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*(Incorporated in Bermuda with limited liability)
(Stock Code: 00620)*

**DA TANG XI SHI INTERNATIONAL
HOLDINGS LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

JOINT ANNOUNCEMENT

- (1) SALE AND PURCHASE OF APPROXIMATELY 69.73% OF THE ENTIRE
ISSUED SHARE CAPITAL OF
UDL HOLDINGS LIMITED**
- (2) COMPLETION OF THE SHARE PURCHASE AGREEMENT**
- (3) MANDATORY UNCONDITIONAL CASH OFFERS BY
KIM ENG SECURITIES (HONG KONG) LIMITED
AND
CHINA GALAXY INTERNATIONAL SECURITIES (HONG KONG)
COMPANY LIMITED
ON BEHALF OF
DA TANG XI SHI INTERNATIONAL HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
UDL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED
BY DA TANG XI SHI INTERNATIONAL HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)
AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS
AND**
- (4) RESUMPTION OF TRADING IN THE SHARES OF
UDL HOLDINGS LIMITED**

Joint financial advisers to Da Tang Xi Shi International Holdings Limited



Kim Eng Securities (Hong Kong)
Limited



China Galaxy International Securities (Hong
Kong) Company Limited

Independent Financial Adviser to the Independent Board Committee

Hercules
Hercules Capital Limited

THE SHARE PURCHASE AGREEMENT

The Company was informed by the Vendors (being the Controlling Shareholders of the Company immediately prior to the Share Sale Completion) that on 19 June 2015, the Vendors and the Offeror entered into the Share Purchase Agreement pursuant to which the Offeror agreed to acquire and the Vendors agreed to sell the Sale Shares, being 194,033,408 Shares in aggregate, for the Consideration of HK\$452,097,840.64, equivalent to HK\$2.33 per Sale Share. The Sale Shares represent approximately 69.73% of the entire issued share capital of the Company as at the date of this joint announcement.

According to the Share Purchase Agreement, completion of the Share Purchase Agreement shall take place on the next Business Day following the issuance of the Written Confirmation by Harbour Front.

COMPLETION OF THE SHARE PURCHASE AGREEMENT

The Board and the Offeror are pleased to announce that the Share Sale Completion took place on 29 June 2015 in accordance with the terms of the Share Purchase Agreement.

MANDATORY UNCONDITIONAL CASH OFFERS

Prior to the Share Sale Completion, none of the Offeror and parties acting in concert with it owned or had control or direction over any voting rights or rights over the Shares or warrants, options, derivatives or other securities that were convertible or exchangeable into Shares or other types of equity interest in the Company, other than the interest in Shares acquired under the Share Purchase Agreement.

Immediately after the Share Sale Completion and as at the date of this joint announcement, the Offeror and the parties acting in concert with it are interested in 194,033,408 Shares, representing approximately 69.73% of the entire issued share capital of the Company as at the date of this joint announcement. Accordingly, the Offeror is required to make mandatory unconditional cash offers pursuant to Rule 26.1 of the Takeovers Code for all the issued Shares which are not already owned or have been agreed to be acquired by the Offeror and parties acting in concert with it and to cancel all the outstanding Share Options. The Offers comprising the Share Offer and the Option Offer will be made unconditional in all respects.

Kim Eng and China Galaxy will, on behalf of the Offeror, make the Offers in compliance with the Takeovers Code on the following basis:

The Share Offer

For each Offer ShareHK\$2.33 in cash

The Option Offer

- (i) For cancellation of each Share Option with an exercise price of
HK\$0.62 per Option Share.....HK\$1.71 in cash**
- (ii) For cancellation of each Share Option with an exercise price of
HK\$0.798 per Option Share.....HK\$1.532 in cash**

The Share Offer Price of HK\$2.33 per Offer Share equals to the purchase price per Sale Share paid by the Offeror under the Share Purchase Agreement. Pursuant to Rule 13 and Practice Note 6 of the Takeovers Code, the Option Offer Price will normally represent the difference between the exercise price of the respective Share Options and the Share Offer Price. Under the Option Offer, the Option Offer Price for each Share Option represents the difference between the Share Offer Price and the exercise price of these Share Options.

Principal terms of the Offers are set out under the paragraph headed “Mandatory Unconditional Cash Offers” below. Kim Eng and China Galaxy have been appointed as the joint financial advisers to the Offeror in respect of the Offers and are satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for full acceptance of the Offers.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders and the Optionholders in respect of the Offers. Hercules has been appointed as the Independent Financial Adviser to advise the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers. The appointment of Hercules as the Independent Financial Adviser has been approved by the Independent Board Committee.

GENERAL

It is the intention of the Offeror and the Board to combine the offer document and the offeree board circular into a Composite Document.

Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document containing, among other matters, terms of the Offers should normally be despatched to the Shareholders and the Optionholders within 21 days of the date of this joint announcement or such later date as the Executive may approve. It is expected that the Composite Document will be despatched on or before 20 July 2015. Further announcement will be made when the Composite Document together with the relevant forms of acceptance and transfer are despatched.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 19 June 2015 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 30 June 2015.

Reference is made to the announcement (the “**Announcement**”) of the Company dated 21 May 2015 in relation to the memorandum of understanding entered into between Harbour Front as potential vendor and an independent third party as potential purchaser. The Company was informed by the Vendors (being the Controlling Shareholders of the Company immediately prior to the Share Sale Completion) that on 19 June 2015, the Vendors and the Offeror entered into the Share Purchase Agreement, the principal terms of

which are summarised below.

THE SHARE PURCHASE AGREEMENT

Date

19 June 2015

Parties

- Vendors:
- (i) Harbour Front;
 - (ii) Y. T. Leung Trading;
 - (iii) Vital Strategic;
 - (iv) Mr. YT Leung;
 - (v) Mrs. Leung;
 - (vi) Ms. Gillian Leung; and
 - (vii) Mr. Jerry Leung.

The Vendors were beneficially interested in 194,033,408 Shares in aggregate immediately prior to the Share Sale Completion, representing approximately 69.73% of the entire issued share capital of the Company as at the date of this joint announcement.

- Offeror:
- Da Tang Xi Shi International Holdings Limited, a company incorporated in the BVI and which is wholly owned by Da Tang Xi Shi International Group Limited 大唐西市國際集團有限公司. Da Tang Xi Shi International Group Limited is wholly owned by 大唐西市文化產業投資集團有限公司 (Da Tang Xi Shi Investments Group Limited*), of which is owned by Mr. Lu Jianzhong as to approximately 50.60%, by Mr. Liang Lei* (梁雷) as to approximately 13.80%, by Mr. Yang Xingwen* (楊興文) as to approximately 13.80%, by Mr. Yu Baoan* (于寶安) as to approximately 13.80% and by 寧波歐盈宏創投資合夥企業 (Ningbo Ouying Hongchuang Investment Partnership*) as to approximately 8.00% as at the date of this joint announcement.

To the best of the Directors' information and belief having made all reasonable enquiries, the Offeror and its ultimate beneficial owners are third parties independent of the Company and its connected persons and not a party acting in concert with any of them.

Sale Shares

Pursuant to the terms of the Share Purchase Agreement, the Offeror agreed to acquire, and the Vendors agreed to sell their respective Sale Shares free from all liens, charges,

encumbrances or third party rights of whatsoever nature and with all rights attaching to them (including dividend rights, attached or accruing to them) on and from the Share Sale Completion Date.

The Sale Shares represent approximately 69.73% of the entire issued share capital of the Company as at the date of this joint announcement.

According to the Share Purchase Agreement, other than the payment of the Consideration less the Partial Payment, there are no conditions to which the Share Sale Completion is subject to.

Consideration

The Consideration for the Sale Shares is HK\$452,097,840.64, equivalent to HK\$2.33 per Sale Share.

The Consideration was determined after arm's length negotiations between the Offeror and the Vendors, after taking into consideration (i) the audited net asset value of the Group as at 31 July 2014; (ii) the financial position of the Group; (iii) the prevailing market prices of the Shares as further described in the section headed "Share Offer Price" below; and (iv) the fact that the Offeror could obtain a controlling interest in the Company after the Share Sale Completion.

Manner of payment of the Consideration

According to the Share Purchase Agreement, the Consideration is payable by the Offeror to Harbour Front, for itself and for and on behalf of Harbour Front Concert Parties, in the following manner:

- (i) according to the memorandum of understanding entered into between Harbour Front and Jianye Investments Limited, another wholly owned subsidiary of the sole immediate shareholder of the Offeror, dated 20 May 2015, the Partial Payment of HK\$30,000,000 paid to Harbour Front was agreed to be applied as part of the Consideration; and
- (ii) the balance of the Consideration of HK\$422,097,840.64 shall be payable to Harbour Front, for itself and for and on behalf of Harbour Front Concert Parties, at or before 12:00 noon (Hong Kong time) on or before the 10th Business Day after the date of the Share Purchase Agreement, being 6 July 2015.

The Offeror shall either deliver a cashier order issued by a licensed bank in Hong Kong to Harbour Front, or transfer the amount payable to a bank account designated by Harbour Front to settle the balance of the Consideration of HK\$422,097,840.64.

Completion

According to the Share Purchase Agreement, the Share Sale Completion shall take place on the next Business Day following the issuance of the Written Confirmation by Harbour Front (or any date mutually agreed between the parties to the Share Purchase Agreement).

COMPLETION OF THE SHARE PURCHASE AGREEMENT

The Board and the Offeror are pleased to announce that the Share Sale Completion took place on 29 June 2015 in accordance with the terms of the Share Purchase Agreement.

MANDATORY UNCONDITIONAL CASH OFFERS

Prior to the Share Sale Completion, none of the Offeror and parties acting in concert with it owned or had control or direction over any voting rights or rights over the Shares or warrants, options, derivatives or other securities that were convertible or exchangeable into Shares or other types of equity interest in the Company, other than the interest in Shares acquired under the Share Purchase Agreement.

Immediately after the Share Sale Completion and as at the date of this joint announcement, the Offeror and parties acting in concert with it are interested in 194,033,408 Shares, representing approximately 69.73% of the entire issued share capital of the Company as at the date of this joint announcement. Accordingly, the Offeror is required to make mandatory unconditional cash offers for all the issued Shares (other than those already acquired or agreed to be acquired by the Offeror and parties acting in concert with it) and to cancel all the outstanding Share Options pursuant to Rules 13.5 and 26.1 of the Takeovers Code. The Offers comprising the Share Offer and the Option Offer will be made unconditional in all respects.

As at the date of this joint announcement, there are 278,251,408 Shares in issue and outstanding Share Options conferring the rights to the Optionholders to subscribe for an aggregate of 3,020,000 Option Shares at HK\$0.62 per Option Share and 2,751,154 Option Shares at HK\$0.798 per Option Share. All the Share Options are currently exercisable. If all the outstanding Share Options are exercised in full, the Company will have to issue 5,771,154 new Shares, representing approximately 2.07% of the issued share capital of the Company as at the date of this joint announcement.

As at the date of this joint announcement, save as disclosed above, the Company has no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this joint announcement.

The Offers will be made on the terms mentioned below.

Principal terms of the Offers

Kim Eng and China Galaxy will, on behalf of the Offeror and in compliance with the Takeovers Code, make mandatory unconditional general cash offers for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it) and to cancel all the outstanding Share Options on the terms to be set out in the Composite Document.

The Share Offer

For every Share accepted under the Share Offer.....HK\$2.33 in cash

The Share Offer Price of HK\$2.33 per Offer Share equals to the purchase price per Sale Share paid by the Offeror under the Share Purchase Agreement which was arrived at after arm's length negotiations between the Offeror and the Vendors.

The Share Offer, when made, will extend to all Shares in issue on the date on which the Share Offer is made, being the date of the Composite Document, and to any further Shares which are unconditionally allotted or issued on the exercise of the Share Options, other than those Shares held by the Offeror and persons acting in concert with it.

The Share Offer will be unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

The Shares to be acquired under the Share Offer will be fully paid, free from all liens, charges and encumbrances.

Share Offer Price

The Share Offer Price of HK\$2.33 per Offer Share represents:

- (i) a discount of approximately 53.31% to the closing price of HK\$4.99 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 44.0% to the average closing price of approximately HK\$4.16 per Share for the last five trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 37.87% to the average closing price of approximately HK\$3.75 per Share for the last ten trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 25.80% to the average closing price of approximately HK\$3.14 per Share for the last thirty trading days immediately prior to and including the Last Trading Day; and
- (v) a premium of approximately 395.74% over the unaudited net asset value of the Group attributable to the Shareholders of approximately HK\$0.47 per Share as at 31 January 2015 and a premium of approximately 395.74% over the audited net asset value of the Group attributable to the Shareholders of approximately HK\$0.47 per Share as at 31 July 2014.

Highest and Lowest Share Prices

During the six-month period immediately prior to and including the Last Trading Day, the lowest closing price per Share as quoted on the Stock Exchange was HK\$1.00 on 30 December 2014 and the highest closing price per Share as quoted on the Stock Exchange was HK\$5.32 on 17 June 2015.

The Option Offer

- (i) **For cancellation of each Share Option with an exercise price of
HK\$0.62 per Option Share.....HK\$1.71 in cash**
- (ii) **For cancellation of each Share Option with an exercise price of
HK\$0.798 per Option Share.....HK\$1.532 in cash**

A comparison of the Share Offer Price to the closing prices of the Shares is set out above under the heading sub-paragraph headed “Share Offer Price” under the paragraph headed “Mandatory Unconditional Cash Offers” in this joint announcement. Pursuant to Rule 13 and Practice Note 6 of the Takeovers Code, the Option Offer Price will normally represent the difference between the exercise price of the respective Share Options and the Share Offer Price. Under the Option Offer, the Option Offer Price for each Share Option represents the difference between the Share Offer Price and the exercise price of these Share Options.

The Option Offer will extend to all Share Options in issue on the date on which the Option Offer is made, being the date of the despatch of the Composite Document other than those Share Options held by the Offeror and persons acting in concert with it. As at the date of this joint announcement, the Offeror and parties acting in concert with it do not hold any Share Options.

The Offeror has not received any indication or irrevocable commitment from any Shareholder or Optionholder that he/she/it will accept or reject the Offers as at the date of this joint announcement.

Total consideration for the Offers

Based on the Share Offer Price of HK\$2.33 per Offer Share and 278,251,408 Shares in issue as at the date of this joint announcement, the entire issued share capital of the Company is valued at HK\$648,325,780.64.

In the event that no outstanding Share Options have been exercised, and assuming full acceptance of the Share Offer, the value of the Share Offer and the Option Offer will amount to approximately HK\$196,227,940 and HK\$9,378,967.93, respectively.

In the event that all outstanding Share Options have been exercised in full, 89,989,154 Shares will be subject to the Share Offer and the Share Offer is valued at HK\$209,674,728.82.

Effect of accepting the Offers

The acceptance of the Share Offer by the Shareholders will constitute warranties by such Shareholders to the Offeror that the Shares acquired under the Share Offer are fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made, being the date of posting of the Composite Document, which is expected to be issued jointly by the Offeror and the Company.

Acceptances of the Share Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Acceptance of the Option Offer by the Optionholders will result in the cancellation of those outstanding Share Options, together with all rights attaching thereto. Acceptances of the Option Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

In accordance with the terms of the share option scheme of the Company adopted on 6 December 2012, the Optionholders shall, by giving notice in writing to the Company, and notwithstanding any other terms on which the Share Options were granted, be entitled to exercise the Share Options (to the extent not already exercised) to its full extent or to the extent specified in the notice to the Company at any time. Within seven days after receipt of the notice, the Company shall accordingly allot and issue the relevant number of Shares to the Optionholders fully paid and issue to the Optionholders a share certificate for the Shares so allotted and issued. The Share Options shall lapse automatically (to the extent not exercised) on the date which the Offers are closed according to the terms of the share option scheme of the Company.

Overseas Shareholders and overseas Optionholders

The Offeror intends to make the Offers available to all Shareholders and Optionholders, including the Overseas Shareholders and overseas Optionholders. However, the Offers is in respect of securities of a company incorporated in Bermuda and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions. The Overseas Shareholders and/or overseas Optionholders who wish to participate in the Share Offer and/or the Option Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Share Offer and/or the Option Offer. The Overseas Shareholders and/or overseas Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders and/or overseas Optionholders who wish to accept the Share Offer and/or the Option Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Share Offer and/or the Option Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions). As at the date of this joint announcement, there was one Shareholder with his/her/its registered address in each of Australia, New Zealand and the PRC respectively as appeared on the register of members of the Company, while there were two, two and 16 Shareholders with their registered addresses in Macau Special Administrative Region of the PRC, Taiwan and Singapore respectively as appeared on the register of members of the Company.

Stamp Duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, which will be deducted from the cash amount payable by the Offeror to such Independent Shareholder on

acceptance of the Share Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty would be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptance of the Option Offer.

Other Arrangements

The Offeror confirms that, save as disclosed in this joint announcement, as at the date hereof:

- (i) the Offeror, its ultimate beneficial owners, and/or parties acting in concert with any of them have not received any irrevocable commitment to accept the Offers;
- (ii) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror, its ultimate beneficial owners and/or any person acting in concert with any of them;
- (iii) save for the Sale Shares, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which may be material to the Offers (as referred to in note 8 to Rule 22 of the Takeovers Code);
- (iv) save for the Share Purchase Agreement, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers; and
- (v) there is no relevant security (as defined in note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or any person acting in concert with any of them has borrowed or lent.

Save for the Share Purchase Agreement, neither the Offeror, its ultimate beneficial owner or parties acting in concert with any of them has dealt with any Shares or relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) of the Company during the six-month period immediately prior to the date of the Announcement up to the date of this joint announcement.

INFORMATION ON THE COMPANY

The Company, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange, is an investment holding company. Its subsidiaries are principally engaged in the sale of vessels, marine engineering, construction and structural steel engineering and related services.

Shareholding structure of the Company

The following table sets out the shareholding structure of the Company (i) immediately prior to the Share Sale Completion; (ii) as at the date of this joint announcement and immediately after the Share Sale Completion (assuming no outstanding Share Options have been exercised and no other changes in the issued share capital and shareholding in the Company from the date of this joint announcement up to the date immediately prior to the commencement of the Offers) but before the commencement of the Offers; and (iii) immediately after the Share Sale Completion on a fully-diluted basis (assuming all outstanding Share Options have been exercised but no other changes in the issued share capital and shareholding in the Company from the date of this joint announcement up to the date immediately prior to the commencement of the Offers) but before the commencement of the Offers:

	Immediately prior to the Share Sale Completion		As at the date of this joint announcement and immediately after the Share Sale Completion (assuming no outstanding Share Options have been exercised and no other changes in the issued share capital and shareholding in the Company from the date of this joint announcement up to the date immediately prior to the commencement of the Offers) but before the commencement of the Offers		Immediately after the Share Sale Completion on a fully-diluted basis (assuming all outstanding Share Options have been exercised but no other changes in the issued share capital and shareholding in the Company from the date of this joint announcement up to the date immediately prior to the commencement of the Offers) but before the commencement of the Offers	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
The Offeror and its concert parties	-	-	194,033,408	69.73	194,033,408	68.32
Harbour Front ⁽¹⁾	184,560,672	66.33	-	-	-	-
Harbour Front Concert Parties ⁽²⁾	9,472,736	3.40	-	-	5,751,154	2.02
Other Shareholders	84,218,000	30.27	84,218,000	30.27	84,238,000	29.66
Total	278,251,408	100.00	278,251,408	100.00	284,022,562	100.00

Notes:

1. Harbour Front is the trustee of a unit trust. All the units in the unit trust are held by Infiniti Trust (Asia) Limited, the trustee of a discretionary trust, the beneficiaries of which are Mrs. Leung and her children, namely Ms. Gillian Leung, Mr. Jerry Leung and Mr. Leung Kai Hong, Kaiser. Mr. YT Leung is the founder of the discretionary trust.
2. Immediately prior to the Share Sale Completion, (i) 3,200 Shares were held by Y. T. Leung Trading, which was beneficially owned by Ms. Gillian Leung and Mr. Jerry Leung; (ii) 1,370 Shares were held by Vital Strategic, which was beneficially owned by Harbour Front, Mrs. Leung, Ms. Gillian Leung, Mr. Jerry Leung and Mr. Leung Kai Hong, Kaiser as to 18%, 20%, 22%, 20% and 20%, respectively; (iii) 8,413,608 Shares were held by Mr. YT Leung, spouse of Mrs. Leung; whereas 21,333 Shares were held by Mrs. Leung, spouse of Mr. YT Leung; (iv) 593,045 Shares were held by Ms. Gillian Leung; and (v) 440,180 Shares were held by Mr. Jerry Leung.

As at the date of this joint announcement, the Company had granted (i) 2,751,154 share options of the Company to Mr. YT Leung; (ii) 1,000,000 share options of the Company to Mrs. Leung; (iii) 1,000,000 share options of the Company to Ms. Gillian Leung; and (iv) 1,000,000 share options of the Company to Mr. Jerry Leung.

INFORMATION ON THE OFFEROR

Information of the Offeror

The Offeror is an investment holding company incorporated in the BVI with limited liability. As at the date of this joint announcement, the Offeror was wholly-owned by Da Tang Xi Shi International Group Limited 大唐西市國際集團有限公司. Da Tang Xi Shi International Group Limited 大唐西市國際集團有限公司 was wholly owned by 大唐西市文化產業投資集團有限公司 (Da Tang Xi Shi Investments Group Limited*), of which was owned as to approximately 50.60% by Mr. Lu Jianzhong, as to approximately 13.80% by Mr. Liang Lei* (梁雷), as to approximately 13.80% by Mr. Yang Xingwen* (楊興文), as to approximately 13.80% by Mr. Yu Baoan* (于寶安) and as to approximately 8.00% by 寧波歐盈宏創投資合夥企業(Ningbo Ouying Hongchuang Investment Partnership*) respectively, as at the date of this joint announcement.

As at the date of this joint announcement, Mr. Lu Jianzhong and Mr. Wong Kwok Tung Gordon Allan are the directors of the Offeror.

Biography of the director of the Offeror

The Offeror currently has two directors, namely, Mr. Lu Jianzhong and Mr. Wong Kwok Tung Gordon Allan.

SOURCES OF FUND

The Offeror group (i.e. the Offeror's parent company and its affiliated companies) will finance the Offers for the Offeror by a loan facility provided by China Galaxy to meet its payment obligations for the acceptances under the Offers. Kim Eng and China Galaxy, the joint financial advisers to the Offeror in respect of the Offers, are both satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for full acceptance of the Offers.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

Immediately after the Share Sale Completion, the Offeror has become the Controlling Shareholder of the Company.

The Offeror intends to continue the existing principal business of the Group, which comprises of (i) the provision of marine engineering; (ii) the construction and structural steel engineering and related services; and (iii) trading of vessels. As at the date of this joint announcement, the Offeror has no plan to inject any assets or businesses into the Group or to procure the Group to acquire or dispose of any assets.

The Offeror will, following the completion of the Offers, conduct a review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group. Subject to the result of the review and should suitable investment or business opportunities arise, the Offeror may diversify the business of the Group with the objective of broadening its sources of income. However, as of the date of this joint announcement, no such investment or business opportunities have been identified nor has the Offeror entered into any agreement, arrangements, understandings,

intention or negotiation in relation to the injection of any assets or business into the Group.

Save for the proposed change of composition of the Board as described below, the Offeror has no intention to terminate any employment of the employees of the Group or to make significant changes to any employment or to dispose of or re-allocate the Group's assets which are not in the ordinary and usual course of business of the Group.

Proposed change to the Board composition of the Company

The Board is currently made up of seven Directors, comprising four executive Directors, namely Mr. YT Leung, Mrs. Leung, Ms. Gillian Leung and Mr. Jerry Leung; and three independent non-executive Directors, namely Mr. Pao Ping Wing, *JP*, Professor Yuen Ming Fai, Matthew, *Ph.D.* and Ms. Tse Mei Ha. Immediately after the Share Sale Completion, each of the executive Directors may resign as Director with effect from the earliest time permitted under (or pursuant to any dispensation from) the Takeovers Code or by the SFC. Such resignation will not take effect earlier than the date of the close of the Offer Period.

The Offeror intends to nominate new Directors to the Board with effect from a date no earlier than the date of the Composite Document or at a date as permitted under the Takeovers Code.

Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made as and when appropriate.

Maintaining the listing status of the Company

The Offeror has no intention to privatise the Group and intends to maintain the listing of the Shares on the Stock Exchange. The Offeror will undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the entire issued share capital of the Company will continue to be held by the public at all times.

The Stock Exchange has indicated that if, upon closing of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealing in the Shares.

GENERAL

Independent Board Committee

Under Rule 2.1 of the Takeovers Code, a board which receives an offer or which is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance. The Independent Board Committee, comprising all the independent non-executive Directors, (namely Mr. Pao Ping Wing, *JP*, Professor Yuen Ming Fai, Matthew, *Ph.D.* and Ms. Tse Mei

Ha) has been formed to advise the Independent Shareholders and the Optionholders in respect of the Offers. Hercules has been appointed as the Independent Financial Adviser to advise the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers. The appointment of Hercules as the Independent Financial Adviser has been approved by the Independent Board Committee. The advice of Hercules and the recommendation of the Independent Board Committee in respect of the Offers, in particular, as to whether the Offers are, or are not, fair and reasonable and as to each of its acceptance, will be included in the composite offer document to be despatched.

Composite Document

It is the intention of the Offeror and the Board to combine the offer document and the offeree board circular into a Composite Document.

Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document containing, among other matters, terms of the Offers should normally be despatched to the Shareholders and the Optionholders within 21 days of the date of this joint announcement or such later date as the Executive may approve. It is expected that the Composite Document will be despatched on or before 20 July 2015. Further announcement will be made when the Composite Document together with the relevant forms of acceptance and transfer are despatched.

Disclosure of Dealings

All associates (including a person who owns or controls 5% or more of any class of relevant securities) of the Offeror and the Company are reminded to disclose their dealings in any relevant securities of the Company in accordance with Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 19 June 2015 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 30 June 2015.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associates”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“China Galaxy”	China Galaxy International Securities (Hong Kong) Company Limited, a licensed corporation holding a licence under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities and one of the joint financial advisers to the Offeror in respect of the Offers
“Company”	UDL Holdings Limited (太元集團有限公司), a company incorporated under the laws of Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 620)
“Composite Document”	the composite offer and response document in respect of the Offers to be jointly despatched by the Offeror and the Company in accordance with the Takeovers Code containing, amongst other things, the detailed terms of the Offers
“Consideration”	consideration payable by the Offeror as purchaser for the sale and purchase of the Sale Shares under the Share Purchase Agreement, being HK\$452,097,840.64
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company from time to time
“Executive”	the Executive Director of the Corporate Finance Division

	of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“Harbour Front”	Harbour Front Limited, a company incorporated in the BVI with limited liability and a trustee of a unit trust, whereby, as at the this joint announcement, all units in the unit trust were held by Infiniti Trust (Asia) Limited, the trustee of a discretionary trust, the beneficiaries of which were Mrs. Leung and her children, namely Ms. Gillian Leung, Mr. Jerry Leung and Mr. Leung Kai Hong, Kaiser. Mr. YT Leung is the founder of the discretionary trust. Immediately prior to the Share Sale Completion, Harbour Front held 184,560,672 Shares
“Harbour Front Concert Parties”	collectively, Y. T. Leung Trading, Vital Strategic, Mr. YT Leung, Mrs. Leung, Ms. Gillian Leung and Mr. Jerry Leung
“Hercules” or “Independent Financial Adviser”	Hercules Capital Limited, a licensed corporation under the SFO permitted to carry out Type 6 (advising on corporate finance) regulated activities for the purposes of the SFO, and which is the independent financial adviser to the Independent Board Committee on the terms of the Offers
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board, comprising all the independent non-executive Directors (namely Mr. Pao Ping Wing, <i>JP</i> , Professor Yuen Ming Fai, Matthew, <i>Ph.D.</i> and Ms. Tse Mei Ha), formed to advise the Independent Shareholders in respect of the Offers
“Independent Shareholder(s)”	holder(s) of the Shares, other than the Offeror and parties acting in concert with it
“Kim Eng”	Kim Eng Securities (Hong Kong) Limited, a licensed corporation holding a licence under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities and one of the joint financial advisers to the Offeror in respect of the Offers
“Last Trading Day”	18 June 2015, the last trading date before the trading in the Shares on the Stock Exchange was halted
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is

	independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Mr. Jerry Leung”	Mr. Leung Chi Hong, Jerry who owned 440,180 Shares immediately prior to the Share Sale Completion
“Mr. YT Leung”	Mr. Leung Yat Tung who owned 8,413,608 Shares immediately prior to the Share Sale Completion
“Mrs. Leung”	Mrs. Leung Yu Oi Ling, Irene who owned 21,333 Shares immediately prior to the Share Sale Completion
“Ms. Gillian Leung”	Ms. Leung Chi Yin, Gillian who owned 593,045 Shares immediately prior to the Share Sale Completion
“Offers”	the Share Offer and Option Offer
“Offer Period”	has the meaning ascribed thereto in the Takeovers Code
“Offer Share(s)”	Shares that are subject to the Share Offer and “Offer Share” means any of them
“Offeror”	Da Tang Xi Shi International Holdings Limited, a company incorporated in the BVI with limited liability and the purchaser of the Sale Shares under the Share Purchase Agreement
“Optionholder(s)”	holder(s) of the Share Options
“Option Offer”	the mandatory unconditional cash offers to be made by Kim Eng and China Galaxy on behalf of the Offeror for the cancellation of all outstanding Share Options in accordance with the Takeovers Code
“Option Offer Price(s)”	the respective offer price(s) for cancellation of each outstanding Share Option as stated under the sub-paragraph headed “The Option Offer” in the paragraph headed “Mandatory Unconditional Cash Offers” in this joint announcement
“Option Share(s)”	5,771,154 new Shares to be issued upon exercise of outstanding Share Options
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as stated in the register of members of the Company is or are outside Hong Kong
“Partial Payment”	the partial payment of HK\$30,000,000 made to Harbour Front on 20 May 2015
“PRC”	the People’s Republic of China and for the purpose of this joint announcement, excludes Hong Kong, the Macau

Special Administrative Region of the PRC and Taiwan

“Sale Shares”	194,033,408 Shares legally and beneficially owned by the Vendors (as to (i) 184,560,672 Shares by Harbour Front; and (ii) 9,472,736 Shares by Harbour Front Concert Parties) immediately prior to the Share Sale Completion, representing approximately 69.73% of the entire issued share capital of the Company as at the date of this joint announcement, each a “Sale Share”
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of nominal value of HK\$0.50 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Offer”	the mandatory unconditional cash offers to be made by Kim Eng and China Galaxy on behalf of the Offeror, to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and in accordance with the Takeovers Code
“Share Option(s)”	option(s) granted under the share option scheme of the Company adopted by the Shareholder(s) on 6 December 2012
“Share Offer Price”	HK\$2.33 per Offer Share
“Share Purchase Agreement”	the conditional share purchase agreement dated 19 June 2015 entered into between the Vendors and the Offeror in relation to the sale and purchase of the Sale Shares
“Share Sale Completion”	the completion of the Share Purchase Agreement pursuant to the terms and conditions contained therein
“Share Sale Completion Date”	the next Business Day following the issuance of the Written Confirmation by Harbour Front, or any other date mutually agreed between the Vendors and the Offeror
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC
“Vendors”	collectively, Harbour Front and Harbour Front Concert Parties

“Vital Strategic”	Vital Strategic Corporate Consultancy Limited, a company incorporated in Hong Kong, which owned 1,370 Shares immediately prior to the Share Sale Completion, was beneficially owned by Harbour Front, Mrs. Leung, Ms. Gillian Leung, Mr. Jerry Leung and Mr. Leung Kai Hong, Kaiser as to 18%, 20%, 22%, 20% and 20%, respectively, as at the date of this joint announcement
“Written Confirmation”	written confirmation dated 26 June 2015 and issued by Harbour Front regarding the receipt of the Consideration less the Partial Payment from the Offeror
“Y. T. Leung Trading”	Y.T. Leung Trading Company Limited, a company incorporated in Hong Kong, which owned 3,200 Shares immediately prior to the Share Sale Completion, and was beneficially owned by Ms. Gillian Leung and Mr. Jerry Leung as at the date of this joint announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
%”	per cent.

By Order of the Board
UDL HOLDINGS LIMITED
Leung Chi Yin Gillian
Executive Director

By Order of the Director of
DA TANG XI SHI INTERNATIONAL
HOLDINGS LIMITED
Lu Jianzhong
Director

Hong Kong, 29 June 2015

As at the date of this joint announcement, the board of directors of the Offeror comprises two directors, namely Mr. Lu Jianzhong and Mr. Wong Kwok Tung Gordon Allan, who jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, the Board comprises four executive Directors, namely Mr. Leung Yat Tung, Mrs. Leung Yu Oi Ling, Irene, Ms. 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, Ph.D. and Ms. Tse Mei Ha. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

**For identification purpose only*