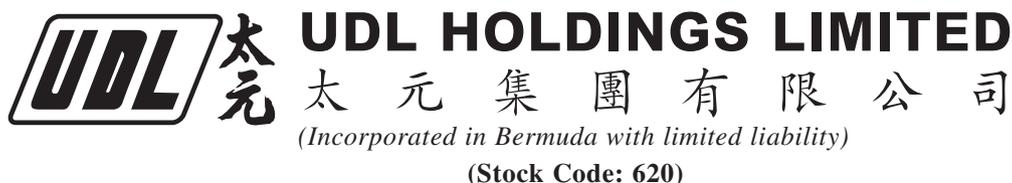


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DISCLOSEABLE TRANSACTION

The Board announces that the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement on 16 October 2015 with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares, which represented the entire issued share capital of the Target Company. Upon Completion of the Transaction, each member of the Target Group will cease to be a subsidiary or joint venture of the Company, as the case may be.

As one or more of the applicable percentage ratios (within the meaning of the Listing Rules) for the Transaction exceeds 5% but all of the ratios are less than 25%, the Transaction constitutes a discloseable transaction for the Company under the Listing Rules.

INTRODUCTION

The Board announces that the Vendor entered into the Agreement on 16 October 2015 with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares, which represented the entire issued share capital of the Target Company.

THE AGREEMENT

Date

16 October 2015

Parties

- (i) UDL Ventures Limited, as vendor; and
- (ii) the Purchaser, an investment holding company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Subject matter

Pursuant to the Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, subject to the terms contained therein.

The Target Company is a limited liability company incorporated under the laws of the British Virgin Islands. The Target Company has an issued and paid-up share capital of US\$100 comprising 100 ordinary shares of US\$1.00 each, which is solely beneficially owned by the Vendor. The Target Company wholly owns the Hong Kong Subsidiaries and the PRC Subsidiary. Gitanes Engineering has invested in Penta JV and HKPFH JV as to 49% and 39%, respectively.

Consideration

The consideration for the sale and purchase of the Sale Shares shall be an amount equal to the greater of (i) the net asset value of the Target Group as at the Completion Date as set out in the Completion Accounts; and (ii) US\$1.00 (equivalent to approximately HK\$7.80).

The Consideration shall be payable by the Purchaser to the Vendor at Completion by cashier order or shall be paid by the Purchaser by transferring the amount payable in accordance with the Agreement to a bank account designated by the Vendor or in other manners as agreed by the Vendor and the Purchaser.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among others, (1) the consolidated net assets of the Target Company of approximately HK\$63.059 million as at 31 July 2014; and (2) the aggregate audited value of all liabilities due from the Group to the Target Company and all cash and balance of the Target Group of approximately HK\$63.163 million as at 31 July 2014.

Conditions precedent

The Agreement is conditional upon:

1. all requirements imposed by the Stock Exchange under the Listing Rules or otherwise in connection with the transaction contemplated by the Agreement having been fully complied with;
2. the obtaining by the Company or the Vendor of all necessary consents, authorisations or other approvals (or, as the case may be, the relevant waiver) of any kind in connection with the entering into and performance of the terms of the Agreement including without limitation the obtaining of the waiver of pre-emption rights (if any) to purchase the Sale Shares and those which may be required under the Listing Rules, from the Stock Exchange or any regulatory authority; and
3. the consolidated management accounts of the Target Company for the period commencing on 1 August 2015 and ending on the latest month end date prior to the Completion Date has been duly prepared and ready.

Completion

Completion shall take place on the third Business Day immediately following the satisfaction of the last of the outstanding conditions precedent, or such other date as agreed by the parties. Upon Completion, each member of the Target Group will cease to be a subsidiary or joint venture of the Company, as the case may be.

Purchaser's undertakings

Upon Completion, the Purchaser agrees to undertake (the “**Purchaser's Undertaking**”) the settlement of all liabilities due from the Group to the Target Company, the Hong Kong Subsidiaries and the PRC Subsidiary as at the Completion Date, and the transfer of all cash and bank balance of the Target Group as at the Completion Date to the Vendor. Effects of the Purchaser's Undertaking shall be taken into account for the preparation of the Completion Accounts.

Subject to Completion, the Purchaser covenants and undertakes with the Vendor to pay the Vendor any taxation amount payable for the transaction contemplated thereby in the Agreement as required by the relevant PRC authorities (the “**PRC Taxation**”), if applicable, and provide relevant documents or information (including notices of payments and receipts of payments) in relation to the PRC Taxation to the Vendor.

INFORMATION OF THE GROUP

The Group is principally engaged in the sale of vessels, marine engineering, construction and structural steel engineering and related services.

INFORMATION OF THE TARGET GROUP

The Target Company is a limited liability company incorporated under the laws of the British Virgin Islands. The Target Company has an issued and paid-up share capital of US\$100 comprising 100 ordinary shares of US\$1.00 each, which were beneficially wholly-owned by the Vendor. The Target Company is an investment holding company which wholly owns the Hong Kong Subsidiaries and the PRC Subsidiary. Gitanes Engineering, one of the Hong Kong Subsidiaries, has invested in Penta JV and HKPFH JV as to 49% and 39%, respectively.

Chui Hing is a limited liability company incorporated in Hong Kong and has issued 1,820,000 shares of HK\$10.00 each as at the date of this announcement, of which were wholly-owned by the Target Company.

Gitanes Engineering is a limited liability company incorporated in Hong Kong and has an issued share capital of (i) HK\$51,000,000 divided into 51,000,000 A shares; and (ii) HK\$12,711,772 divided into 83,850,740 B shares as at the date of this announcement, all of which were wholly-owned by the Target Company.

Tonic Engineering is a limited liability company incorporated in Hong Kong and has issued share capital of (i) HK\$3,100,000 divided into 31,000 A shares; and (ii) HK\$5,508,413 divided into 428,071 B shares as at the date of this announcement, all of which were wholly-owned by the Target Company.

The PRC Subsidiary was established in the PRC and has a registered capital of HK\$2,000,000 and a paid up capital of HK\$2,000,000 as at the date of this announcement, all of the paid-up capital was contributed by Gitanes Engineering.

Penta JV is an unincorporated joint venture registered in Hong Kong for the purpose of HKSAR public works Contract No. CV/2012/03, of which was participated by Gitanes Engineering as to 49% and an Independent Third Party as to 51%.

HKPFH JV is an unincorporated joint venture registered in Hong Kong for the purpose of HKSAR public works Contract No. CV/2013/06, of which was participated by Gitanes Engineering as to 39% and two Independent Third Parties as to 61% in total.

According to the audited consolidated accounts of the Target Company, the net profit before tax for the two years ended 31 July 2013 and 2014 was approximately HK\$0.084 million and HK\$2.298 million, respectively and the net profit after tax for the two years ended 31 July 2013 and 2014 was approximately HK\$0.084 million and HK\$2.298 million, respectively. As at 31 July 2014, (1) the audited consolidated net asset value of the Target Company attributable to the equity holders of the Company was approximately HK\$63.059 million; and (2) the aggregate audited value of all liabilities due from the Group to the Target Company and all cash and bank balance of the Target Group was approximately HK\$63.163 million. As at the date of this announcement, the Target Company is an investment holding company. Chui Hing has been engaged in rental of motor vehicles. Both Gitanes Engineering and Tonic Engineering have been engaged in civil engineering work. The PRC Subsidiary has been engaged in ports work construction related business. Penta JV and HKPFH JV have been engaged in contract works and construction, respectively. Each member of the Target Group will cease to be a subsidiary or joint venture of the Company, as the case may be, upon Completion.

REASONS FOR THE TRANSACTION

Due to the business nature of the construction industry, substantial amount of working capital is required for financing both construction contracts and supporting overheads. Further, there are certain inherited significant risks in current construction contracts on hand of the Target Group. The Board considers that the disposal of the Target Group will minimise the financial burden and risks for the Group so that the Group will be able to deploy more resources and commitment in its other existing principal businesses, namely marine engineering, structural steel engineering, sale of vessels, as well as other potential business opportunities. Further, due to (i) the Group's history of operation and resources in the structural steel engineering business; and (ii) structural steel engineering is a kind of construction business although construction business is more general (which largely based on individual contracts / tenders obtained), the Group believes it could continue to undertake construction business and maintain the construction and structural steel engineering business segment after the Transaction with its other subsidiaries in this segment. After the Transaction, the Group will select its participation in construction contracts with lesser risks. Therefore, the Directors consider the Transaction is in the interest of the Group and the Shareholders as a whole.

As the Consideration equals to the greater of (i) the net asset value of the Target Group as at the Completion Date as set out in the Completion Accounts; and (ii) US\$1.00 (equivalent to approximately HK\$7.80), there might be a minimal amount of proceeds from the Transaction. Thus, it is expected that the proceeds from the Transaction, if any, will be used as general working capital of the Company.

Assuming the Transaction be completed on 31 July 2014, based on the consolidated net asset value of the Target Company as at 31 July 2014 and the aggregate audited value of all liabilities due from the Group to the Target Company and all cash and bank balance of the Target Group as at 31 July 2014, the Group is expected to record an unaudited gain on disposal before tax of approximately HK\$0.103 million, which was calculated with reference to the Consideration and the amount of book value of consolidated net asset of the Target Company. The actual amount of gain or loss to be recognised would be subject to the actual amount of consolidated net asset value of the Target Company as at Completion, and will be reviewed by the Company’s auditors.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Agreement are fair and reasonable and are on normal commercial terms and that it is in the interest of the Group and the Shareholders as a whole.

WAIVER FROM STRICT COMPLIANCE WITH RULE 14.92 OF THE LISTING RULES

Da Tang, the existing controlling shareholder of the Company holding approximately 57.47% of the total issued share capital of the Company as at the date of this announcement, acquired a controlling interest in the Company on 29 June 2015. As the Transaction involves a disposal of the Group’s interests in the Target Company within 24 months after there has been a change of control (as defined in the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong), the Transaction might raise issues under Rule 14.92 of the Listing Rules.

On the basis that none of Da Tang or any of its associates has injected any assets into the Group, the Company has applied to the Stock Exchange and was granted a waiver from strict compliance with Rule 14.92 of the Listing Rules.

GENERAL

As one or more of the applicable percentage ratios (within the meaning of the Listing Rules) for the Transaction exceeds 5% but all of the ratios are less than 25%, the Transaction constitutes a discloseable transaction for the Company under the Listing Rules.

DEFINITIONS

- “Agreement” the sale and purchase agreement in relation the Sale Shares entered into between the Vendor and the Purchaser on 16 October 2015
- “associate(s)” has the meaning ascribed to it under the Listing Rules
- “Board” the board of Directors

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| “Business Day(s)” | any day (excluding Saturday) on which no black rainstorm warning or a tropical cyclone warning signal number 8 or above is hoisted or remains hoisted in Hong Kong at 12 noon on that day and on which licensed banks in Hong Kong are open for general banking business |
| “Chui Hing” | Chui Hing Construction Company Limited (聚興建築有限公司), a limited liability company incorporated in Hong Kong and beneficially wholly-owned by the Target Company |
| “Company” | UDL Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange |
| “Completion” | completion of the sale and purchase of the Sale Shares pursuant to the Agreement |
| “Completion Accounts” | the consolidated management accounts of the Target Group as at the Completion Date prepared based on the advice of the auditors of the Target Company, and after taking into account of the effect of the Purchaser’s Undertaking in respect of all liabilities due from the Group to the Target Company, the Hong Kong Subsidiaries and the PRC Subsidiary and the transfer of cash and bank balance of the Target Group to the Vendor |
| “Completion Date” | the third Business Day immediately following the satisfaction of the last of the outstanding conditions precedent, in accordance with the terms of the Agreement or such other date as the parties shall agree in writing as the date on which Completion shall take place |
| “Consideration” | the consideration for the Sale Shares |
| “Da Tang” | Da Tang Xi Shi International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability |
| “Director(s)” | the directors of the Company |
| “Gitanes Engineering” | Gitanes Engineering Company Limited (積達工程有限公司), a limited liability company incorporated in Hong Kong and beneficially wholly-owned by the Target Company |
| “Group” | collectively, the Company and its subsidiaries from time to time |

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| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “HKPFH JV” | HKPFH Joint Venture (中港建築物流聯營), an unincorporated joint venture formed in Hong Kong and invested by Gitanes Engineering as to 39% and two Independent Third Parties as to 61% in total |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong Subsidiaries” | collectively, Chui Hing, Gitanes Engineering and Tonic Engineering |
| “Independent Third Party(ies)” | person who is independent of and not connected with the Company and not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Penta JV” | Penta-Ocean – Gitanes Joint Venture, (五洋積達聯營), an unincorporated joint venture formed in Hong Kong and invested by Gitanes Engineering as to 49% and an Independent Third Party as to 51% |
| “PRC” | the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “PRC Subsidiary” | 廣東積達工程有限公司(Guangdong Gitanes Construction Company Limited*), a limited liability company established in the PRC and wholly-owned by Gitanes Engineering |
| “Purchaser” | Win Billions Limited (實永有限公司), a company incorporated in Hong Kong and wholly-owned by an Independent Third Party. |
| “Sale Shares” | being the entire issued share capital of the Target Company |
| “Shareholders” | shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder” | has the meaning ascribed to it under the Listing Rules |
| “Target Company” | Net Excel Management Limited, a limited liability company incorporated in the British Virgin Islands and beneficially wholly-owned by the Vendor |

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| “Target Group” | collectively, the Target Company, the Hong Kong Subsidiaries, the PRC Subsidiary, Penta JV and HKPFH JV |
| “Tonic Engineering” | Tonic Engineering & Construction Company Limited (通力建築工程有限公司), a limited liability company incorporated in Hong Kong and beneficially wholly-owned by the Target Company |
| “Transaction” | the transaction constituted by the sale and purchase of the entire issued share capital of the Target Company pursuant to the Agreement |
| “US\$” | U.S. dollars, the lawful currency of the United States of America |
| “Vendor” | UDL Ventures Limited (太元拓展有限公司), a company incorporated in Hong Kong and wholly-owned by the Company |
| “%” | per cent. |

For the purpose of illustration only and unless otherwise stated, conversion of US\$ into HK\$ in this announcement is based on the exchange rate of US\$1 to HK\$7.80. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate(s).

LIST OF DIRECTORS AS AT THE DATE OF THIS ANNOUNCEMENT

Executive Directors:

Mr. Leung Yat Tung (*Chief executive officer*)
 Ms. Leung Yu Oi Ling, Irene (*Chairman*)
 Ms. Leung Chi Yin, Gillian
 Mr. Leung Chi Hong, Jerry
 Mr. Wong Kwok Tung Gordon Allan

Non-executive Director:

Dr. Lam Lee G.

Independent non-executive Directors:

Mr. Pao Ping Wing *JP*
 Prof. Yuen Ming Fai, Matthew *Ph.D.*
 Ms. Tse Mei Ha

By order of the Board
UDL Holdings Limited
Leung Chi Yin Gillian
Executive Director

Hong Kong, 16 October 2015

* *for identification purposes only*