UDL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2003

The board of directors (the "Directors") of UDL Holdings Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 July 2003 together with the comparative figures for the previous period as follows:

		Group	
		2003	**2002**
	Notes	*HK$'000*	*HK$'000*
TURNOVER	*2*	23,801	31,173
Cost of sales		(35,249)	(38,439)
		(11,448)	(7,266)
Other revenue	*3*	42,156	7,763
Administrative expenses		(17,488)	(22,337)
Other operating expenses	*4*	(17,762)	(42,748)
LOSS FROM OPERATING ACTIVITIES		(4,542)	(64,588)
Finance costs		(13,474)	(13,809)
LOSS BEFORE TAXATION	*5*	(18,016)	(78,397)
Taxation	*6*	(240)	2,424
LOSS ATTRIBUTABLE TO SHAREHOLDERS		(18,256)	(75,973)
LOSS PER SHARE			
– Basic	*7*	(HK$0.02)	(HK$0.13)

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

(i) Adoption of new Statement of Standard Accounting Practices

The Group has adopted the following Statement of Accounting Practice ("SSAPs") and related interpretations issued by the Hong Kong Society of Accountants for the first time in the preparation of financial statements for the current year:

SSAP 1 (Revised)	Presentation of financial statements
SSAP 11 (Revised)	Foreign currency translation
SSAP 15 (Revised)	Cash flow statements
SSAP 34	Employee benefits

The adoption of these SSAPs has resulted in a change in the format of presentation of the consolidated cash flow statement and the consolidated statement of changes in equity, but has not had any significant effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been made.

(ii) Floating craft and vessels stated at valuation

With effect from 31 January 2003, the Directors of the Company have adopted the alternative treatment allowed under SSAP 17 "Property, plant and equipment" which allows the Group to state a class of assets, in this case its floating craft and vessels, at valuation subsequent to its initial recognition at cost.

The Directors have adopted this new policy for its floating craft and vessels because they consider the current policy of stating these assets at cost less accumulated depreciation and impairment losses did not fairly reflect their true value to the Group. The Group's accounting policy for other property, plant and equipment remains unchanged and these continue to be carried at cost less accumulated depreciation and impairment losses.

As from 31 January 2003, floating craft and vessels are initially stated at cost and thereafter at valuation less accumulated depreciation and impairment losses. The cost of a vessel comprises its purchase price and any directly attributable costs of bringing the vessel to the working condition and location for its intended use. Subsequent expenditure relating to these vessels is added to the carrying amount of the assets if it can be demonstrated that such expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Any surplus arising on revaluation of floating craft and vessels is credited to a revaluation reserve. A decrease in net carrying amount arising on revaluation is charged to the income statement to the extent that this exceeds the surplus, if any, held in revaluation reserve relating to the previous revaluation of the same item of assets. A revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.

When a vessel is sold or retired, any gain or loss resulting from its disposal, being the difference between the net disposal proceeds and the carrying amount of the vessel, is included in the income statement. Any revaluation surplus relating to the vessel disposed is transferred directly to retained profits.

As a result of adopting this new accounting policy for floating craft and vessels, the Directors commissioned an independent professional valuer "Win Well Engineering & Surveyors Ltd." to value its floating craft and vessels at 31 January 2003 and 31 May 2003. Arising from these valuations, an amount of HK$19,505,000 has been credited to income for the year under review being the write-back of impairment losses previously recognised on the these assets and the balance of the revaluation surplus amounting to HK$58,617,000 credited to revaluation reserve.

2. TURNOVER

Geographical segments

All of the activities of the Group are based in Hong Kong and all of the Group's turnover and loss before taxation are derived from Hong Kong.

Business segments

No separate analysis of financial information by business segments is presented on the Group's revenue, results, assets and liabilities as all were derived from its principal line of business of marine engineering.

3. INCLUDED IN OTHER REVENUE

	2003	**2002**
	HK$'000	*HK$'000*
Interest income	–	1
Recovery of legal cost	–	4,560
Reversal of Impairment Losses	19,505	–
Gain on deemed disposal of a subsidiary*	17,579	–

* *Universal Dockyard Limited, a 98.75% owned subsidiary of the Company, was wound-up on 9 June 2003. From the date of winding up, Dockyard's net liabilities was "deconsolidated" from the Group's balance sheet, resulting in a gain on deemed disposal of a subsidiary of HK$17.6 million to the Group.*

4. INCLUDED IN OTHER OPERATING EXPENSES

	2003	**2002**
	HK$'000	*HK$'000*
Provision for bad and doubtful debts	17,762	21,946
Provision for impairment in value of vessels	–	25,759
(Reversal)/Provision for claim for repair and maintenance of vessels	–	(4,900)

5. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging:

	2003	**2002**
	HK$'000	*HK$'000*
Depreciation	16,621	14,737
Staff cost (including directors' emoluments)	6,737	7,458

6. TAXATION

	2003	2002
	HK$'000	*HK$'000*
Company and its subsidiaries:		
Hong Kong profits tax		
Under provision in prior years	240	–
Deferred tax		
Company and subsidiaries	–	(2,424)
	240	(2,424)

No Hong Kong profits tax has been provided in the financial statements as the Group did not derive any assessable profit for the year (2002: Nil).

7. LOSS PER SHARE

The calculation of basic loss per share for 2003 is based on the loss attributable to shareholders of HK$18,256,000 (2002: loss of HK$75,973,000) and the adjusted weighted average number of 822,125,572 ordinary shares (2002: 605,534,868 ordinary shares) in issue during the year as adjusted to reflect the rights issue completed during the year.

Diluted earnings per share for the year ended 31 July 2003 has not been shown as there were no dilutive potential ordinary shares.

SUMMARY OF AUDITORS' REPORT

The Company's auditors have issued an unqualified opinion on the financial statements for the year ended 31 July 2003. In forming their opinion, the auditors have considered that appropriate disclosures have been made on the fundamental uncertainties relating to the preparation of the financial statements on a going concern basis which is dependent upon:–

(i) The continued financial support of certain related companies which have refinanced the secured borrowings of the Company's operating subsidiaries that were overdue, into secured long term loans which at 31 July 2003 amounted to HK$115,985,000;

(ii) The ability of one of the related companies which has refinanced approximately HK$62,395,000 of a subsidiary's secured borrowings to meet the repayment schedule agreed with the original secured lender; failing which the original secured lender has recourse to the subsidiary for immediate repayment of the full amount due; and

(iii) The Group's ability to raise additional equity funding from the Company's existing and/or new shareholders to overcome any short term financing difficulties and possible negative cash flows arising from the Group's business and the adverse effects on cash flow of any repayments due under the Shortfall Undertaking arising from the Scheme of Arrangement entered into by the Company in April 2000.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 July 2003, turnover of the Group amounted to approximately HK$23.8 million, as compared to 31.2 million for the corresponding period in 2002. The decrease in turnover was due to the continuous sluggish economy in Hong Kong and in the region and the negative public sentiment towards reclamation projects over environmental issue.

Net loss for the year ended 31 July 2003 for the Group has narrowed to approximately HK$18.2 million as compared to HK$76 million for the corresponding period in 2002. The Group's deficiency of capital and its net current liabilities were reduced to approximately HK$3.9 million and HK$22.4 million respectively as comparing to HK$52 million and HK$128.5 million respectively at 31 July 2002.

The Group continues to operate under a high gearing level. However, the Group's current ratio (current assets to current liabilities) as of 31 July 2003 was 55% as compared to 22% for the corresponding period in 2002. The improvement in liquidity was the result of the Group successful renegotiations with its lender to restructure its secured loans that were overdue into secured long-term loan during the period under review.

OPERATING REVIEW

For the year ended 31 July 2003, the Group continues to focus on its principal business of marine engineering projects, which contributed mainly to the Group's turnover. Although market condition in Hong Kong and the Southeast Asia Region remains sluggish, the PRC market appears to be very vibrant as the Group has allocated additional resources in pursuing engineering projects in this market.

During the year under review, the Group has participated in a marine engineering related business, e.g. steel works, which has contributed to the Group's turnover. Additionally, certain vessels of the Group were disposed off during the year in which the proceeds were used to reduce the Group's overall indebtedness.

In November 2002, the Company had conducted a fund raising exercise by way of Rights Issue, which netted HK$6.6 million for general working capital requirement. In 22 August 2003, the Company Shareholders at the SGM passed a resolution to create and issue preference shares to further raise fund for the Group. The implementation of the resolution however is being withheld until a certain proceeding against the Company is resolved. For details please refer to previous circular and the SGM result announcement on the subject. Despite the temporary setback, the Group is committed and will continue to explore other possible alternatives to reduce its debt level, and to enhance its asset base and earning capacity.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 July 2003, the Group had in aggregate secured borrowings approximately HK$116 million. Details of the Group's indebtness and obligation are set out in notes of the financial statement to be published in due course on the website of The Stock Exchange of Hong Kong. Several events occurred during the year under review, which has enhanced the Group liquidity position.

1. The Group's outstanding secured loans approximately HK$116 million been refinanced by related companies and thus alleviated foreclosure pressure from such liabilities.

2. The Group was successful in completing a rights issue in November 2002 that has netted the company HK$6.6 millions that was used as working capital for the Group.

3. Several vessels were disposed off during the year in which the proceeds from the disposal was used to reduce the Group's overall obligations.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend in respect of the year ended 31 July 2003 (2002: Nil).

PUBLICATION OF ANNUAL REPORT ON STOCK EXCHANGE WEBSITE

The detailed results containing all the information required by paragraph 45(1) to 45(3) of Appendix 16 to the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

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

Hong Kong, 27 November 2003

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