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**DESPATCH OF CIRCULAR RELATING TO
PROPOSED SHARES CONSOLIDATION AND CHANGE IN BOARD LOT SIZE,
PROPOSED CREATION AND ISSUANCE OF PREFERENCE SHARES,
PROPOSED GENERAL MANDATES TO REPURCHASE AND
ISSUE NEW SHARES AND REVISED TIMETABLE**

The Circular and a notice of the SGM will be despatched to the Shareholders on 1 August 2003.

The Directors set out the revised timetable and, subject to the Consolidation becoming effective, the trading arrangement and the facilities for odd lot holders in this announcement.

Unless the context otherwise requires, terms and expressions defined in the announcement of the Company dated 30 June 2003 (the "Announcement") shall have the same meaning when used in this announcement.

DESPATCH OF THE CIRCULAR

Further to the Announcement in relation to (i) the proposed consolidation of every ten Shares of HK\$0.01 each in the capital of the Company into one New Share of HK\$0.10 each; (ii) the proposed creation of a new class of 176 million non-voting convertible Preference Shares in the capital of the Company and increase in authorized share capital; (iii) the granting of an authority to the Directors for the issuance of 90 million Preference Shares; and (iv) the granting of general mandates to the Directors for the issuance and repurchase of New Shares, the Director are pleased to advise that the relevant circular (the "Circular") together with a notice of the SGM will be despatched to the Shareholders on 1 August 2003.

Regarding the terms of the Preference Shares, the Directors, after consulting its Bermuda legal advisers, have decided that the Preference Shares will not have any redemption rights. With this change in the terms of the Preference Shares, an ordinary resolution, rather than a special resolution as stated in the Announcement, will be proposed at the SGM granting an authorisation to the Directors to issue 90 million Preference Shares.

The adjustment bases for the conversion price of the Preference shares are set out in pages 75 to 79 of the Circular.

EXPECTED TIMETABLE

The certificates of the New Shares will be light orange in colour and the expected timetable as stated in the Announcement has been changed as follows:

2003

Latest time for lodging of proxies	2:00 p.m. Wed, 20 Aug
SGM	2:00 p.m. Fri, 22 Aug
Effective date for Consolidation	Mon, 25 Aug
Free exchange of share certificate(s) for Shares for new share certificate(s) for New Shares commences	Mon, 25 Aug
Dealings in New Shares commence	9:30 a.m. Mon, 25 Aug
Existing counter for trading in board lots of 40,000 Shares closes	9:30 a.m. Mon, 25 Aug
Temporary counter for trading in New Shares, in board lots of 4,000 New Shares in the form of existing share certificate(s), which is light blue in colour, for Shares opens	9:30 a.m. Mon, 25 Aug
Counter for trading in New Shares, in board lots of 10,000 New Shares in the form of the new share certificate(s), which is light orange in colour, for the New Shares opens	9:30 a.m. Mon, 8 Sep
Parallel trading commences	9:30 a.m. Mon, 8 Sep
Temporary counter for trading in New Shares, in board lots of 4,000 New Shares in the form of existing share certificate(s), which is light blue in colour, for Shares closes	4:00 p.m. Tue, 30 Sep
Parallel trading ends	4:00 p.m. Tue, 30 Sep
Last day for free exchange of share certificate(s) for Shares for new share certificate(s), which is light orange in colour, for New Shares	Wed, 15 Oct

TRADING ARRANGEMENT

Upon the Consolidation becoming effective, the arrangement for dealings in the New Shares are expected to be as follows:

From 25 August 2003, the existing counter for trading in the existing Shares in board lots of 40,000 shares will be temporarily closed. A temporary counter will be established for trading in the New Shares in board lots of 4,000 New Shares. Existing share certificates for the Shares may only be traded at this temporary counter.

With effect from 8 September 2003, the existing counter for trading in the Shares will be reopened for trading in the New Shares in board lots of 10,000 New Shares in the form of new share certificates.

From 8 September 2003 to 30 September 2003, both days inclusive, there will be parallel trading at the above two counters.

The temporary counter for trading in the New Shares in board lots of 4,000 New Shares will be removed after the close of trading on 30 September 2003. Thereafter, trading will be in New Shares in board lots of 10,000 New Shares only and the existing share certificates for Shares will not be acceptable for dealing purposes. However, such share certificates will remain effective as documents of title and may be exchanged for new share certificates for New Shares free of charge until 15 October 2003 after which payment of a fee of HK\$2.50 or such higher amount as from time to time to be determined for each new share certificate issued will be charged.

FACILITIES FOR ODD LOT HOLDERS

In view of the change in the expected timetable and subject to the Consolidation becoming effective, the period for provision of odd lots trading facilities by Kingston Securities Limited, as an agent, will be from 25 August 2003 to 30 September 2003 (both dates inclusive). **Shareholders should note that successful matching of sale and purchase of odd lots of New Shares is not guaranteed and will depend on the adequacy of the amount of odd lots of New Shares available in market for such matching. Shareholders holding odd lots resulting from the Consolidation are advised to consult their professional advisers in relation to the underlying odd lot arrangement.**

EFFECT OF THE LEGAL PROCEEDINGS CONCERNING DOCKYARD, ONE OF THE SCHEME PARTICIPATING SUBSIDIARIES

Further to the Announcement, the Director would like to advise that **the exact financial effect of the winding up of Dockyard on 9 June 2003 will need to be reflected in the audited financial statement of the Company for the year ending 31 July 2003.** The Directors and the Group's inhouse accountant, after seeking independent professional advice, confirm that deemed disposal would arise upon the date Dockyard is wound up because from that date Dockyard would cease to exist. Up to that date, the Group would have consolidated the results and net assets/liabilities of Dockyard into its group accounts. From the date of winding up, Dockyard's net liabilities would need to be "deconsolidated" from the Group's balance sheet, resulting in net gain to the Group as the Group would not be required to settle these liabilities. No security nor guarantee has been given by the Company or any member of the Group in support of Dockyard's liabilities due to third parties.

For information purposes only, on the assumption that Dockyard had been wound up as at 31 July 2002, the Group will record a proforma audited net loss, after taking the adjustment of deconsolidation of Dockyard into account, of approximately HK\$68.4 million for the year ended 31 July 2002 (compared with the reported audited loss of the Group as at 31 July 2002 is approximately HK\$76.0 million). On the assumption that Dockyard had been wound up as at 31 January 2003, the Group will record a proforma unaudited net gain, after taking the adjustment of deconsolidation of Dockyard into account, of approximately HK\$11 million for the six months ended 31 January 2003 (compared with the unaudited figure as at 31 January 2003 is approximately HK\$3.4 million).

Accordingly, the Company's Hong Kong legal advisers advise that the winding-up of Dockyard does not have any potential adverse legal and financial impact on the Company and the Group.

By Order of the Board
UDL HOLDINGS LIMITED
Leung Yu Oi Ling, Irene
Chairman

Hong Kong, 1 August 2003

“Please also refer to the published version of this announcement in The Standard”.