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**UDL HOLDINGS LIMITED**

(incorporated in Bermuda with limited liability)  
(Stock Code: 620)

**HARBOUR FRONT LIMITED**

(incorporated in the British Virgin Islands with limited liability)

**Despatch of composite document in relation to the  
mandatory conditional cash offers by**



on behalf of

**Harbour Front Limited**

**to acquire all the issued shares and to cancel all the outstanding options of**

**UDL Holdings Limited**

**(other than those shares and options already owned by Harbour Front Limited and parties acting in concert with it)**

**Financial Adviser to Harbour Front Limited**



**AMS Corporate Finance Limited**

**Independent Financial Adviser to the Independent Board Committee of  
UDL Holdings Limited**

***Hercules***

**Hercules Capital Limited**

**and**

**clarification of certain financial information**

The composite offer and response document regarding the Offers will be despatched to the Independent Shareholders and the Optionholders on 12 October 2005.

Subsequent to the announcement dated 5 October 2005 regarding the final results of the Group for the year ended 31 July 2005, the Auditors have made an audit reclassification in the Group's income statement. The Directors wish to clarify that, as confirmed by the Auditors, the audit reclassification did not affect the 2005 Final Results and is merely a reclassification of the staff cost within the income statement of the Group.

## INTRODUCTION

Reference is made to the joint announcement made by UDL Holdings Limited (“**Company**”) and Harbour Front Limited (“**Harbour Front**”) dated 7 September 2005 in relation to, among other matters, the conditional mandatory general offers to be made by Access Capital Limited on behalf of Harbour Front to acquire all the issued shares of the Company and to cancel all outstanding options issued by the Company (other than those already owned by Harbour Front and parties acting in concert with it) (“**Joint Announcement**”) and the announcement dated 27 September 2005 on the postponement of the despatch of the combined offer and response document regarding the Offers (“**Composite Document**”). Terms not defined and used in this announcement have the meanings attached to them in the Joint Announcement.

## DESPATCH OF THE COMPOSITE DOCUMENT

The Composite Document containing, among other matters, terms and details of the Offers, a letter of advice from Hercules Capital Limited as independent financial adviser to the independent committee of the Board (“**Independent Board Committee**”) comprising the three independent non-executive directors of the Company, namely, Mr. Pao Ping Wing, JP, Professor Yuen Ming Fai, Matthew and Ms. Tse Mei Ha, a letter containing the recommendation of the Independent Board Committee to the Independent Shareholders and the Optionholders in respect of the Offers, together with the forms of acceptance and transfer for the Share Offer or, as the case may be, the forms of acceptance and cancellation for the Option Offer will be despatched to the Independent Shareholders and the Optionholders, respectively, on Wednesday, 12 October 2005.

The Offers will commence on Wednesday, 12 October 2005 and the latest time for acceptance is 4:00 p.m. on Wednesday, 2 November 2005 and the Offers will close on such date unless Harbour Front extends the period of the Offers in accordance with the relevant provisions of the Takeovers Code.

The latest time and date for acceptance of the Offers, unless otherwise revised or extended, will be at 4:00 p.m. on Wednesday, 2 November 2005. An announcement will be posted on the Stock Exchange website by 7:00 p.m. on the first closing date of the Offers stating the results of the Offers and whether the Offers have been revised, extended or have expired.

The Offers will be conditional upon Harbour Front having received acceptances of the Offers which, together with the Shares already owned by the Harbour Front Concert Group before or during the offer period of the Offers, will result in the Harbour Front Concert Group holding more than 50% of the voting rights of the Company. If Harbour Front does not receive acceptances of the Offers which, together with the Shares already owned by the Harbour Front Concert Group before or during the offer period of the Offers, will result in the Harbour Front Concert Group holding more than 50% of the

voting rights of the Company, the Offers cannot become unconditional and will lapse.

The Independent Shareholders and the Optionholders are strongly advised to read the Composite Document, in particular, the letter containing the recommendation from the Independent Board Committee and the letter of advice from Hercules Capital Limited to the Independent Board Committee contained therein before deciding whether or not to accept the Offers.

## CLARIFICATION OF FINANCIAL INFORMATION

Reference is made to the announcement dated 5 October 2005 regarding the final results of the Group for the year ended 31 July 2005 (“**2005 Final Results**”). Subsequent to such announcement, the auditors of the Company, namely CCIF CPA Limited (“**Auditors**”), have made an audit reclassification in the Group’s income statement. The audited consolidated income statement of the Group for the year ended 31 July 2005 together with the comparative figures for the corresponding period of last year after the audit reclassification is as follows (reclassified figures are shown in bold and italic type):

## CONSOLIDATED INCOME STATEMENT

*For the year ended 31 July 2005*

	Amended <b>2005</b> <i>HK\$'000</i>	Amended <b>2004</b> <i>HK\$'000</i>	Announced <b>2005</b> <i>HK\$'000</i>	Announced <b>2004</b> <i>HK\$'000</i>
<b>Turnover</b>	11,093	19,552	11,093	19,552
Other revenue	6,574	21,492	6,574	21,492
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	17,667	41,044	17,667	41,044
Staff costs	<b><i>(5,564)</i></b>	<b><i>(5,848)</i></b>	<b><i>(6,653)</i></b>	<b><i>(8,426)</i></b>
Marine engineering and structural steel engineering costs	(3,655)	<b><i>(14,584)</i></b>	(3,655)	(14,436)
Depreciation and amortisation	(19,421)	(20,332)	(19,421)	(20,332)
Other operating expenses	<b><i>(7,778)</i></b>	<b><i>(7,400)</i></b>	<b><i>(6,689)</i></b>	<b><i>(4,970)</i></b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Loss from operating activities</b>	(18,751)	(7,120)	(18,751)	(7,120)
Finance costs	(8,999)	(9,359)	(8,999)	(9,359)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Loss before taxation</b>	(27,750)	(16,479)	(27,750)	(16,479)
Taxation	279	(55)	279	(55)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Loss attributable to shareholders</b>	<b><i>(27,471)</i></b>	<b><i>(16,534)</i></b>	<b><i>(27,471)</i></b>	<b><i>(16,534)</i></b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Loss per share – Basic</b>	<b><i>HK\$0.03</i></b>	<b><i>HK\$0.02</i></b>	<b><i>HK\$0.03</i></b>	<b><i>HK\$0.02</i></b>
	<hr/>	<hr/>	<hr/>	<hr/>

## NOTES – LOSS FROM OPERATING ACTIVITIES

	Amended 2005 <i>HK\$'000</i>	Amended 2004 <i>HK\$'000</i>	Announced 2005 <i>HK\$'000</i>	Announced 2004 <i>HK\$'000</i>
<b>(a) The Group's loss from operating activities is arrived at after charging/ (crediting):</b>				
Auditors' remuneration				
– Audit fee for the year	480	555	480	555
– Over-provision in prior year	–	–	<b>(1)</b>	–
Amortisation of land use right	57	57	57	57
Contribution to defined contribution scheme	–	–	<b>170</b>	<b>185</b>
Depreciation	19,364	20,275	19,364	20,275
Operating lease rentals in respect of:				
Land and buildings	1,287	1,130	1,287	1,130
Staff costs (including directors' emoluments)			<b>6,653</b>	<b>8,426</b>
– salaries, wages and other benefits	<b>5,394</b>	<b>5,663</b>	–	–
– contributions to defined contribution scheme	<b>170</b>	<b>185</b>	–	–
	<b>—————</b>	<b>—————</b>	<b>—————</b>	<b>—————</b>
<b>(b) Included in other revenue:</b>				
Foreign exchange gain, net	2,796	1,990	2,796	1,990
Handling fee income	927	23	927	23
Reversal of provision for accrued interest	452	–	452	–
Reversal of provision for annual leave	95	–	95	–
Project management income	–	2,019	–	2,019
Provision for doubtful debts written back				
– related companies	–	75	–	75
Gain on disposal of property, plant and equipment	160	16,978	160	16,978
Others	<b>2,144</b>	<b>407</b>	–	–
	<b>—————</b>	<b>—————</b>	<b>—————</b>	<b>—————</b>

(c) **Included in other operating expenses:**

Provision for bad and doubtful debts	1,196	536	1,196	536
Provision for impairment loss on property, Plant and equipment	932	–	932	–
	<b>—————</b>	<b>—————</b>	<b>—————</b>	<b>—————</b>

The Directors wish to clarify that, as confirmed by the Auditors, the above audit reclassification did not affect the 2005 Final Results and is merely a reclassification of the staff cost within the income statement of the Group.

Such reclassification has been reflected in the audited financial statements of the Group for the year ended 31 July 2005 contained in the 2005 annual report of the Company, which has also been reproduced in the Composite Document.

By Order of the Board  
**UDL Holdings Limited**  
**Lee Ka Lun, Stephen**  
*Director*

By Order of the Board  
**Harbour Front Limited**  
**Leung Yu Oi Ling, Irene**  
*Director*

Hong Kong, 10 October 2005

*As at the date of this announcement, the Board comprises three executive Directors namely Mrs. Leung Yu Oi Ling, Irene, Ms. Leung Chi Yin, Gillian, Mr. Lee Ka Lun, Stephen and three independent non-executive Directors, namely Mr. Pao Ping Wing, JP, Professor Yuen Ming Fai, Matthew and Ms. Tse Mei Ha.*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

*The directors of Harbour Front jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that in relation to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than those in relation to the Group) the omission of which would make any statement in this announcement misleading.*

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