existing Shares of HK\$0.01 each, of which 10,210,968,152 Existing Shares had been issued and were fully paid or credited as fully paid. Assuming that no further Existing Shares are issued or repurchased between the date of this announcement and the date of the SGM, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$240,000,000 divided into 480,000,000 Consolidated Shares of HK\$0.50 each, of which 204,219,363 Consolidated Shares will be in issue which are fully paid or credited as fully paid following the Share Consolidation but before completion of the Rights Issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled but not to be issued to the Shareholders.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective.

Conditions of the Share Consolidation

The Share Consolidation (which will be effected in accordance with the Bye-Laws and the Companies Act) is conditional upon:

- (a) the passing of the necessary resolution at the SGM to approve the Share Consolidation by the Shareholders;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares; and
- (c) the compliance with the relevant procedures and requirements under the Listing Rules and the requirements under the Companies Act to effect the Share Consolidation.

Reasons for the Share Consolidation

The Share Consolidation is proposed in order to comply with Rule 13.64 of the Listing Rules. The Share Consolidation will increase the nominal value of the Shares. It is expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange and the Board believes that it may attract more investors and extend the shareholders base of the Company. The Board therefore believes that the Share Consolidation is in the interests of the Company and the Shareholders as a whole, in addition to the compliance with the requirement under the Listing Rules.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a designated broker to provide matching services for the odd lots of the Consolidated Shares on a best effort basis. Further details in respect of the odd lots matching arrangement will be set out in the circular to be despatched by the Company to the Shareholders.

Trading arrangement for the Consolidated Shares in new board lots

Subject to the Share Consolidation becoming effective, the arrangements proposed for dealings in the Consolidated Shares are expected to be as follows:

- (i) from 14 September 2012, the original counter for trading in the Existing Shares in board lots of 40,000 Existing Shares will be temporarily closed and a temporary counter for trading in the Consolidated Shares in board lots of 800 Consolidated Shares will be set up and opened;
- (ii) with effect from 28 September 2012, the original counter for trading in the Consolidated Shares will be re-opened for trading Consolidated Shares in board lots of 2,000 Consolidated Shares;
- (iii) during the period from 28 September 2012 to 22 October 2012 (both dates inclusive), there will be parallel trading at the above two counters; and
- (iv) the temporary counter for trading in the Consolidated Shares in board lots of 800 Consolidated Shares will be removed after the close of trading at 4:00 p.m. on 22 October 2012. Thereafter, trading will only be in board lots of 2,000 Consolidated Shares with new share certificates and the existing share certificates for the Existing Shares will cease to be marketable and will not be acceptable for dealing and settlement purposes. However, such certificates will remain effective as documents of title on the basis of 50 Existing Shares for one Consolidated Share.

Free Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is expected to be on 14 September 2012, Shareholders may, on or after 14 September 2012 until 25 October 2012 (both dates inclusive) submit share certificates for Existing Shares to the Company's share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, to exchange, at the expense of the Company, for certificates of the Consolidated Shares (on the basis of 50 Existing Shares for one Consolidated Share). Thereafter, certificates of Existing Shares will remain effective as documents of title but will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) per existing share certificate cancelled or new share certificate issued (whichever is the higher) by Shareholders.

The colour of the new share certificates for the Consolidated Shares will be announced by the Company in due course.

Outstanding Share Options

As at the date of this announcement, the Company has 20,000,000 outstanding share options which are beneficially owned by an employee of the Company (who is neither a Director, chief executive nor substantial Shareholder of the Company) with an exercise price of HK\$0.04 per Share. The exercise price and the number of Shares to be issued upon exercise of such share options may have to be adjusted in accordance with the rules of the share option scheme of the Company and in compliance with the Listing Rules and the relevant rules, guidance and listing decisions issued by the Stock Exchange. The Company will instruct its auditors or an approved independent financial adviser to certify the adjustments, if any, to such share options and will inform the holder of the adjustments, if any, accordingly.

PROPOSED CHANGE IN BOARD LOT SIZE

At present, the Existing Shares are traded in board lots of 40,000. Upon the Share Consolidation becoming effective, the Board proposes to change the board lot size for trading of the Consolidated Shares to 2,000 with effect from 28 September 2012 (assuming the Share Consolidation becomes effective on 14 September 2012).

Based on the closing price of the Existing Shares of HK\$0.033 as at the Last Trading Day and the existing board lot size of 40,000 Existing Shares, the prevailing board lot value is HK\$1,320. On the basis of the aforesaid closing price and the new board lot size of 2,000 Consolidated Shares, the new board lot value would be HK\$3,300.

Based on the closing price of the Existing Shares on the Last Trading Day of HK\$0.033, the theoretical ex-rights price of each Consolidated Share is HK\$1.41. On the basis of such theoretical ex-rights price and the new board lot size of 2,000 Consolidated Shares, the new board lot value would be HK\$2,820.

The Directors consider that the Change in Board Lot Size will result in Consolidated Shares being traded in a more reasonable board lot size and value.

PROPOSED RIGHTS ISSUE

The Rights Issue is proposed to take place after the Share Consolidation becoming effective. Details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	One Rights Share for every three Consolidated Shares held by the Qualifying Shareholders on the Record Date
Number of Existing Shares in issue	:	10,210,968,152 Existing Shares as at the date of this announcement
Number of Consolidated Shares expected to be in issue as at the Record Date	:	204,219,363 Consolidated Shares
Number of Rights Shares	:	68,073,121 Rights Shares
Nominal value of each Rights Share	:	HK\$0.50
Subscription Price	:	HK\$0.70 per Rights Share

The nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents approximately 33.33% of the Company's issued share capital immediately after the Share Consolidation becoming effective and approximately 25% of the Company's issued share capital as enlarged by the issue of the Rights Shares.

Outstanding share options

As mentioned above, as at the date of this announcement, the Company has 20,000,000 outstanding share options which are beneficially owned by an employee of the Company. Such option holder had given an undertaking to the Company that he will not exercise any of his outstanding share options from the date of the Underwriting Agreement up to the date of completion of the Rights Issue (both days inclusive).

Save as disclosed above, there are no other outstanding share options granted under the share option scheme of the Company or any other warrants, options or securities convertible into Shares.

Subscription Price

The Subscription Price for the Rights Shares is HK\$0.70 per Rights Share, payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price:

- represents a discount of approximately 57.6% to the adjusted closing price of HK\$1.65 per Consolidated Share based on the closing price of HK\$0.033 per Existing Share as quoted on the Stock Exchange on 3 August 2012, being the Last Trading Day and adjusted taking into account the effect of the Share Consolidation;
- represents a discount of approximately 56.3% to the adjusted average closing price of HK\$1.6 per Consolidated Share based on the average closing price of HK\$0.032 per Existing Share for the five consecutive trading days up to and including 3 August 2012, being the Last Trading Day and adjusted taking into account the effect of the Share Consolidation;
- represents a discount of approximately 56.3% to the adjusted average closing price of HK\$1.6 per Consolidated Share based on the average closing price of approximately HK\$0.032 per Existing Share for the 10 consecutive trading days up to and including 3 August 2012, being the Last Trading Day and adjusted taking into account the effect of the Share Consolidation;
- represents a discount of approximately 50.4% to the theoretical ex-rights price of approximately HK\$1.41 per Consolidated Share after the Rights Issue based on the closing price of HK\$0.033 per Existing Share as quoted on the Stock Exchange on 3 August 2012, being the Last Trading Day and adjusted taking into account the effect of the Share Consolidation; and
- represents a discount of approximately 26.3% to the audited consolidated net tangible asset value as at 31 July 2011 of approximately HK\$0.95 per Consolidated Share based on that per Existing Share of approximately HK\$0.019 (which is calculated by dividing the audited consolidated net tangible asset value as at 31 July 2011 by the number of the Existing Shares in issue as at the date of this announcement) and adjusted taking into account the effect of the Share Consolidation.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market conditions and current financial condition of the Group. The Directors (including the independent non-executive Directors) consider the Subscription Price to be fair and reasonable and to be in the interests of the Company and the Shareholders as a whole and could enhance the attractiveness of the Rights Issue, so as to encourage Shareholders to participate in the Rights Issue without exerting excessive financial burden on the part of the Shareholders. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company.

Status of the Rights Shares

The Rights Shares, when allotted and fully-paid, will rank *pari passu* with the Consolidated Shares in issue in all respects. Holders of such Rights Shares will be entitled to receive all future dividends and distributions which are declared after the date of allotment and issue of the Rights Shares.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for any unsold entitlements of the Excluded Shareholders, unsold Rights Shares created by adding together fractions of the Rights Shares and any nil-paid Rights Shares provisionally allotted but not accepted.

Applications may be made by completing the form of application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares. The Company will determine on a fair and equitable basis after consulting with the Underwriter on the following principles:

- (1) preference shall be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings;
- (2) any excess Rights Shares remaining after satisfying the allocation under paragraph (1) above shall then be allocated to the remaining applicants of the excess Rights Shares in proportion to their "respective proportion" which is to be calculated with reference to the number of nil-paid Rights Shares provisionally allotted to a Qualifying Shareholder and the aggregate number of nil-paid Rights Shares provisionally allotted to all Qualifying Shareholders; and
- (3) any further remaining excess Rights Shares will be allocated to applicants in proportion to the excess Rights Shares applied by them after netting off their respective entitlements as calculated in paragraph (2) above.

Principle (1) is devised to facilitate Shareholders holding odd lot of Shares to top-up their Shares to a board lot and is thus considered as fair and equitable. In addition, it is fair to the Shareholders that, in accordance with principle (2), the remaining excess Rights Shares are allocated to the remaining applicants of the excess Rights Shares in proportion to (without involving any fraction of a Share) their "respective proportion" (which is calculated with reference to the number of nil-paid Rights Shares provisionally allotted to such Qualifying Shareholder and the aggregate number of nil-paid Rights Shares provisionally allotted to all such Qualifying Shareholders) since the percentage shareholding of each Shareholder (except for those who do not take up their rights entitlements under the provisional allotment and/or apply for excess Right Shares) after completion of the Rights Issue be largely maintained. The Board considers that the allocation of the excess Rights Shares based on the principles set out above is fair and equitable and such allocation mechanism is in line with the allocation basis adopted by the Company in their previous rights issue exercises.

Investors with their Shares held by a nominee (or which are held in CCASS) should note that the Directors will regard the nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, investors whose Shares are registered in the name of a nominee (or which are held in CCASS) should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to them individually. Beneficial owners with their Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. Investors whose Shares are held by a nominee (or which are held in CCASS) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with Tricor Tengis Limited, the Company's branch share registrar and transfer office in Hong Kong, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by 4:30 p.m. on 18 September 2012 (the register of members of the Company will be closed from 19 September 2012 to 20 September 2012, both days inclusive).

Fractional entitlements

Fractional entitlements for the nil-paid Rights Shares will not be issued but will be aggregated and sold, if a premium (net of expenses) can be obtained, for the benefit of the Company.

Share certificates and refund cheques for the Rights Shares

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted on or around 17 October 2012 to Qualifying Shareholders who have accepted and applied for (where appropriate), and paid for the Rights Shares by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on 17 October 2012 by ordinary post to the applicants at their own risk.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. The Company will send the Rights Issue Documents to the Qualifying Shareholders only and the Prospectus, marked "For information only", to the Excluded Shareholders.

To qualify for the Rights Issue, the Shareholder must be registered as a member of the Company at the close of business on the Record Date. However, Overseas Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date to whom the Board, based on legal opinions provided by legal advisers, considers it necessary or expedient not to offer the Rights Shares on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place will not be regarded as Qualifying Shareholders.

The Company retains the right, however, in its discretion to vary the requirements set out above to avoid any offer of Rights Shares to Shareholders (without compliance with registration or other legal requirements) outside Hong Kong.

Rights of Excluded Shareholders

The Rights Issue Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than Hong Kong and Bermuda. The Company will send the Prospectus (without the provisional allotment letters and forms of application for excess Rights Shares) to the Excluded Shareholders for their information only.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, to be sold as soon as practicable after dealings in nil-paid Rights Shares commence, if a premium, net of expenses, can be obtained. The proceeds of each sale, less expenses, of HK\$100 or more will be paid to the Excluded Shareholders in Hong Kong dollars pro rata to their respective shareholding. The Company will keep individual amounts of less than HK\$100 for its own benefit.

Application for listing of the Right Shares on the Stock Exchange

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Nil-paid and fully-paid Rights Shares are expected to be traded in board lots of 2,000 (which is the same as the board lot size of the Consolidated Shares which will be traded when the Change in Board Lot Size becomes effective). Dealings in nil-paid and fully-paid Rights Shares will be subject to the payment of stamp duty in Hong Kong.

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, investor compensation levy and other applicable fees and charges in Hong Kong.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled:

- (1) the Share Consolidation having become effective;
- (2) the passing of the necessary resolution(s) by the Shareholders at the SGM to approve the Share Consolidation by no later than the Posting Date;
- (3) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms); and
- (4) the Underwriting Agreement becoming unconditional and not being terminated by the Underwriter in accordance with its terms.

None of the Company and the Underwriter may waive conditions (1), (2) and (3) set out above and the conditions of the Underwriting Agreement are set out in the paragraph headed "Conditions of the Underwriting Agreement" below.

Reasons for the Rights Issue and the use of proceeds

The principal activity of the Company is investment holding and the principal activities of its principal subsidiaries are mainly marine engineering, construction and structural steel engineering and related services, vessel sales and hotel operation.

As part of its overall business development strategy, the Group has recently participated in tendering of certain major construction projects and in development of new engineering and construction streams. To satisfy the financial requirements by clients, the capital base of the Group needs to be strengthened instead of merely relying on the continuing finance provided by Harbour Front for its working capital as detailed below. By implementing the Rights Issue, the current needs for capital strengthening of the Group can be met in order to allow the Group's continuous business development. Upon full subscription of the Rights Shares and assuming no further Shares will be allotted and issued from the date of this announcement to the Record Date, the Company will receive proceeds net of expenses of approximately HK\$46.25 million. The Directors intend to use the net proceeds from the Rights Issue as general working capital of the Group but given the continuing finance arrangement with Harbour Front and the outstanding loan owed to Harbour Front as mentioned above, surplus cash flow from the Rights Issue net of the Group's operational needs will be used to repay the outstanding loan under the said finance arrangement (details are provided below) so as to reduce interest expenses incurred by the Group. Subsequent needs of finance for the Group's operations will then be provided through drawdown of the Facility (as defined below).

Finance arrangement with Harbour Front

To provide source of funding for the Company to finance the Group's operations, the Company together with its wholly-owned subsidiary, UDL Ventures Limited (collectively, the "**Companies**"), has secured a financing facility from Harbour Front Assets Investments Limited ("**HFAI**"), a wholly-owned subsidiary of Harbour Front, pursuant to supplemental agreement No.2 dated 27 September 2011 to the revolving finance agreement dated 30 May 2009 (collectively the "**Finance Agreement**"). As at 30 June 2012, the outstanding amount of the loan was approximately HK\$67 million. The major terms of such facility ("**Facility**") under the Finance Agreement are set out below:

Facility:	Revolving facilities up to HK\$260,000,000, the aggregate amount of drawing by the Companies shall not exceed HK\$260,000,000
Drawing:	Drawdown of the Facility shall be made for general working capital of the Group from time to time
Interest:	Best lending rate as quoted by The Hongkong and Shanghai Banking Corporation Limited per annum on the amount of Facility drawn down
Repayment:	The Companies shall be obliged to repay the amount of the Facility drawn down together with any interest accrued thereon in the following circumstances and manner: Principal amount together with interest accrued thereon shall be repaid (in whole or in part) when: (a) the Group generate income from its/their operations; or

- (b) the Group receive any loan or finance proceeds by entering into a loan or finance agreement or arrangement with any parties other than HFAI or its nominees with the prior consent of HFAI; or
- (c) expiration and/or termination of the Finance Agreement as provided therein; or
- (d) the Group generate surplus cash flow from disposal of its assets or business.

Expiration: The Finance Agreement shall expire on 30 November 2012, subject to further extension by mutual agreement if so required.

The Directors consider that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

Fund-raising exercises of the Company during the past twelve months

The Company has not carried out any fund raising exercise or issued any equity securities in the 12-month period immediately preceding the date of this announcement.

Underwriting arrangement

Underwriting Agreement

Date: 6 August 2012 (before trading hours)

Parties: (1) the Company; and

(2) Harbour Front, the controlling shareholder of the Company, which, together with parties acting in concert with it, is interested in approximately 62.13% of the existing issued share capital of the Company.

Number of Shares underwritten: 68,073,121 Rights Shares (“**Underwritten Shares**”)

Commission: 2.5% of the total Subscription Price of the Rights Shares underwritten by the Underwriter

The Rights Issue will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

Conditions of the Underwriting Agreement

The obligations of the Underwriter in underwriting the Underwritten Shares are conditional upon:

- (1) the Share Consolidation having become effective;
- (2) the passing of the necessary resolution(s) by the Shareholders at the SGM to approve the Share Consolidation by no later than the Posting Date;
- (3) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);

- (4) the filing and registration of all documents relating to the Rights Issue, which are required to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies Ordinance and the filing of all documents relating to the Rights Issue, which are required to be filed with the Registrar of Companies in Bermuda in accordance with the Companies Act of Bermuda;
- (5) the posting of the Rights Issue Documents to the Qualifying Shareholders; and
- (6) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement.

None of the Company and the Underwriter may waive conditions (1), (2), (3), (4) and (5) set out above. The Underwriter may waive condition (6) above in whole or in part by written notice to the Company.

If the conditions of the Underwriting Agreement are not satisfied and/or waived (to the extent such condition is capable of being waived) in whole or in part by the Underwriter by 12 October 2012 or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breach.

Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions granting the Underwriter, by notice in writing, the ability to terminate its obligations thereunder on the occurrence of certain events. The Underwriter may terminate its commitment under the Underwriting Agreement prior to the Latest Time for Termination if prior to the Latest Time for Termination:

- (1) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (c) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
 - (d) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or

- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter is material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue.

If the Underwriting Agreement is terminated by the Underwriter on or before the Latest Time for Termination or does not become unconditional, the Rights Issue will not proceed.

WARNING OF THE RISK OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

If the conditions of the Rights Issue are not fulfilled and/or waived, or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed and the Rights Issue will lapse.

Any persons contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form, bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders or other persons contemplating dealings in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation, the Change in Board Lot Size and the Rights Issue set out below is indicative only and subject to change, and any such changes will be announced in a separate announcement by the Company as and when appropriate.

2012

Despatch of the circular and form of proxy to the Shareholders	Tuesday, 28 August
Latest time for lodging proxy form for the SGM.	10:00a.m. on Tuesday, 11 September
Expected date of the SGM to approve the Share Consolidation.	10:00a.m. on Thursday, 13 September
Announcement of the results of the SGM	Thursday, 13 September
Effective date of the Share Consolidation	Friday, 14 September

Dealings in the Consolidated Shares commences	9:00 a.m. on Friday, 14 September
Original counter for trading in the Existing Shares in board lots of 40,000 temporarily closes	9:00 a.m. on Friday, 14 September
Temporary counter for trading in board lots of 800 Consolidated Shares (in the form of existing shares certificates) opens	9:00 a.m. on Friday, 14 September
First day of free exchange of certificates for the Existing Shares into new certificates for the Consolidated Shares.....	Friday, 14 September
Last day of dealings in the Consolidated Shares on a cum-rights basis....	Friday, 14 September
First day of dealings in the Consolidated Shares on an ex-rights basis ..	Monday, 17 September
Latest time for lodging transfer of the Consolidated Shares to qualify for the Rights Issue.....	4:30 p.m. on Tuesday, 18 September
Register of members of the Company closed	Wednesday, 19 September to Thursday, 20 September (both days inclusive)
Record Date for the Rights Issue.....	Thursday, 20 September
Register of members re-opens.....	Friday, 21 September
Despatch of the Rights Issue Documents.....	Friday, 21 September
First day of dealings in nil-paid Rights Shares	Tuesday, 25 September
Latest time for splitting of nil-paid Rights Shares.....	4:00 p.m. on Thursday, 27 September
Original counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of new certificates for the Consolidated Shares) re-opens.....	9:00a.m. on Friday, 28 September
Parallel trading in the Consolidated Shares (in the form of new and existing certificates) commences.....	9:00a.m. on Friday, 28 September
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	Friday, 28 September
Last day of dealings in nil-paid Rights Shares	Thursday, 4 October
Latest Acceptance Date.....	4:00 p.m. on Tuesday, 9 October

Latest time for the Rights Shares to become unconditional. 4:00 p.m. on
Friday, 12 October

Announcement of allotment results of the Rights Issue. Tuesday, 16 October

Despatch of refund cheques in respect of wholly
or partially unsuccessful applications for excess
Rights Shares on or before Wednesday, 17 October

Despatch of certificates for fully-paid Rights Shares on or before Wednesday, 17 October

Expected first day of dealings in fully-paid Rights Shares 9:00 a.m. on Thursday,
18 October

Temporary counter for trading in board lots of 800 Consolidated
Shares (in the form of existing share certificates) closes. 4:00 p.m. on
Monday, 22 October

Parallel trading in the Consolidated Shares (in the form
of new and existing certificates) ends Monday, 22 October

Designated broker ceases to stand in the market to provide
matching services for the sale and purchase of odd lots
of the Consolidated Shares Monday, 22 October

Last day of free exchange of existing certificates for
the Existing Shares into new certificates for the
Consolidated Shares Thursday, 25 October

CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlement of the Shareholders to the Rights Issue, the branch register of members of the Company in Hong Kong will be closed from 19 September 2012 to 20 September 2012 (both days inclusive), during which period no transfer of Shares will be registered. To qualify for the Rights Issue, Shareholders should ensure that all transfers, accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 18 September 2012. The Record Date is 20 September 2012.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place at the time stated above if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on 9 October 2012. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on 9 October 2012. Instead the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares does not take place on 9 October 2012, the dates mentioned in the section headed “Expected timetable” above may be affected. The Company will notify the Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding changes immediately upon completion of the Share Consolidation and the Rights Issue based on the shareholding structure of the Company as at the date of this announcement:

	As at the date of this announcement		Immediately after the Share Consolidation but before completion of the Rights Issue		Assuming all rights entitlements are taken up by the respective Shareholder		Assuming no Shareholders (other than the Underwriter) have taken up their rights entitlements and the Underwriter is required to perform its underwriting obligations in pursuance of the Underwriting Agreement in full	
	<i>No. of Existing Shares</i>	%	<i>No. of Consolidated Shares</i>	%	<i>No. of Consolidated Shares</i>	%	<i>No. of Consolidated Shares</i>	%
Harbour Front Concert Parties	6,343,851,282	62.13%	126,877,024	62.13%	169,169,365	62.13%	194,950,145	71.60%
Non-public (<i>Note 1</i>)	4,800	<i>Note 2</i>	96	<i>Note 2</i>	128	<i>Note 2</i>	96	<i>Note 2</i>
Public	3,867,112,070	37.87%	77,342,243	37.87%	103,122,991	37.87%	77,342,243	28.40%
	<u>10,210,968,152</u>	<u>100%</u>	<u>204,219,363</u>	<u>100%</u>	<u>272,292,484</u>	<u>100%</u>	<u>272,292,484</u>	<u>100%</u>

Notes:

1. These Shares are registered in the name of the spouse of Professor Yuen Ming Fai, Matthew, one of the independent non-executive Directors.
2. The percentage shareholding is negligible.
3. Each of Mrs. Leung Yu Oi Ling, Irene, Miss Leung Chi Yin, Gillian and Mr. Leung Chi Hong, Jerry, being an executive Director holds one-third of the issued share capital of Harbour Front.

RIGHTS ISSUE DOCUMENTS

The Rights Issue Documents setting out, among other things, details of the Rights Issue is expected to be despatched to the Qualifying Shareholders on 21 September 2012, subject to the conditions set out under the paragraph headed “Conditions of the Rights Issue” above being satisfied.

LISTING RULES IMPLICATIONS

The entering into of the Underwriting Agreement between the Company and the Underwriter is a connected transaction under the Listing Rules. Pursuant to Rule 14A.31(3)(c) of the Listing Rules, provided that Rule 7.21(2) of the Listing Rules has been complied with, the Underwriting Agreement will be exempted from the reporting, announcement and independent shareholders approval requirements.

GENERAL

The Share Consolidation is subject to the Shareholders' approval at the SGM and no Shareholders are required to abstain from voting on the resolution(s) in relation to the Share Consolidation.

A circular containing, among other things, details of the Share Consolidation and the Change in Board Lot Size and a notice convening the SGM will be despatched to the Shareholders on or about 28 August 2012.

BOARD

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

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“Bye-Laws”	the bye-laws of the Company from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 40,000 Existing Shares to 2,000 Consolidated Shares with effect from 28 September 2012 (assuming the Share Consolidation becomes effective on 14 September 2012)
“Companies Act”	The Companies Act 1981 of Bermuda, as amended, modified or supplemented from time to time
“Company”	UDL Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules

“Consolidated Share(s)”	the ordinary share(s) of HK\$0.50 each in the capital of the Company immediately after the Share Consolidation
“controlling shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Excluded Shareholders”	Overseas Shareholders to whom the Board, based on legal opinions provided by legal advisers, considers it necessary or expedient not to offer the Rights Shares on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Existing Share(s)”	the ordinary share(s) of HK\$0.01 each in the existing issued share capital of the Company, before the Share Consolidation becoming effective
“Group”	the Company and its subsidiaries from time to time
“Harbour Front”	Harbour Front Limited, a company incorporated in the British Virgin Islands, the controlling shareholder of the Company. Each of Mrs. Leung Yu Oi Ling, Irene, Miss Leung Chi Yin, Gillian and Mr. Leung Chi Hong, Jerry all being the executive Directors holds one-third of the issued share capital of Harbour Front
“Harbour Front Concert Parties”	Harbour Front and parties acting in concert with it
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Acceptance Date”	9 October 2012, being the last date for acceptance of and payment for the Rights Shares and application for excess Rights Shares
“Latest Time for Termination”	4:00 p.m. on 12 October 2012, being the third Business Day after the Latest Acceptance Date
“Last Trading Day”	3 August 2012, being the last trading day preceding the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) on that date is/are outside Hong Kong
“Posting Date”	being the date of despatch of the Rights Issue Documents to the Qualifying Shareholders and despatch of the Prospectus to the Excluded Shareholders for information only, currently expected to be 21 September 2012

“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Excluded Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Thursday, 20 September 2012 or such other date as may be agreed between the Company and the Underwriter in accordance with the relevant regulations or requirements
“Rights Issue”	the proposed issue of Rights Shares on the basis of one Rights Share for every three Consolidated Shares to the Qualifying Shareholders by way of rights or to holders of nil-paid Rights Shares at the Subscription Price, pursuant to the terms and conditions of the rights issue
“Rights Issue Documents”	the Prospectus, the provisional allotment letter and the form of application for excess Rights Shares
“Rights Share(s)”	68,073,121 new Consolidated Share(s) to be issued by the Company pursuant to the Rights Issue
“SGM”	a special general meeting of the Company to be convened to consider and, if thought fit, approve, among other things (if any), the Share Consolidation
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s) (as the case may be)
“Share Consolidation”	the proposed consolidation of every 50 Existing Shares of HK\$0.01 each into one Consolidated Share of HK\$0.50 each
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price of HK\$0.70 per Rights Share
“Underwriter”	Harbour Front
“Underwriting Agreement”	the underwriting agreement dated 6 August 2012 and entered into between the Company and the Underwriter in relation to the Rights Issue
“%”	per cent.

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

Hong Kong, 6 August 2012

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