



UDL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 620)

FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2007

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 2007 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 July 2007

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Turnover	3	38,141	22,113
Other revenue and income	4	1,191	1,195
Staff costs		(3,553)	(4,148)
Marine engineering and structural steel engineering costs and cost of vessels		(24,198)	(13,550)
Depreciation and amortisation		(1,686)	(756)
Other operating expenses		(10,501)	(6,702)
Loss from operations		(606)	(1,848)
Finance costs	5	(3,586)	(2,584)
Share of losses of associates		(99)	(65)
Gain on disposal of subsidiaries		–	38,130
Restructuring expenses		–	(4,013)
(Loss)/profit before taxation	7	(4,291)	29,620
Taxation	8	(50)	98
(Loss)/profit attributable to equity holders of the Company		(4,341)	29,718
(Loss)/earnings per share – basic and diluted	9	(0.10 cents)	1.16 cents

(Restated)

CONSOLIDATED BALANCE SHEET

As at 31 July 2007

	Note	2007 HK\$'000	2006 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		31,468	28,392
Prepaid lease payments		879	888
Investments in associates		10	86
		32,357	29,366
Current assets			
Inventories		31,500	34,908
Prepaid lease payments		62	58
Trade and other receivables	10	8,590	13,251
Amounts due from related companies		13,502	15,281
Cash and cash equivalents		83,606	1,038
		137,260	64,536
Current liabilities			
Other loans from a related company		3,832	5,633
Trade and other payables	11	11,167	13,321
Promissory notes		–	7,500
Amount due to ultimate holding company		102	25,692
Amounts due to related companies		3,486	6,241
Amounts due to directors		964	920
Provision for taxation		57	84
		19,608	59,391
Net current assets		117,652	5,145
Total assets less current liabilities		150,009	34,511
Non-current liabilities			
Promissory notes		–	22,500
NET ASSETS		150,009	12,011
CAPITAL AND RESERVES			
Share capital		50,450	33,634
Reserves		99,559	(21,623)
TOTAL EQUITY		150,009	12,011

Notes:

1. Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which also include Hong Kong Accounting Standards (“HKASs”) and interpretations, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of floating crafts and vessels and leasehold buildings.

The HKICPA has issued certain new and revised HKFRSs that are first effective for the current accounting period of the Group. The adoption of these new HKFRSs, to the extent that they are relevant to the Group, did not have significant effect on the Group’s results of operations and financial position for the current or prior accounting periods presented in these financial statements.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in these financial statements.

2. Application of new and revised Hong Kong Financial Reporting Standards

The Group has not early adopted the following new or revised standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKAS 23 (Revised)	Borrowing Costs ²
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment ³
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions ⁴
HK(IFRIC) – Int 12	Service Concession Arrangements ⁵
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁶
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ⁵

¹ Effective for annual periods beginning on or after 1 January 2007

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 November 2006

⁴ Effective for annual periods beginning on or after 1 March 2007

⁵ Effective for annual periods beginning on or after 1 January 2008

⁶ Effective for annual periods beginning on or after 1 July 2008

3. TURNOVER

The Group's turnover represents revenue derived from the sales of vessels, marine engineering and structural steel engineering operations which comprise engineering contract income and related services. Revenue recognised during the year is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Sales of vessels	13,980	9,624
Marine engineering income	19,410	8,894
Structural steel engineering income	4,751	3,595
	<u>38,141</u>	<u>22,113</u>

4. OTHER REVENUE AND INCOME

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Net exchange gain	40	141
Negative goodwill	–	684
Interest income	174	18
Reversal of provision for annual leave	–	60
Reversal of impairment on doubtful debts	–	278
Reversal of impairment on leasehold buildings	631	–
Reversal of overprovision of expenses	215	–
Management fee from an associate	68	–
Others	63	14
	<u>1,191</u>	<u>1,195</u>

5. FINANCE COSTS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interest paid on other loans from a related company	455	741
Interest paid on promissory notes	194	–
Interest paid to ultimate holding company	2,937	1,843
	<u>3,586</u>	<u>2,584</u>

6. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

In determining the Group's geographical segments, segment revenue is based on the geographical location of the customers. Segment assets and capital expenditure are based on the geographical location of the assets.

(a) Business segments

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments.

The following table presents revenue, results and expenditure for the Group's business segments for the two years ended 31 July 2007 and 2006:

	Marine engineering		Structural steel engineering		Sales of vessels		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	<u>19,410</u>	<u>8,894</u>	<u>4,751</u>	<u>3,595</u>	<u>13,980</u>	<u>9,624</u>	<u>38,141</u>	<u>22,113</u>
Segment results	<u>8,619</u>	<u>5,173</u>	<u>4,442</u>	<u>3,368</u>	<u>882</u>	<u>22</u>	<u>13,943</u>	<u>8,563</u>
Unallocated other revenue and income							<u>1,191</u>	<u>1,195</u>
Unallocated expenses							<u>(15,740)</u>	<u>(11,606)</u>
Loss from operations							<u>(606)</u>	<u>(1,848)</u>
Finance costs							<u>(3,586)</u>	<u>(2,584)</u>
Share of losses of associates							<u>(99)</u>	<u>(65)</u>
Gain on disposal of subsidiaries							<u>-</u>	<u>38,130</u>
Restructuring expenses							<u>-</u>	<u>(4,013)</u>
(Loss)/profit before taxation							<u>(4,291)</u>	<u>29,620</u>
Taxation							<u>(50)</u>	<u>98</u>
(Loss)/profit after taxation							<u>(4,341)</u>	<u>29,718</u>

6. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

The following table presents assets, liabilities and expenditure for the Group's business segments for the two years ended 31 July 2007 and 2006:

	Marine engineering		Structural steel engineering		Sales of vessels		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS								
Segment assets	52,594	45,585	2,748	2,772	44,014	43,326	99,356	91,683
Unallocated assets							70,261	2,219
Total consolidated assets							169,617	93,902
LIABILITIES								
Segment liabilities	9,078	33,835	1,176	3,748	1,069	830	11,323	38,413
Unallocated liabilities							8,285	43,478
Total consolidated liabilities							19,608	81,891
OTHER INFORMATION								
Capital expenditure incurred during the year	998	20,894	80	-	-	5,447	1,078	26,341
Depreciation and amortisation	1,045	529	-	-	641	227	1,686	756
Provision on stock obsolescence	-	-	-	-	200	-	200	-
Impairment on property, plant and equipment	-	631	-	-	-	-	-	631
Reversal of impairment on doubtful debts	-	278	-	-	-	-	-	278
Reversal of impairment on property, plant and equipment	631	-	-	-	-	-	631	-
Impairment on doubtful debts	-	125	1,195	-	-	-	1,195	125

6. SEGMENT INFORMATION (Continued)

(b) Geographical segments

The following table presents revenue, results and certain assets and expenditure for the Group's geographical segments for the two years ended 31 July 2007 and 2006:

	Hong Kong		Singapore		PRC		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Segment revenue:								
Sales to external customers	20,235	17,114	17,906	4,999	-	-	38,141	22,113
Gain on disposal of subsidiaries	-	38,130	-	-	-	-	-	38,130
Other income	1,118	910	73	285	-	-	1,191	1,195
							<u>39,332</u>	<u>61,438</u>
Segment assets	128,856	61,950	34,208	28,098	6,553	3,854	169,617	93,902
Capital expenditure incurred during the year	95	5,455	983	20,886	-	-	1,078	26,341

7. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging:

	2007 HK\$'000	2006 HK\$'000
Auditors' remuneration	652	580
Depreciation	1,626	698
Operating lease charges in respect of :		
– land and buildings	4,166	2,236
– amortisation of prepaid lease payments	60	58
Staff costs (including directors and key management)		
– salaries, wages and other benefits	3,423	4,002
– contributions to defined contribution scheme	130	146
	3,553	4,148
Provision on stock obsolescence	200	-
Impairment on doubtful debts	1,195	125
Impairment on leasehold buildings	-	631

8. TAXATION

No Hong Kong profits tax has been provided in the financial statements as the companies within the Group have either accumulated tax losses brought forward, which exceed the estimated assessable profits for the year, or did not have any assessable profits for the year.

Provision for taxation outside Hong Kong is provided for at the applicable rates of taxation for the year on the estimated assessable profits arising in the relevant tax jurisdictions during the year.

The amount of taxation charged to the consolidated income statement represents:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current tax-overseas		
Provision for the year	50	–
Over-provision in respect of prior years	–	(98)
	50	(98)
Deferred taxation	–	–
	50	(98)

The tax charge for the year is reconciled to the (loss)/profit before taxation per income statement as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
(Loss)/profit before taxation	(4,291)	29,620
Notional tax on (loss)/profit before taxation	(751)	5,183
Effect of different tax rates of subsidiaries operating in other jurisdictions	(168)	(175)
Tax effect of expenses that are non-deductible in determining taxable profit	(121)	(6,183)
Tax effect of tax losses utilised	(246)	(458)
Tax effect of tax losses not recognised	1,336	1,633
Over-provision in prior periods	–	(98)
Actual tax expense/(credit)	50	(98)

9. (LOSS)/EARNINGS PER SHARE

The calculation of (loss)/earnings per share is based on loss attributable to equity holders of the Company of approximately HK\$ 4,341,000 (2006: profit approximately HK\$29,718,000) and on the weighted average number of 4,223,030,659 ordinary shares (2006: 2,568,782,859 ordinary shares as adjusted) in issue during the year as adjusted to reflect the rights issue completed during the year.

There were no dilutive potential shares in existence during the years ended 31 July 2006 and 2007, therefore diluted (loss)/earnings per share are same as basic (loss)/earnings per share for both the current and prior years.

10. TRADE AND OTHER RECEIVABLES

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Trade receivables	3,152	3,736
Retention money receivable	–	1,098
Prepayments, deposits and other receivables	5,438	8,417
	<u>8,590</u>	<u>13,251</u>

The aging analysis of trade receivables, net of impairment on doubtful debts of approximately HK\$1,195,000 (2006: approximately HK\$125,000), of the Group as at the balance sheet date is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current	1,281	354
1 – 3 months	1,147	1,247
4 – 6 months	6	683
7 – 12 months	707	1,057
Over 1 year	11	395
	<u>3,152</u>	<u>3,736</u>

Trading terms with customers are largely on credit, where trade deposits, advances and payment in advance are normally required. Invoices are normally payable within 30 days of issuance, except for certain well established customers, where the terms are extended beyond 30 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management.

11. TRADE AND OTHER PAYABLES

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Trade payables	1,035	258
Other payables and accruals	10,132	13,063
	<u>11,167</u>	<u>13,321</u>

The aging analysis of trade payables at the balance sheet date is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current	281	94
1 – 3 months	671	61
4 – 6 months	7	1
7 – 12 months	29	10
Over 1 year	47	92
	<u>1,035</u>	<u>258</u>

12. OPERATING LEASE COMMITMENTS

At 31 July 2007, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Land and buildings		
Within one year	3,340	3,489
In the second to fifth years inclusive	8,574	11,093
More than five years	4,570	4,437
	<u>16,484</u>	<u>19,019</u>

13. CONTINGENCIES AND LITIGATIONS

- (a) On 31 July 2002, Charterbase Management Limited and United People Assets Limited, the Petitioners, issued the Bermuda Writ against the Company and against Mrs. Leung Yu Oi Ling, Mr. Chan Kim Leung, Miss Leung Chi Yin, Gillian, Mr. Pao Ping Wing JP and Mr. Wong Pui Fai who were directors of the Company in April 2001, at the time of the Subscription SGM. Mr. Wong Pui Fai and Mr. Chan Kim Leung subsequently resigned as the directors of the Company on 28 April 2002 and on 27 September 2002 respectively. The Bermuda Writ recited the basis of the Petitioners' Complaint with respect of Charterbase Management Limited and United People Assets Limited, namely, that the circular regarding the Subscription misdescribed the Scheme Administrator's voting capacity in respect of the Shares held by the Scheme Administrator under the Scheme. The Bermuda Writ alleged that the Company was negligent and its directors were negligent and/or in breach of their fiduciary duty in misdescribing the Scheme Administrator's voting capacity in the circular regarding the Subscription. The Bermuda Writ claimed HK\$3,000,000 being estimated costs of the Petitioners' Complaint. On 15 August 2002 the Company entered an appearance to the Bermuda Writ, and the Company filed its defence on 12 September 2002. The Company has been advised by its Bermuda lawyers that it has good grounds to resist the Bermuda Writ. The Petitioners have taken no further steps in the proceedings since the defence was filed.
- (b) An amount of SGD358,982 (equivalent to HK\$1,766,335) (2006: HK\$1,680,233) relating to interest payable on banking facilities was charged to UDL Marine Pte Limited, a subsidiary of the Company. The directors of the subsidiary are disputing this amount and no provision has been made in the financial statements.
- (c) The Company and the Group had pending litigation in respect of the Statement of Claim referenced HCA 624 of 2005 dated 28 September 2005. The Group's solicitor is of the view that there are three claims which duplicate partly with each others. Fonfair Company Limited ("Fonfair") claimed against the Company and the Group for the amount of HK\$19,568,644.66 together with interest and costs, Money Facts Limited ("Money Facts") claimed the amount of HK\$13,334,211.42 (HK\$12,874,121.48 of which was pleaded by Money Facts as part of its loss and damage suffered by virtue of its 7,900/12,008th interest held in Fonfair) together with interest and costs, and Leung Yuet Keung claimed the amount of HK\$15,190,409.54 (HK\$6,667,105.71 of which was pleaded by Leung Yuet Keung as part of his loss and damage suffered by virtue of his 3,950/7,900th interest held in Money Facts) together with interest and costs. The plaintiffs, (i) Harbour Front is the majority shareholder of the Company, holding 3,958 out of the 12,008 issued ordinary shares of Fonfair and 3,950 out of the 7,900 issued ordinary shares of Money Facts Limited; (ii) Money Facts holds 7,900 out of the 12,008 issued ordinary shares of Fonfair; and (iii) Leung Yuet Keung holds 3,950 out of the 7,900 issued ordinary shares of Money Facts.
- (d) UDL Contracting Limited ("UDL Contracting"), a wholly-owned subsidiary of the Company, commenced legal action against two defendants on 8 June 2007 to claim damages in relation to the construction of a printing workshop carried out by UDL Contracting. Default judgement in the sum of approximately HK\$162 million was awarded by the Court in favour of UDL Contracting on 27 June 2007. However, one defendant took out a Summons to apply to set aside the default judgement. The legal counsels are of the opinion that UDL Contracting has merits in its claims and, in the event of an unfavourable outcome, the losses which UDL Contracting may suffer are essentially the legal costs incurred in the proceedings as there is no counterclaim from the defendants. Any recovery of the claim from case is a Scheme Assets pursuant to the 2000 Scheme.

- (e) UDL Argos Engineering & Heavy Industries Co., Ltd (“UDL Argos”), a wholly-owned subsidiary of the Company, has commenced legal action against a contractor to recover the unsettled balance of approximately HK\$2.9 million from the contractor. This contractor applied for a stay of the proceedings to arbitration. By a judgement delivered on 29 August 2007, the Court ordered a stay of the action to arbitration and also made an order that UDL Argos do bear the costs of the application. The legal counsels are of the opinion that no monetary claims having been made either by UDL Argos or Dragages, the only liability from this action is the payment of UDL Argos’ own costs and the costs of this contractor estimated to be not exceeding HK\$150,000. Any recovery of the claim from case is a Scheme Assets pursuant to the 2000 Scheme.

- (f) The Company’s wholly-owned subsidiary, UDL Argos has filed a claim against a contractor to recover the sum of approximately HK\$6.9 million in respect of services rendered. This contractor also counterclaimed for liquidated damages of HK\$4.2 million. Arbitration hearing will be held in November 2007. The directors are of the opinion that the claim can be successfully defended by the Group on the basis that such counterclaims are prohibited by the Scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING REVIEW

With a view to expand in the shipbuilding, marine and offshore engineering division as well as to revive other contracting activities, the Financial Year ended 31 July 2007 has been a year continuous cultivation. During the year, efforts were spent in production facilities enhancement and management team development for taking up opportunities offered in the surging offshore engineering market as well as in the infrastructure sector.

For the Financial year ended 31 July 2007, the Group reported a turnover of HK\$38.1 million (2006: HK\$22.1 million) and a loss of HK\$4.3 million (2006: profit of HK\$29.7 million). Increase in turnover was attributed to the growing performance in the shipbuilding, marine and offshore engineering division (“Marine Engineering”), which amounted to HK\$19.4 million, 50.9% of the total turnover. Total loss has in essence been lowered this year, as the high profit recorded as at 31 July 2006 was due to a notional gain from disposal of subsidiaries with significant net liabilities. Gross profit of the Group has also been improved to HK\$13.9 million (2006: HK\$8.6 million) and loss from operation activities was reduced significantly to HK\$0.6 million (2006: loss of HK\$1.8 million).

Marine Engineering

Global demand for oil remains robust, leading to an increasing need of related shipbuilding and offshore engineering support. The upgrade and combined effects of the Singapore and Zhongshan yard facilities have brought to the Group many opportunities from the growing shipbuilding and offshore engineering market. These projects include shipbuilding, ship repair and modification, as well as specialized construction, such as derrick erection, outfitting and installation.

Turnover of the Marine Engineering sector has increased to HK\$19.4 million this year (2006: HK\$8.9 million).

Structural Steel Engineering

The Structural Steel Engineering division has improved with a higher turnover of HK\$4.7 million this year (2006: HK\$3.6 million). Contracts include deck assembly work for the Stonecutters Bridge as well as other structural steel projects in Guangdong through co-operation with active contractors in China. The Group continues in pursuing business for structural steel in the region in collaboration with its business partners.

Vessel Sales

Level of enquiries for the type of vessels the Group has to offer remains strong, some of which may translate into orders. The regional market is still in great demand for these vessels. The Group reported a turnover of HK\$13.9 million this year (2006: HK\$9.6 million) in vessel sales. Nevertheless, the Group would consider reserving part of the existing fleets for contracting projects.

FUTURE PROSPECTS AND OUTLOOK

In the light of oil price sustaining at a high level over the past few years, investment in exploration and production is expected to continue, and demand in the related shipbuilding, marine and offshore engineering sector will thus remain strong. To harvest the opportunities derived from this surging demand, the Group is considering a longer term arrangement to team up and utilize facilities in Dongguan, China. Integration of facilities in Singapore, Zhongshan and Dongguan ensures the Group to be in a competitive position with enhanced production and marketing capabilities.

Positive outlook can also be observed in the structural steel engineering and contracting divisions, given the Hong Kong government intentions to push forward various large scale infrastructure projects in the coming years.

The Group will continue with its strategy of developing in its core activities as well as venturing into new opportunities, such as the new technology sector, for potential substantial growth. To take up and realize benefits from these efforts, there is a possible need to raise funds.

FINANCIAL REVIEW

Financial position has improved this year. The Group reported a total net assets of HK\$150 million (2006: HK\$12 million). Liabilities have been lowered and finance cost will be reduced significantly in the future.

During the period under review, HK\$151.3 million was raised as a result of the exercise of allotment of 1,681,677,913 rights shares at subscription the price of HK\$0.09 per rights share, in accordance to the circular dated 4 July 2007. Total issued shares capital of the Company hence amounted to 5,045,033,739 shares (2006: 3,363,355,826 shares).

The Company and the Scheme Administrator/Trustee entered into a Settlement Structure Agreement on 1 September 2006 and the promissory notes, in the principal amount of HK\$30 million, were issued to the Scheme administrator/Trustee on the same date as part of the Settlement Structure Agreement. The promissory notes were fully repaid during the year.

LIQUIDITY AND FINANCIAL RESOURCES

Bank and other borrowings as at 31 July 2007 have been reduced to a total of HK\$3.8 million (2006: HK\$5.6 million) and the promissory notes were fully settled. The gearing ratio of the Group as a result, calculated by dividing total liabilities by total asset value, decreased to 11.5% (2006: 87.2%).

EXPOSURE OF FOREIGN EXCHANGE

The Group's assets and liabilities are mainly dominated in either Hong Kong Dollars or Singapore Dollars. Income and expenses derived from the operations in Singapore were mainly dominated in Singapore Dollars. There is no significant exposure to the fluctuation of foreign exchange rate, but the Group will closely monitor the market and make appropriate adjustments when necessary.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2007, other than outsourcing vendors but including contract workers, the Group has an aggregate of 60 technical and working staff. Total staff costs, excluding contract workers, amounted to HK\$3.5 million this year, as compared with HK\$4.1 million as at 31 July 2006.

There was no material change to the staff policy during the year under review. The Group encourages high productivity and remunerates its employees based on their qualification, work experiences, prevailing market prices and contribution to the Group. The incentive schemes such as share option scheme for employees will be proposed in due course.

CONTINGENT LIABILITIES

Save for those disclosed in note above, there are no other contingent liabilities that the Group is aware of.

DIVIDEND

The Director do not recommend any dividend for the year ended 31 July 2007.

CORPORATE GOVERNANCE

The Company is complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

AUDIT COMMITTEE

The annual results for the year have been reviewed by the Audit Committee of the Company. The Group’s consolidated financial statements have been audited by the Company’s auditors, CCIF CPA Limited, and they have issued an unqualified opinion.

PUBLICATION OF RESULTS ON WEBSITES

All the financial and other related information of the Company required by Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange and the Company (www.udl.com.hk) in due course.

ANNUAL GENERAL MEETING

The 2007 annual general meeting of the Company will be held on Friday, 28th December 2007. The notice of the annual general meeting will be published and dispatched in due course.

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

Hong Kong, 23 November 2007

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. Leung Chi Hong, Jerry and three independent non-executive Directors, namely Mr. Pao Ping Wing, JP, Professor Yuen Ming Fai, Matthew and Ms. Tse Mei Ha.