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UDL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 620)

CLARIFICATION ANNOUNCEMENT: DECREASE IN SHARE PRICE

This statement is made at the request of the Stock Exchange.

The board of directors ("**Board**") of UDL Holdings Limited ("**Company**") noted the decrease in price of the shares of the Company today and wishes to state that the Board is not aware of any reasons for such decrease. However, the Board wishes to put the shareholders of the Company and the public on notice that:

- as stated in the joint announcement made by the Company and Harbour Front Limited dated 7 September 2005 and the composite offer document issued jointly by the Company and Harbour Front Limited on 12 October 2005 (together, the "**Joint Publications**"), the Company is contemplating the implementation of a rights issue or other equity financing ("**Possible Equity Issue**") in order to fund its future operations;
- as also stated in the Joint Publications, the Company has preliminarily agreed with the Scheme Administrator/Trustee on the settlement of the Shortfall Undertaking (as defined in the Joint Publications) for HK\$30 million in convertible notes issued by the Company ("**CN Issue**"); and
- the Company is in the process of negotiation with certain connected persons (within the meaning of Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**")) as regards certain transactions which are subject to reporting, announcement and shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules (collectively, "**Possible Notifiable Transactions**").

Save for the memorandum of understanding dated 12 August 2005 made between the Company, the Scheme Administrator/Trustee and Harbour Front Limited in connection with the CN Issue which is not legally binding, the parties to the above transactions have not reached any definitive agreement in relation to any of the Possible Equity Issue, the CN Issue and the Possible Notifiable Transactions and the negotiations in respect of each such possible transaction are on-going.

The Company will make further announcement(s) when the above transactions (or any of them) materialise and/or if the Company enters into definitive agreement(s) in relation to any of the above transactions.

Shareholders and potential investors in the Company are advised to exercise caution when dealing in shares of the Company.

Save as disclosed above, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Made by the order of the Board of the Company, the members of which individually and jointly accept responsibility for the accuracy of this statement.

As at the date of this statement, the directors of the Company are as follows:

Executive directors: Mrs. Leung Yu Oi Ling, Irene, Ms. Leung Chi Yin, Gillian, Mr. Lee Ka Lun, Stephen

Independent non-executive directors: Mr. Pao Ping Wing, JP, Professor Yuen Ming Fai, Matthew and Ms. Tse Mei Ha

By order of the board of the directors of
UDL Holdings Limited
Lee Ka Lun, Stephen
Director

Hong Kong, 6 December 2005

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