

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase, or subscribe for the securities.



(Incorporated in Bermuda with limited liability)
(Stock Code: 00620)

**MAJOR DISPOSAL AND FRUSTRATING ACTION:
DISPOSAL OF THE ENTIRE ISSUED SHARES IN SUNFILL LIMITED**

DISPOSAL AGREEMENT

On 28 October 2013, the Company as vendor and the Purchaser as purchaser entered into the Disposal Agreement in relation to the Disposal of the Sale Share at the Consideration of HK\$1 which shall be payable by the Purchaser to the Company on Completion.

IMPLICATIONS UNDER THE LISTING RULES AND TAKEOVERS CODE

Major disposal

The applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 25% but less than 75%. Accordingly, the Disposal constitutes a major disposal for the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement and Shareholders' approval requirements under the Listing Rules.

Frustrating action

As an offer (arising from the possible transaction as contemplated under the MOU) has been communicated to the Board, the Disposal, comprises a disposal of assets of a material amount, is a frustrating action of the company under Rule 4 of the Takeovers Code. The Disposal is therefore subject to the Shareholders' approval requirements under Rule 4 of the Takeovers Code.

GENERAL

Voting at the SGM will be conducted by poll. In compliance with Rule 4 of the Takeovers Code, as HF being a party to the MOU, together with parties acting in concert with it were interested in approximately 67.08% of the issued share capital of the Company and is the controlling Shareholder of the Company as at the date of this announcement, they and their associates will abstain from voting in respect of the resolutions approving the Disposal and the transactions contemplated thereunder proposed to be passed at the SGM.

The Circular containing, among other things, details of the Disposal and the transactions contemplated thereunder together with notice convening the SGM will be despatched to the Shareholders on or before 18 November 2013.

As the Completion is subject to the conditions precedent of the Disposal, the Disposal may or may not proceed. Shareholders and investors should exercise caution when dealing in securities of the Company.

INTRODUCTION

On 28 October 2013, the Company as vendor and the Purchaser as purchaser entered into the Disposal Agreement in relation to the Disposal of the Sale Share at the Consideration of HK\$1 which shall be payable by the Purchaser to the Company on Completion.

THE DISPOSAL AGREEMENT

Date

28 October 2013

Parties

- (1) the Company as vendor; and
- (2) the Purchaser as purchaser.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) were Independent Third Parties and not a Shareholder. The Purchaser and its ultimate beneficial owner(s) are not related to the MOU (as defined below) and are independent from the parties to the MOU. The Purchaser is principally engaged in investment holding.

Assets to be disposed of

The Sale Share, representing the entire issued share capital in Sunfill.

Consideration

The Consideration of HK\$1 which shall be payable by the Purchaser in cash to the Company on Completion.

The Consideration was determined after arm's length negotiation between the Company and the Purchaser in view of the negative net worth of Sunfill and a winding-up petition filed against Sunfill in October 2013.

The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable.

Condition precedent of the Disposal

Completion is conditional upon the fulfillment of the following conditions:

- (i) all approvals by the Shareholders except HF and its parties acting in concert and their respective associates, government and regulatory authorities (including but not limited to the Stock Exchange and the Securities and Futures Commission), corporate approvals and consents for the transactions contemplated under the Disposal Agreement being obtained; and if any of such Shareholders', governmental and regulatory and/or corporate approvals and

consents are given subject to conditions, then provided that such conditions are reasonably acceptable to the Purchaser;

- (ii) in relation to the transactions contemplated in the Disposal Agreement, all relevant regulatory requirements (including but not limited to those under the Listing Rules and all relevant regulatory requirements in Hong Kong) having been complied with and satisfied;
- (iii) the warranties under the Disposal Agreement having remained true and accurate in all material respects;
- (iv) the Company having duly performed and complied with all agreements, obligations and conditions contained in the Disposal Agreement that are required to be performed or complied with by it on or before Completion; and
- (v) no material adverse change or prospective material adverse change in Sunfill's business, operations, financial conditions or prospects has occurred since the date of signing of the Disposal Agreement.

The Purchaser may at any time waive in writing any of the above conditions (other than conditions (i) and (ii) above).

In the event that the conditions precedent to the Disposal Agreement are not fulfilled at or before 12:00 noon on 31 January 2014 (or such other date as the parties may agree in writing), the rights and obligations of the parties under the Disposal Agreement shall lapse and the Disposal Agreement shall be of no further effect and the parties shall be released from such obligations without any liability save in respect of any antecedent breach or any accrued right or remedies, which shall not be prejudiced or affected.

Completion

Completion shall take place on the fifth business day following the date of the fulfillment of the above conditions precedent or such other date as may be agreed between the parties thereto.

Upon Completion, members of the Disposal Group will cease to be subsidiaries of the Company.

INFORMATION ON THE GROUP AND THE DISPOSAL GROUP

The principal activities of the Group are mainly involved in the provision of marine engineering, construction and structural steel engineering and related services, and trading of vessels.

The Disposal Group is consisted of Sunfill and its subsidiaries, which are principally engaged in hotel operations.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As disclosed in Note 17 to the condensed financial statements in the Company's interim report 2013, on 15 July 2011, Sunfill issued, as settlement for the acquisition of its subsidiaries, a zero coupon promissory note with the principal amount of HK\$188.271 million to Culture Resources Development Company Limited (being the vendor), with maturity date on 15 August 2012. Based on an agreement made between Culture Resources Development Company Limited being the promissory note holder and Sunfill on 31 January 2012, the promissory note with principal value of HK\$188.271 million was restructured with an extended maturity from 15 August 2012 to 15 August 2013. As stated in the section headed "Management Discussion and Analysis" of the Company's interim report 2013, the Company was considering various options to cater for the zero coupon promissory note with a view to

secure the best interest of the Company and that of the Shareholders as whole. The zero coupon promissory note has remain unpaid and therefore overdue as at the date of this announcement and the promissory note holder has filed a winding-up petition (HCCW 282/2013) against Sunfill on 4 October 2013. Through the Disposal, the Group will no longer be responsible for repayment of the promissory note as there is no guarantee issued by the Company or other members of the Group in respect of the promissory note. The Disposal will also remove the net liability and net loss incurred by the Disposal Group.

In view of the above, the Directors (including the independent non-executive Directors) consider the entering of the Disposal Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

USE OF PROCEEDS FROM THE DISPOSAL

It is expected that there will have no net proceeds of the Disposal after deducting all relevant expenses.

LISTING RULE IMPLICATIONS

Major disposal

The applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 25% but less than 75%. Accordingly, the Disposal constitutes a major disposal for the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement and Shareholders' approval requirements under the Listing Rules.

Frustrating action

As disclosed in the announcement issued by the Company on 23 October 2013, the Board was informed by HF recently that a non-legally binding memorandum of understanding ("MOU") was entered into between HF as possible vendor and an Independent Third Party as possible purchaser in relation to the possible sale and purchase of all or a substantial part of 191,033,408 Shares held by HF. If this possible transaction is materialised, it may lead to a change in control of the Company and a mandatory general offer under the Takeovers Code for all the issued Shares (other than those already owned by or agreed to be acquired by such possible purchaser and parties acting in concert with it).

Under Rule 4 of the Takeovers Code, once a bona fide offer has been communicated to the board of an offeree company or the board of an offeree company has reason to believe that a bona fide offer may be imminent, no action which could effectively result in an offer being frustrated, or in the shareholders of the offeree company being denied an opportunity to decide on the merits of an offer, shall be taken by the board of the offeree company in relation to the affairs of the company without the approval of the shareholders in general meeting.

The Board believes that under such circumstances, an offer (arising from the possible transaction as contemplated under the MOU) has been communicated to the Board, the Disposal, comprises a disposal of assets of a material amount, is a frustrating action of the company under Rule 4 of the Takeovers Code. The Disposal is therefore subject to the Shareholders' approval requirements under Rule 4 of the Takeovers Code.

Waiver from compliance with Rules 14.58(6), 14.58(7) and 14.60(3)(a) of the Listing Rules

Each of Rule 14.58(6) and 14.58(7) of the Listing Rules requires disclosure of the consolidated asset value of and the consolidated net loss attributable to the Disposal Group in this announcement. Further, Rule 14.60(3)(a) of the Listing Rules requires disclosure of expected gain or loss to the Company as a result of the Disposal which would involve disclosure of the consolidated net loss of the Disposal

Group. In connection with these requirements, the Company has applied to the Stock Exchange for a waiver to exclude such information in this announcement (the “**Waiver**”) for reasons that (i) the figures for the consolidated net asset value of and the consolidated net profits attributable to the Disposal Group are unaudited figures (which are the only available information as at the date of this announcement) and such information, if disclosed, will constitute profit forecasts under Rule 10 of the Takeovers Code which would require to be reported on by the auditors and the financial adviser of the Company; and (ii) it is considered burdensome for the Company to withhold this announcement until such reports are available.

The Company has applied to the Stock Exchange for the Waiver subject to the proposed conditions that:

- (i) the consolidated audited net loss of the Disposal Group and the consolidated audited net assets value of the Disposal Group as at 31 July 2013 as required under Rules 14.58(6) and 14.58(7) of the Listing Rules and the information regarding the possible gain or loss of the Disposal as required under Rule 14.60(3)(a) will be disclosed in the annual results announcement for the year ended 31 July 2013 of the Group which is expected to be published on or about 31 October 2013; and
- (ii) the financial information on the Disposal Group as mentioned in (i) above will be included in the Circular.

The Directors confirm that the information contained in this announcement, taking into account the exclusion of the financial information on the Disposal Group as required under Rules 14.58(6), 14.58(7) and 14.60(3) of the Listing Rules, remains accurate and complete in all material aspects and is not misleading or deceptive as required under Rule 2.13(2) of the Listing Rules.

GENERAL

Voting at the SGM will be conducted by poll. In compliance with Rule 4 of the Takeovers Code, as HF being a party to the MOU, together with parties acting in concert with it were interested in approximately 67.08% of the issued share capital of the Company and is the controlling Shareholder of the Company as at the date of this announcement, they and their associates will abstain from voting in respect of the resolutions approving the Disposal and the transactions contemplated thereunder proposed to be passed at the SGM.

The Circular containing, among other things, details of the Disposal and the transactions contemplated thereunder together with notice convening the SGM will be despatched to the Shareholders on or before 18 November 2013.

As the Completion is subject to the conditions precedent of the Disposal, the Disposal may or may not proceed. Shareholders and investors should exercise caution when dealing in securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

- “acting in concert” has the meaning ascribed thereto in Takeovers Code
- “associate” has the meanings ascribed thereto in the Listing Rules
- “Board” board of Directors

“BVI”	the British Virgin Islands
“Circular”	the circular(s) to be despatched to the Shareholders containing, among other things, details of the Disposal and the transactions contemplated thereunder
“Company”	UDL Holdings Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Stock Exchange (Stock Code: 620)
“Completion”	completion of the Disposal
“Consideration”	HK\$1 payable by the Purchaser to the Company for the Sale Share under the Disposal Agreement
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal of the Sale Share pursuant to the terms of the Disposal Agreement, which constitutes a major disposal for the Company under the Listing Rules
“Disposal Agreement”	the agreement dated 28 October 2013 entered into between the Company and the Purchaser relating to the Disposal
“Disposal Group”	Sunfill and its subsidiaries
“Group”	the Company and its subsidiaries before the Completion
“HF”	Harbour Front Limited, a company incorporated in the BVI and the controlling Shareholder of the Company
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial Shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	an Independent Third Party which was a limited company incorporated in the BVI
“Sale Share”	the entire issued share capital of Sunfill

“SGM”	the special general meeting to be convened by the Company to consider and, if thought fit, approve, among other things, the Disposal by the Shareholders
“Share(s)”	ordinary share(s) of HK\$0.50 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunfill”	Sunfill Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 28 October 2013

The Directors 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 herein misleading.

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Leung Yat Tung, Mrs. Leung Yu Oi Ling, Irene, Miss Leung Chi Yin, Gillian and Mr. Leung Chi Hong, Jerry; and three independent non-executive directors, namely Mr. Pao Ping Wing, JP, Professor Yuen Ming Fai, Matthew, Ph.D. and Ms. Tse Mei Ha.