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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

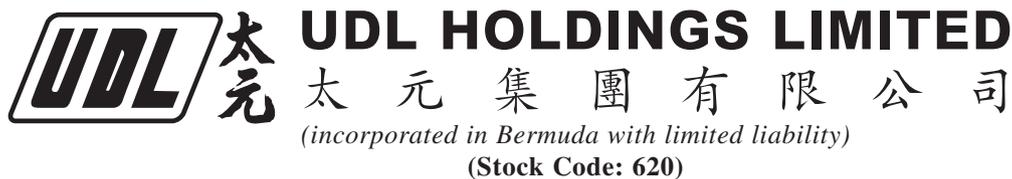
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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in UDL Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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**(1) PROPOSED SHARE CONSOLIDATION;**

**(2) PROPOSED CHANGE IN BOARD LOT SIZE; AND**

**(3) NOTICE OF SPECIAL GENERAL MEETING**

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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular. A letter from the Board is set out on pages 4 to 8 of this circular.

A notice convening the SGM to be held at Function Room 1-2, 1st Floor, Dorsett Regency Kwun Tong Hotel, 84 Hung To Road, Kwun Tong, Kowloon, Hong Kong at 10:00 a.m. on Thursday, 13 September 2012 is set out on pages 9 to 10 of this circular. If you are not able to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company's branch share registrar and transfer office in Hong Kong, at Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

28 August 2012

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Announcement”	the announcement of the Company dated 6 August 2012 in relation to, among others, the Share Consolidation, the Change in Board Lot Size and the Rights Issue
“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, whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 620)
“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)”	director(s) of the Company
“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

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## DEFINITIONS

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“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 Practicable Date”	23 August 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 of HK\$0.70 per Rights Share, pursuant to the terms and conditions of the Rights Issue
“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 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
“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.

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## EXPECTED TIMETABLE

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Set out below is an expected timetable for the implementation of the Share Consolidation. The timetable is subject to the results of the SGM. The Company will notify the Shareholders of any significant changes to the expected timetable by way of announcement(s) as and when appropriate.

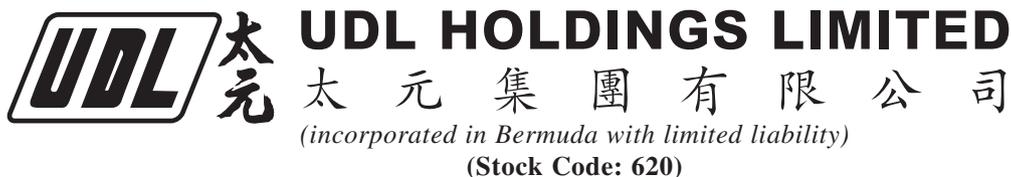
**2012**

Despatch of the circular and form of proxy to the Shareholders . . . . .	Tuesday, 28 August
Latest time for lodging proxy form for the SGM . . . . .	10:00 a.m. on Tuesday, 11 September
Expected date of the SGM . . . . .	10:00 a.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
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 . . . . .	9:00 a.m. on Friday, 28 September
Parallel trading in the Consolidated Shares (in the form of new and existing certificates) commences . . . . .	9:00 a.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
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

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## LETTER FROM THE BOARD

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*Executive Directors:*

Mr. Leung Yat Tung  
Mrs. Leung Yu Oi Ling, Irene  
Miss Leung Chi Yin, Gillian  
Mr. Leung Chi Hong, Jerry

*Registered office:*

Crawford House  
4th Floor  
50 Cedar Avenue  
Hamilton HM 11  
Bermuda

*Independent non-executive Directors:*

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

*Principal place of business  
in Hong Kong:*

Room 702 7th Floor  
Aitken Vanson Centre  
61 Hoi Yuen Road  
Kwun Tong Kowloon  
Hong Kong

28 August 2012

**(1) PROPOSED SHARE CONSOLIDATION;  
AND  
(2) PROPOSED CHANGE IN BOARD LOT SIZE**

*To the Shareholders*

Dear Sir/Madam,

**INTRODUCTION**

Reference is made to the Announcement in respect of, among others, the Share Consolidation and the Change in Board Lot Size. The purpose of this circular is to provide you with details of the Share Consolidation and the Change in Board Lot Size and to give you the notice of SGM to be convened.

**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.

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## LETTER FROM THE BOARD

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### Effects of the Share Consolidation

As at the Latest Practicable Date, 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. Upon 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.

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 has been 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.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as 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.

None of the Shares are listed or dealt in on any stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### 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.

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## LETTER FROM THE BOARD

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### **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 shareholder 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 has appointed Kingsway Financial Services Group Limited to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Shareholders who wish to utilise the service should contact Mr. Wesley So or Miss Vincy Cheung of Kingsway Financial Services Group Limited at (852) 2283 7719 or 2283 7720 or at 7th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong during the period from 28 September 2012 to 22 October 2012, both days inclusive.

### **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 days 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.

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## LETTER FROM THE BOARD

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### **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 days inclusive) submit share certificates for Existing Shares to the Company's branch share registrar in Hong Kong, 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) (in gold colour). 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.

### **Outstanding share options**

As at the Latest Practicable Date, the Company had 20,000,000 outstanding share options which were 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. As disclosed in the Announcement, 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). 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.

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.

### **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\$0.013 as at the Latest Practicable Date and the existing board lot size of 40,000 Existing Shares, the prevailing board lot value is HK\$520. 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\$1,300.

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.

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## LETTER FROM THE BOARD

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### GENERAL

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.

### SGM

The Company will convene the SGM at 10:00 a.m. on 13 September 2012 at Function Room 1-2, 1st Floor, Dorsett Regency Kwun Tong Hotel, 84 Hung To Road, Kwun Tong, Kowloon, Hong Kong to approve the Share Consolidation. The resolution will be put to the vote at the SGM by poll as required by the Listing Rules. A notice of the SGM is set out on pages 9 to 10 of this circular.

A form of proxy for use at the SGM is also enclosed. Whether or not you intend to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, at Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

### RECOMMENDATION

The Board is of the opinion that the Share Consolidation is in the interests of the Company and the Shareholders as a whole and the Board recommends the Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the SGM.

### RESPONSIBILITY STATEMENT

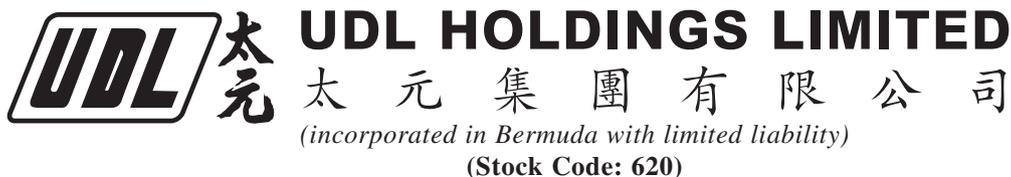
This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,  
By order of the Board  
**UDL Holdings Limited**  
**Leung Yu Oi Ling, Irene**  
*Chairman*

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## NOTICE OF SGM

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### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** a special general meeting (“**Meeting**”) of UDL Holdings Limited (“**Company**”) will be held at 10:00 a.m. on Thursday, 13 September 2012 at Function Room 1-2, 1st Floor, Dorsett Regency Kwun Tong Hotel, 84 Hung To Road, Kwun Tong, Kowloon, Hong Kong for the purpose of considering and, if thought fit, passing with or without modification the following resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Consolidated Shares (as defined below) in issue upon the Share Consolidation (as defined below) becoming effective:

- (a) every fifty (50) issued and unissued shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) share of HK\$0.50 each (“**Consolidated Share**”) in the share capital of the Company (“**Share Consolidation**”);
- (b) any fractional Consolidated Shares resulting from the Share Consolidation shall be disregarded and not issued to the shareholder(s) of the Company concerned, but all such fractional Consolidated Shares shall be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the directors of the Company (“**Directors**”) may think fit;
- (c) all of the Consolidated Shares shall rank pari passu in all respect and have the rights and privileges and be subject to the restrictions contained in the Company’s bye-laws; and
- (d) the Directors be and are hereby authorised generally to do all such acts, deeds and things as they shall, in their absolute discretion, deem appropriate to effect and implement the Share Consolidation.”

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

Hong Kong, 28 August 2012

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## NOTICE OF SGM

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*Registered office:*

Crawford House  
4th Floor  
50 Cedar Avenue  
Hamilton HM 11  
Bermuda

*Principal place of business in Hong Kong:*

Room 702 7th Floor  
Aitken Vanson Centre  
61 Hoi Yuen Road  
Kwun Tong Kowloon  
Hong Kong

*Notes:*

1. A member entitled to attend and vote at the Meeting may appoint a proxy to attend and, on a poll, vote on his behalf and such proxy need not be a member of the Company. A form of proxy for use at the Meeting is enclosed.
2. In order to be valid, the form of proxy, together with any power of attorney or authority under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Meeting convened or any adjournment thereof and in such event, the authority of the proxy shall be deemed to be revoked.
4. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto. If more than one of such joint holders are present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. As at the date of this notice, the Board comprises 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.