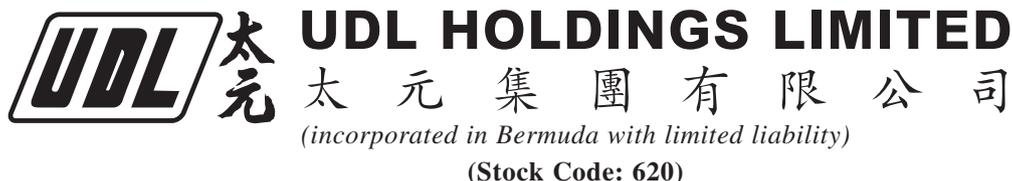


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FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2014

The board of directors (the “Board”) of UDL Holdings Limited (the “Company”) is pleased to present the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 July 2014 together with the comparative figures for the year ended 31 July 2013 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 July 2014

	Note	2014 HK\$'000	2013 HK\$'000
Continuing operations			
Turnover	2	119,722	68,197
Other revenue and net income		13,029	1,242
Staff costs	5(a)	(28,223)	(24,871)
Marine, construction and structural steel engineering costs	5(b)	(71,938)	(58,614)
Cost of vessels sold		(11,956)	–
Depreciation and amortisation	5(c)	(10,429)	(10,567)
Write-down of inventories		(23,473)	–
Other operating expenses		(18,561)	(8,185)
Loss from operations		(31,829)	(32,798)
Finance costs	4	(1,085)	(979)
Share of profits of associates		–	858
Share of losses of joint ventures		(7,940)	(4,676)
Loss before taxation		(40,854)	(37,595)
Income tax	6	–	(24)
Loss for the year from continuing operations		(40,854)	(37,619)
Discontinued operation			
Gain/(loss) for the year from discontinued operation		29,169	(42,491)
Loss for the year		(11,685)	(80,110)
Attributable to:			
Owners of the Company		(11,714)	(76,050)
Non-controlling interests		29	(4,060)
Loss for the year		(11,685)	(80,110)
Loss attributable to owners of the company arises from:			
Continuing operations		(11,805)	(33,559)
Discontinued operation		91	(42,491)
Loss for the year		(11,714)	(76,050)
Loss per share			
From continuing and discontinued operations			
– Basic	7(a)	<u>(4.25) cents</u>	<u>(29.34) cents</u>
– Diluted	7(b)	<u>(4.25) cents</u>	<u>(29.34) cents</u>
From continuing operations			
– Basic		<u>(14.85) cents</u>	<u>(14.52) cents</u>
– Diluted		<u>(14.85) cents</u>	<u>(14.52) cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 July 2014

	<i>Note</i>	2014 HK\$'000	2013 HK\$'000
Loss for the year		(11,685)	(80,110)
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign subsidiaries and joint ventures		(1,130)	10,470
Reclassification of exchange reserve upon loss of control of subsidiaries		(6,450)	–
Item that will not be reclassified to profit or loss:			
Loss on revaluation and disposal of floating craft and vessels		(382)	–
Total comprehensive loss for the year (net of tax)		<u>(19,647)</u>	<u>(69,640)</u>
Attributable to:			
Owners of the Company		(19,343)	(67,231)
Non-controlling interests		(304)	(2,409)
		<u>(19,647)</u>	<u>(69,640)</u>
Total comprehensive loss attributable to owners of the Company arises from:			
Continuing operations		(19,343)	(35,404)
Discontinued operation		–	(31,827)
		<u>(19,343)</u>	<u>(67,231)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2014

	<i>Note</i>	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Property, plant and equipment		58,882	64,412
Lease prepayments		539	620
Club membership		200	200
Interests in associates		–	–
Interests in joint ventures		49,768	58,094
Other receivables		800	–
Loan receivable		3,129	–
		113,318	123,326
Current assets			
Inventories		30,019	87,119
Lease prepayments		76	76
Trade and other receivables	8	30,209	12,122
Amount due from an associate		3,139	–
Amount due from a joint venture		1,134	–
Amounts due from customers for contract works		7,820	2,521
Amounts due from related parties		–	24
Cash and cash equivalents		4,038	3,799
		76,435	105,661
Assets of disposal group classified as held for sale		–	256,545
Interests in associates classified as held for sale		–	6,358
		76,435	368,564
Current liabilities			
Trade and other payables	9	25,971	19,940
Obligations under finance leases		65	62
Loan from a related company		330	–
Amounts due to related parties		8,054	7,763
Amounts due to associates		–	4,332
Amount due to a joint venture		8,170	18,286
Amounts due to customers for contract works		–	1,252
Amounts due to directors		2,808	1,211
Current taxation		–	–
		45,398	52,846
Liabilities of disposal group classified as held for sale		–	247,967
		45,398	300,813
Net current assets		31,037	67,751
Total assets less current liabilities		144,355	191,077
Non-current liabilities			
Obligations under finance leases		165	230
Loan from a related company		14,833	13,643
Deferred tax liabilities		–	–
		14,998	13,873
NET ASSETS		129,357	177,204
CAPITAL AND RESERVES			
Share capital		137,558	137,558
Reserves		(8,201)	9,707
Equity attributable to owners of the Company		129,357	147,265
Non-controlling interests		–	29,939
TOTAL EQUITY		129,357	177,204

1. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 July 2014 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint ventures.

The financial statements have been prepared on the going concern basis, except that the financial statements of a subsidiary, UDL Marine (Singapore) Pte Ltd, have been incorporated on a break up basis on the grounds that on 12 September 2014, UDL Marine (Singapore) Pte Ltd was placed into liquidation.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). These financial statements are presented in Hong Kong dollar (“HK\$”), rounded to the nearest thousand except for per share data. Hong Kong dollar is the Company’s functional and the Group’s presentation currency.

The measurement basis used in the preparation of the financial statements is historical cost basis except for floating craft and vessels are stated at their fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Possible impact of Amendments, New Standards and Interpretations issued but not yet effective for the annual accounting year ended 31 July 2014

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures-Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (Revised in 2011)	Employee Benefits
HKAS 27 (Revised in 2011)	Separate Financial Statements
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

Annual Improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 1 has been amended to clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or a reclassification has a material effect on the information presented in the opening statement of financial position. The amendments also remove the requirement to present related notes to the opening statement of financial position when such statement is presented. These amendments do not have any material impact on the results of operations and financial position of the Group for the years presented.

Amendments to HKFRS 7 Disclosures-Offsetting Financial Assets and Financial Liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, Financial Instruments: Presentation and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on these financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the requirements in HKAS 27, Consolidated and Separate Financial Statements relating to the preparation of consolidated financial statements and HK-SIC 12 Consolidation-Special Purpose Entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 August 2013.

HKFRS 11 Joint Arrangements

HKFRS 11, which replaces HKAS 31 Interests in Joint Ventures, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards.

HKFRS 13 Fair Value Measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

The Group has not early applied the following amendments, new standards and interpretations that have been issued but are not yet effective for the year ended 31 July 2014

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ⁵
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Ventures ⁵
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁵
HKFRS 9	Financial Instruments ⁷
HKFRS 14	Regulatory Deferral Accounts ⁴
HKFRS 15	Revenue from Contracts with Customers ⁶
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁵
Amendments to HKAS 19	Define Benefit Plans: Employee Contributions ²
Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁵
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ¹
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedging Accounting ¹
HK(IFRIC)- Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 July 2014

³ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

⁴ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

⁵ Effective for annual periods beginning on or after 1 January 2016

⁶ Effective for annual periods beginning on or after 1 January 2017

⁷ Effective for annual periods beginning on or after 1 January 2018

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. So far it has considered that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

2. TURNOVER

The principal activity of the Company is investment holding. The principal activities of the subsidiaries which materially affected the results or assets of the Group during the year include sale of vessels, marine engineering work and construction and structural steel engineering work.

An analysis of the amount of each significant category of turnover and revenue from principal activities during the year is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Continuing operations		
Revenue from:		
Marine engineering	80,316	58,112
Construction and structural steel engineering	24,206	10,085
Sale of vessels	15,200	–
	<hr/>	<hr/>
Turnover	119,722	68,197
	<hr/> <hr/>	<hr/> <hr/>

3. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by business line in a manner consistent with the way in which information is reported internally to the Group's Chief Operating Decision Maker ("CODM"), being the Executive Directors of the Company, for the purpose of resource allocation and performance assessment, the Group has three reportable segments as below. No operating segments have been aggregated to form the following reportable segments.

- Marine engineering
- Construction and structural steel engineering
- Sale of vessels

An operating segment regarding hotel operations was ceased and discontinued in current year. The following segment information does not include any amounts for the discontinued operation.

(a) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated and the expenses incurred by those segments or which would otherwise arise from the depreciation or amortisation of assets attributable to those segments. The measure used for reporting segment profit/loss is gross profit/loss. No inter-segment sales have occurred for the years ended 31 July 2014 and 2013. The Group's other income and expense items, such as general and administrative expenses and share of profits/(losses) of associates/joint ventures are not measured under individual segment.

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates and joint ventures and other corporate asset. Segment liabilities include trade and other payables attributable to the individual segment.

Continuing operations

	Marine engineering		Construction and structural steel engineering		Sale of vessels		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue:								
Revenue from external customers	80,316	58,112	24,206	10,085	15,200	–	119,722	68,197
Reportable segment results	(22,688)	(20,963)	7,836	(2,711)	(20,098)	–	(34,950)	(23,674)
Share of profits of associates							–	858
Share of losses of joint ventures							(7,940)	(4,676)
Unallocated head office and corporate other revenue and income							13,029	541
Unallocated head office and corporate expenses							(9,908)	(9,665)
Unallocated finance costs							(1,085)	(979)
Loss before taxation							(40,854)	(37,595)
Income tax							–	(24)
Loss for the year from continuing operations							(40,854)	(37,619)

Continuing operations

	Marine engineering		Construction and structural steel engineering		Sale of vessels		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS								
Reportable segment assets	48,872	42,564	53,470	61,282	85,942	123,933	188,284	227,779
Assets of disposal group classified as held for sale							-	256,545
Interests of associates classified as held for sale							-	6,358
Unallocated head office and corporate assets							1,469	1,208
	_____	_____	_____	_____	_____	_____	_____	_____
Total consolidated assets							<u>189,753</u>	<u>491,890</u>
LIABILITIES								
Reportable segment liabilities	44,015	40,853	8,848	18,101	7,492	7,724	60,355	66,678
Liabilities of disposal group classified as held for sale							-	247,967
Unallocated head office and corporate liabilities							41	41
	_____	_____	_____	_____	_____	_____	_____	_____
Total consolidated liabilities							<u>60,396</u>	<u>314,686</u>
OTHER INFORMATION								
Capital expenditure incurred during the year	-	338	-	-	-	-	-	338
Depreciation and amortisation	10,429	10,567	-	-	-	-	10,429	10,567
Write-down of inventories	1,736	-	-	-	21,737	-	23,473	-
Reversal of impairment on trade and other receivables	(785)	(142)	-	-	-	-	(785)	(142)
	<u>(785)</u>	<u>(142)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(785)</u>	<u>(142)</u>

(b) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, lease prepayments, intangible assets ("specified non-current assets"). The geographical location of customers is based on the location at which services were provided. The geographical location of the specified non-current assets is based on the physical location of the assets.

	Hong Kong		Singapore		PRC		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<u>119,722</u>	<u>68,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,722</u>	<u>68,197</u>
Specified non-current assets	<u>55,376</u>	<u>56,533</u>	<u>3,310</u>	<u>7,377</u>	<u>735</u>	<u>1,122</u>	<u>59,421</u>	<u>65,032</u>

(c) Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group is as follows:

	2014	2013
	HK\$'000	HK\$'000
Revenue from marine engineering:		
– Customer A	<u>71,395</u>	<u>51,857</u>

4. FINANCE COSTS

	2014	2013
	HK\$'000	HK\$'000
Continuing operations		
Interest on other loan	54	-
Interest on loans from related companies	1,019	969
Finance charges on obligations under finance leases	<u>12</u>	<u>10</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u>1,085</u>	<u>979</u>

5. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Continuing operations		
(a) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	26,536	21,610
Equity-settled share-based payments	1,435	3,026
Contributions to defined contribution retirement plans	252	235
	28,223	24,871
(b) Marine, construction and structural steel engineering costs		
Subcontracting, direct engineering and material costs	50,120	42,676
Plant and operational costs	2,874	1,472
Direct overheads	5,388	387
Repairs, maintenance and vessel security	13,556	14,079
	71,938	58,614
(c) Depreciation and amortisation		
Depreciation of property, plant and equipment	10,353	10,492
Amortisation of lease prepayments	76	75
	10,429	10,567
(d) Other items		
Auditor's remuneration		
– Audit services	1,100	550
– Non-audit services	–	80
Operating lease charges in respect of land and buildings	2,144	3,129
Revaluation loss of property, plant and equipment	7,610	–
Write-down of inventories	23,473	–
Net foreign exchange loss	1,031	–
	35,354	35,236

6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (RELATING TO CONTINUING OPERATIONS)

Income tax in the consolidated income statement represents:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax-overseas		
– Income tax	–	–
– Under-provision in respect of prior years	–	24
	–	24

The Company and subsidiaries of the Group incorporated in Bermuda and the British Virgin Islands, respectively are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profit for the year. No provision has been made for Hong Kong Profits Tax as the Group did not derive any assessable profits subject to Hong Kong Profits Tax during both years.

The PRC subsidiaries of the Group are subject to PRC Corporate Income Tax rate of 25% (2013: 25%) for the year. No provision for PRC corporate income tax has been made, as the Group's PRC subsidiaries did not generate any assessable profits during both years.

Singapore income tax has been provided at the rate of 17% (2013: 17%) for the year. No provision for Singapore income tax has been made, as the Group's Singapore subsidiaries did not generate any assessable profits during both years.

7. LOSS PER SHARE

(a) Basic loss per share

Continuing and discontinued operations

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK\$11,714,000 (2013: loss of HK\$76,050,000) and the weighted average number of 275,115,408 (2013: 259,167,592) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2014	2013
Issued ordinary shares	275,115,408	10,210,968,152
Effect of exercise of share options	–	71,969
Effect of rights issue	–	(9,951,872,529)
	<hr/>	<hr/>
Weighted average number of ordinary shares	275,115,408	259,167,592
	<hr/> <hr/>	<hr/> <hr/>

(b) Diluted loss per share

The Company had no dilutive potential ordinary shares in existence during the years ended 31 July 2014 and 2013 since the exercise of the Company's share options is anti-dilutive and would result in a reduction in loss per share. Therefore, the diluted loss per share is same as the basic loss per share for both years.

8. TRADE AND OTHER RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables (<i>note (a)</i>)	10,403	11,543
Less: Impairment loss	<u>(5,417)</u>	<u>(8,307)</u>
	<u>4,986</u>	<u>3,236</u>
Other receivables	16,580	13,534
Less: Impairment loss (<i>note (b)</i>)	<u>(6,518)</u>	<u>(6,258)</u>
	<u>10,062</u>	<u>7,276</u>
Retention money receivables (<i>note (c)</i>)	3,782	2,287
Less: Impairment loss	<u>(677)</u>	<u>(677)</u>
	<u>3,105</u>	<u>1,610</u>
Loan receivables (<i>note (d)</i>)	<u>12,056</u>	<u>–</u>
	<u>30,209</u>	<u>12,122</u>

(a) Trade receivables

(i) Ageing analysis

The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date as at the end of the reporting period is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 – 30 days	3,415	723
31 – 90 days	–	1,451
91 – 180 days	–	–
181 – 360 days	–	1,220
Over 360 days	<u>6,988</u>	<u>8,149</u>
	<u>10,403</u>	<u>11,543</u>
Less: Allowance for doubtful debts	<u>(5,417)</u>	<u>(8,307)</u>
	<u>4,986</u>	<u>3,236</u>

Except for retention receivables, credit terms granted by the Group to customers generally range from 120 to 150 days.

(ii) *Impairment of trade receivables*

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movements in the allowance for doubtful debts during the year are as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
At 1 August	8,307	9,671
Reversal of impairment	(1,085)	(500)
Amounts written off as uncollectible	(1,889)	(263)
Exchange difference	84	–
	<hr/>	<hr/>
Reclassified as assets of a disposal group held for sales	5,417	8,908
	<hr/>	<hr/>
	–	(601)
	<hr/>	<hr/>
At 31 July	5,417	8,307
	<hr/> <hr/>	<hr/> <hr/>

As at 31 July 2014, the Group's trade receivables of HK\$5,417,000 (2013: HK\$8,908,000) were individually determined to be impaired. The individually impaired receivables related to customers that were past due and slow-paying or in financial difficulties and management assessed that these receivables are irrecoverable.

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Neither past due nor impaired	3,415	723
0 – 30 days	–	1,015
31 – 90 days	–	–
91 – 180 days	–	1,220
181 – 360 days	1,571	278
	<hr/>	<hr/>
	4,986	3,236
	<hr/> <hr/>	<hr/> <hr/>

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(b) Other receivables

(i) Impairment of other receivables

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
At 1 August	6,258	11,107
Impairment loss recognised	300	358
Exchange difference	(40)	–
	6,518	11,465
Reclassified as assets of a disposal group held for sale	–	(5,207)
At 31 July	6,518	6,258

Note:

Included in other receivables at 31 July 2014 is the aggregate amount of recovery costs of HK\$6,518,000 (2013: HK\$11,465,000) incurred by the Group to pursue arbitration and/or legal proceedings to recover the assets under a Scheme of Arrangement (the “Scheme”). Pursuant to the Scheme and an undertaking letter dated 23 October 2008 issued by Harbour Front Limited (“Harbour Front”), the Group shall act as nominee of Harbour Front to recover the Scheme Assets and the Group will be reimbursed for such amount upon the successful recovery of these Scheme Assets.

Since the recovery action of the Scheme Assets is still ongoing and the Group would only be reimbursed of all these recovery costs incurred by Harbour Front till successful recovery of all these Scheme Assets. The directors of the Company consider that these recovery costs have been long outstanding and the outcome of the recovery actions taken by the Group is uncertain, it is appropriate to make provision for impairment loss on these recovery costs incurred totaling HK\$6,518,000 (2013: HK\$6,258,000).

(c) Retention money receivables

The impairment loss of HK\$677,000 (2013: HK\$677,000) represented balance due by a contractor for long outstanding contracting works done by the Group but not yet certified by the contractor due to disputes. The directors of the Company considered that the probability of recovery of this balance as low and therefore, provision for impairment loss of HK\$677,000 was made in the income statement for the year ended 31 July 2014.

(d) Loan receivables

Loan receivables comprised of HK\$5,185,000 (including non-current portion of HK\$3,129,000) and HK\$10,000,000 made to a former associate, Crown Asia Engineering Limited, (“Crown Asia”), bearing interest at 6% per annum and 1% per annum respectively. The loans are secured on the marine plant of Crown Asia and issued shares of its subsidiary, Crown Asia Logistics Limited and are repayable over a period of 36 months and on demand, respectively.

9. TRADE AND OTHER PAYABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade creditors	4,499	7,861
Advances received from customers for contract works	1,246	1,322
Liabilities recognised in respect of liquidating subsidiaries	6,454	3,784
Accruals	5,401	6,873
Other payables	6,415	6,429
Other loan (<i>note</i>)	1,956	–
Trade and other payables reclassified as liabilities of a disposal group held for sale	–	(6,329)
	<u>25,971</u>	<u>19,940</u>

Note: Other loan represented loan of HK\$1,956,000 from an independent third party, unsecured, interest bearing at 5.5% per annum, and repayable within 12 months.

The aging analysis of trade creditors at the end of the reporting period is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 – 30 days	1,671	2,700
31 – 90 days	1,338	3,244
91 – 180 days	47	127
181 – 360 days	312	120
Over 360 days	1,131	1,670
	<u>4,499</u>	<u>7,861</u>

10. CONTINGENCIES AND LITIGATIONS

- (a) The Company and the Group had pending litigation in respect of the Statement of Claim for HCA 624 of 2005 dated 28 September 2005. The Group's solicitor is of the view that there are three claims which duplicate partly with each other: the Fonfair Company Limited ("Fonfair") claim against the defendants for the amount of HK\$19,568,644.66 together with interest and costs, the Money Facts Limited ("Money Facts") claim for the amount of HK\$13,334,211.42 (HK\$12,874,121.48 of which is pleaded by Money Facts as part of its loss and damage suffered by virtue of its 7,900/12,008th interest held in Fonfair) together with interest and costs, and the Leung Yuet Keung claim for the amount of HK\$15,190,409.54 (HK\$6,667,105.71 of which is pleaded by Leung Yuet Keung as part of his loss and damage suffered by virtue of his 3,950/7,900th interest held in Money Facts) together with interest and costs. As pleaded by the plaintiffs, (a) Harbour Front, which is the majority shareholder of the Company, holds 3,958 out of the 12,008 issued ordinary shares of Fonfair and 3,950 out of the 7,900 issued ordinary shares of Money Facts; (b) Money Facts holds 7,900 out of the 12,008 issued ordinary shares of Fonfair; and (c) Leung Yuet Keung holds 3,950 out of the 7,900 issued ordinary shares of Money Facts. Based on legal advice, the directors of the Company do not believe it probable that the court will place judgement against the Company and the Group, and therefore, no provision has therefore been made in respect of these claims.

- (b) UDL Contracting Limited (“UDL Contracting”), a wholly-owned subsidiary of the Company commenced legal action under HCA 1209 of 2007 against two defendants on 8 June 2007 to claim damages in relation to the construction of a printing workshop carried out by UDL Contracting. Default judgement in the sum of approximately HK\$162 million was awarded by the court in favour of UDL Contracting on 27 June 2007. However, one defendant took out a Summons to apply to set aside the default judgement which has been consented by UDL Contracting. The legal counsels are of the opinion that UDL Contracting is unlikely to incur any liability save for legal costs. The legal costs of the first defendant have been settled amicably upon the claim against the first defendant having been stayed to arbitration. No substantial action has been taken by the second defendant. UDL Contracting is considering further actions on the case. No asset is recognized in respect of this claim, and the recovery of this claim is a Scheme Asset. Based on an irrevocable letter of undertaking dated 23 October 2008 provided by Harbour Front, UDL Contracting is entitled to the reimbursement of the recovery costs upon success in the Scheme Asset recovery action.
- (c) UDL Marine (Singapore) Pte Limited (“UMSG”), a wholly-owned subsidiary of the Company, commenced proceedings against Jurong Town Corporation (“JTC”) in relation to an application for renewal of the lease at 3 Benoi Road, Singapore 629877, Civil Suit 502 of 2010. This claim against JTC seeks for a renewal of the lease be granted. UMSG also commenced proceedings against Economic Development Bureau (“EDB”), Civil Suit 156 of 2011, for damages for negligent mis-statement in relation to the renewal of the aforesaid lease. JTC has also commenced proceedings against UMSG, Civil Suit 98 of 2011, for repossession of the land and double value of rent for the period of holding over. All of the three aforesaid cases were ordered to be consolidated and proceeded as one action by order of the High Court of Singapore dated 28 November 2011. A judgement was issued on 7 November 2013 and ordered that UMSG to pay JTC the sum of S\$1,109,420. An appeal against the judgement was filed and heard before the Court of Appeal and was dismissed on 29 May 2014.

On 22 July 2014, UMSG received a winding-up petition by JTC, for the claim of a sum of S\$1.037 million due to JTC by UMSG. A winding-up order was issued by the High Court of Singapore on 12 September 2014 that UMSG be wound up. The Group has recognised a related liability of HK\$6,450,000 (equivalent to S\$1.037 million). The directors consider that the current liability recognised is sufficient to cover any future obligation which is likely to crystallise.

11. EVENT AFTER THE REPORTING PERIOD

On 22 July 2014, UDL Marine (Singapore) Pte Limited (“UMSG”), a wholly-owned subsidiary of the Company received a winding-up petition by Jurong Town Corporation (“JTC”), for the claim of a sum of S\$1.037 million due to JTC by UMSG. A winding-up order was issued by the High Court of Singapore on 12 September 2014 that UMSG be wound up. The Group has recognised a related liability of HK\$6,450,000 (equivalent to S\$1.037 million). The directors consider that the current liability recognised is sufficient to cover any future obligation which is likely to crystallise.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FUTURE PROSPECTS

For the year ended 31 July 2014, the Group reports an increase in revenue from continuing operations of HK\$119.722 million (2013: HK\$68.197 million) and a loss from continuing operations of HK\$40.854 million (2013: HK\$37.619 million).

During the financial year of 2014, the management had given careful consideration in sustaining business growth and building up on its core businesses. In the light of this, the Group had disposed its interest in the downstream contracting business through Crown Asia Engineering Limited. Moreover, the Group had discontinued the hotel operation through Sunfill Limited, which was wound up on 11 December 2013. Further, following the financial year ended 31 July 2014, UDL Marine (Singapore) Pte Limited was wound up on 12 September 2014.

Construction and Structural Steel Engineering

The Construction and Structural Steel Engineering sector recorded a revenue of HK\$24.206 million (2013: HK\$10.085 million) and a gain of HK\$7.836 million (2013: loss of HK\$2.711 million). Growth in sales attributed to contracts in both the public and private sectors in Hong Kong, ranging from short-term to over a span of year.

During the year, the Group was awarded by the Hong Kong Government a contract of approximately HK\$2,450 million where the Group is participating in a joint venture with a major local contractor and another international contractor. As works under the contract is at its implementation stage, performance is yet materialized in the current financial year ending 31 July 2014.

The Group actively pursues in tending contracts, whether in structural steel or civil engineering works, and is confident that a steady growth will be observed in this sector.

Marine Engineering

Growth in sales is observed in the Marine Engineering sector in 2014, with revenue of HK\$80.316 million (2013: HK\$58.112 million) and a loss of HK\$22.688 million (2013: HK\$20.963 million). In view of forthcoming infrastructure works rolling out which require marine engineering work, sales in this sector is expected to continue to grow.

Sale of Vessels

A revenue of HK\$15.200 million (2013: Nil) was derived from sale of vessels with a loss of HK\$20.098 million (2013: Nil). The management is closely monitoring the market requirements and ensures demands are met.

LIQUIDITY AND FINANCIAL RESOURCES

In order to utilise financial resources effectively and efficiently, the Group has secured shareholder's loan facility to finance the working capital of the operation and business development.

As at 31 July 2014, total indebtedness balance of the continuing operations of the Group was HK\$15.3 million (2013: HK\$13.9 million). The finance costs of continuing operations decreased to HK\$1.1 million (2013: HK\$1.0 million). At the financial year end, bank and cash balances totalled HK\$4.0 million, as compared with HK\$3.8 million of the Group last year. The deposit in foreign currencies are mainly for the operation and projects in Singapore and PRC.

The gearing ratio of the Group as a result, calculated by dividing total liabilities by total asset value, increased to 31.83% (2013: 64.11%).

EXPOSURE OF FOREIGN EXCHANGE

The Group's assets and liabilities are mainly dominated in Hong Kong Dollars, Renminbi and Singapore Dollars. Income and expenses derived from the operations in PRC and Singapore are mainly dominated in Renminbi and Singapore Dollars respectively. There is no significant exposure to the fluctuation of foreign exchange rates, but the Group is closely monitoring the financial market and would consider appropriate measures if required. The Group has no hedging arrangement for foreign currencies and has not involved in the financial derivatives.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2014, other than outsourcing vendors but including contract workers, the Group has approximately 120 technical and working staff in Hong Kong, Singapore and PRC. Total staff costs of the continuing operations of the Group, excluding contract workers, amounted to HK\$28.2 million this year, as compared with HK\$24.9 million last year.

There was no material change to the staff policy during the year under review. The Group encourages high productivity and remunerates its employees based on their qualification, work experiences, prevailing market prices and contribution to the Group. Incentives in the form of bonuses and share options may also be offered to eligible employees based on individual performance. The emoluments of the directors and senior management of the Company are determined by the Remuneration Committee and approved by the Board, having regard to their individual duties and responsibility with the Company, remuneration benchmark in the industry and prevailing market condition.

DIVIDEND

The Board does not recommend any dividend for the year ended 31 July 2014 (2013: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry to all directors regarding any non-compliance with the Model Code during the year under review and they all confirmed that they have fully complied with the required standard set out in the Model Code.

The Remuneration Committee reviews and evaluates the remuneration policies of the directors and senior management of the Group and makes recommendations to the Board from time to time.

The Nomination Committee reviews the structure, size and composition of the Board and makes recommendations to the Board from time to time.

The Audit Committee and the management have reviewed the accounting policies and practices adopted by the Group, discussed the internal control procedures and reviewed the corporate governance functions.

The final results of the Group for the year ended 31 July 2014 have been reviewed by the Audit Committee. The Group's consolidated financial statements have been audited by the Company's auditors, Crowe Horwath (HK) CPA Limited, and they have issued an unqualified opinion.

PUBLICATION OF FINAL RESULTS ON WEBSITES

All the financial and other related information of the Company required by Appendix 16 to the Listing Rules will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.udl.com.hk) respectively in due course.

ANNUAL GENERAL MEETING

The 2014 annual general meeting of the Company will be held on 9 December 2014. The notice of the annual general meeting will be published and dispatched to the shareholders of the Company in due course.

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

Hong Kong, 30 October 2014

The Directors as at the date of this announcement are as follows:

Executive Directors

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

Independent Non-executive Directors

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