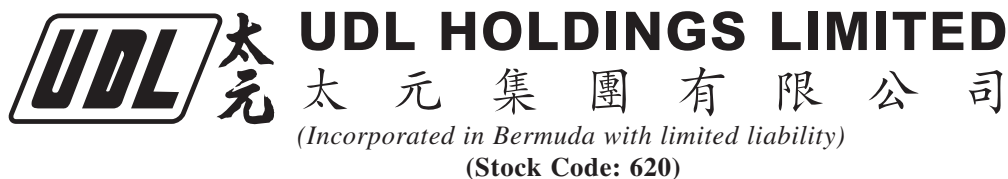


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INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2015

INTERIM RESULTS

The board of directors (the “Board”) of UDL Holdings Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31 January 2015 together with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		(Unaudited) Six months ended 31 January	
	Note	2015 HK\$'000	2014 HK\$'000
Turnover	2	61,610	66,289
Cost of sales		<u>(44,108)</u>	<u>(55,465)</u>
Gross profit		17,502	10,824
Other income		347	10,214
General and administrative expenses		(16,358)	(17,345)
Gain on deconsolidation of subsidiaries in liquidation		–	28,545
		<u> </u>	<u> </u>
(Loss)/profit from operations	4	1,491	32,238
Finance costs	5	(359)	(647)
Share of profits/(losses) of joint ventures		(1,191)	(2,083)
		<u> </u>	<u> </u>
(Loss)/profit before taxation		(59)	29,508
Income tax	6	–	–
		<u> </u>	<u> </u>
(Loss)/profit for the period attributable to owners of the Company		(59)	29,508
		<u> </u>	<u> </u>
Earnings/(Loss) per share	7		
Basic		(0.02) Cent	10.73 Cent
Diluted		(0.02) Cent	10.73 Cent
		<u> </u>	<u> </u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)
Six months ended
31 January
2015 2014
HK\$'000 **HK\$'000**

**(Loss)/profit for the period attributable to
owners of the Company**

(59) 29,508

Other comprehensive income

Items that may be reclassified subsequently to profit or loss:

Exchange differences on translation of
financial statements of foreign subsidiaries
and joint ventures

(795) 94

Release of exchange reserve upon deconsolidation
of subsidiaries in liquidation

— **(7,780)**

**Total comprehensive income/(loss) for the period
attributable to owners of the Company**

(854) **21,822**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) At 31 January 2015 HK\$'000	(Audited) At 31 July 2014 HK\$'000
	<i>Note</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	51,529	58,882
Lease prepayments	9	496	539
Club membership		200	200
Interests in joint ventures	10(a)	47,687	49,768
Other receivables		560	800
Loan receivables		2,055	3,129
		102,527	113,318
Current assets			
Inventories	11	5,974	30,019
Lease prepayments	9	74	76
Trade and other receivables	12	31,037	30,209
Amount due from an associate		810	3,139
Amounts due from joint ventures	10(b)	11,530	1,134
Amounts due from customers for contract works		10,661	7,820
Cash and cash equivalents		793	4,038
		60,879	76,435
Assets of disposal group classified as held for sale	16	29,917	–
		90,796	76,435
Current liabilities			
Trade and other payables	13	17,284	25,971
Obligations under finance leases	14	67	65
Amounts due to related companies		6,867	8,054
Loan from related companies	15	1,378	330
Amounts due to joint ventures	10(b)	8,096	8,170
Amounts due to directors		2,170	2,808
		35,862	45,398
Liabilities of disposal group classified as held for sale	16	11,861	–
		47,723	45,398
Net current assets		43,073	31,037
Total assets less current liabilities		145,600	144,355
Non-current liabilities			
Obligations under finance leases	14	131	165
Loan from a related company	15	16,966	14,833
		17,097	14,998
NET ASSETS		128,503	129,357
CAPITAL AND RESERVES			
Share capital	17	137,558	137,558
Reserves		(9,055)	(8,201)
Equity attributable to owners of the Company		128,503	129,357

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Scheme reserve HK\$'000	Revaluation reserve HK\$'000	Capital reserve HK\$'000	Accumu- lated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 31 July 2014 (Audited)	137,558	326,824	3,798	1,264	13,188	1,054,095	5,610	5,223	(1,418,203)	129,357	-	129,357
Loss for the period	-	-	-	-	-	-	-	-	(59)	(59)	-	(59)
Exchange differences on translation of financial statements of foreign subsidiaries and joint ventures	-	-	-	-	(795)	-	-	-	-	(795)	-	(795)
Total comprehensive income/(loss) for the period	-	-	-	-	(795)	-	-	-	(59)	(854)	-	(854)
At 31 January 2015 (Unaudited)	<u>137,558</u>	<u>326,824</u>	<u>3,798</u>	<u>1,264</u>	<u>12,393</u>	<u>1,054,095</u>	<u>5,610</u>	<u>5,223</u>	<u>(1,418,262)</u>	<u>128,503</u>	<u>-</u>	<u>128,503</u>
At 31 July 2013 (Audited)	137,558	326,824	2,363	1,264	20,435	1,054,095	12,270	5,223	(1,412,767)	147,265	29,939	177,204
Profit/(Loss) for the period	-	-	-	-	-	-	-	-	29,508	29,508	-	29,508
Exchange differences on translation of foreign operations and jointly controlled entities	-	-	-	-	94	-	-	-	-	94	-	94
Release of exchange reserve upon deconsolidation of subsidiaries in liquidation	-	-	-	-	(7,780)	-	-	-	-	(7,780)	-	(7,780)
Total comprehensive income/(loss) for the period	-	-	-	-	(7,686)	-	-	-	29,508	21,822	-	21,822
Transfer of revaluation reserve upon deconsolidation of subsidiaries in liquidation	-	-	-	-	-	-	(6,091)	-	6,091	-	-	-
Deconsolidation of subsidiaries in liquidation	-	-	-	-	-	-	-	-	-	-	(29,939)	(29,939)
At 31 January 2014 (Unaudited)	<u>137,558</u>	<u>326,824</u>	<u>2,363</u>	<u>1,264</u>	<u>12,749</u>	<u>1,054,095</u>	<u>6,179</u>	<u>5,223</u>	<u>(1,377,168)</u>	<u>169,087</u>	<u>-</u>	<u>169,087</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited)	
	Six months ended	
	31 January	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	(6,462)	(20,778)
Net cash (used in)/generated from investing activities	(36)	11,647
Net cash generated from financing activities	3,148	7,722
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(3,350)	(1,409)
Cash and cash equivalents at beginning of period	4,038	3,799
Effects of foreign exchange rate changes	105	86
	<hr/>	<hr/>
Cash and cash equivalents at end of period	<u>793</u>	<u>2,476</u>
	<hr/>	<hr/>
Analysis of the balances of cash and cash equivalents		
Bank and cash balances	<u>793</u>	<u>2,476</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 31 January 2015 has been prepared in accordance with the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies used in the condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's audited annual financial statements for the year ended 31 July 2014.

A number of new or revised Standards, Amendments and Interpretations are effective for the Group's financial period beginning on or after 1 August 2014. The adoption of the new and revised Standards, Amendments and Interpretations had no material effect on how the results and financial position for the current and prior accounting periods have been prepared and presented.

The Group has not early adopted any new standards, amendments and interpretation of the Hong Kong Financial Reporting Standards which have been issued but not yet effective for the financial period beginning 1 August 2014.

2. TURNOVER

The Group's turnover represents revenue derived from marine engineering, construction and structural steel engineering and sale of vessels. Revenue recognized during the period is as follows:

	(Unaudited)	
	Six months ended 31 January	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from marine engineering	54,460	39,252
Revenue from construction and structural steel engineering	7,150	11,837
Revenue from sale of vessels	-	15,200
	<hr/>	<hr/>
	<u>61,610</u>	<u>66,289</u>

3. SEGMENT INFORMATION

Business segments

The Group manages its business by three operating divisions – marine engineering, construction and structural steel engineering and sale of vessels. The following is an analysis of the Group's revenue and results by reportable segments for the period:

	(Unaudited)							
	Six months ended 31 January							
	Marine engineering		Construction and structural steel engineering		Sale of vessels		Consolidated	
2015	2014	2015	2014	2015	2014	2015	2014	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue:								
Revenue from external customers	<u>54,460</u>	<u>39,252</u>	<u>7,150</u>	<u>11,837</u>	<u>-</u>	<u>15,200</u>	<u>61,610</u>	<u>66,289</u>
Segment results	<u>8,658</u>	<u>6,068</u>	<u>1,902</u>	<u>1,062</u>	<u>-</u>	<u>6,587</u>	<u>10,560</u>	<u>13,717</u>
Unallocated other income							315	253
Unallocated gain on deconsolidation of subsidiaries in liquidation							-	28,545
Unallocated expenses							(10,575)	(12,360)
Unallocated finance costs							(359)	(647)
Profit/(Loss) before taxation							<u>(59)</u>	<u>29,508</u>

4. PROFIT/(LOSS) FROM OPERATIONS

The Group's profit/(loss) from operations has been arrived at after charging:

	(Unaudited)	
	Six months ended 31 January	
	2015	2014
	HK\$'000	HK\$'000
Depreciation	4,077	5,133
Staff costs (including directors' remuneration)		
– contributions to mandatory provident fund	104	137
– salaries, wages and other benefits	6,612	6,471
Operating leases	1,046	1,117
Legal and professional fees	<u>55</u>	<u>315</u>

5. FINANCE COSTS

Finance costs in the condensed consolidated income statement represents:

	(Unaudited)	
	Six months ended 31 January	
	2015	2014
	HK\$'000	HK\$'000
Interest on loans from related companies	354	627
Interest on other borrowings	-	13
Finance charges on obligations under finance leases	<u>5</u>	<u>7</u>
	<u>359</u>	<u>647</u>

6. INCOME TAX

No provision for Hong Kong Profits Tax has been made as the Group did not derive any assessable profits for both periods. No provision for Singapore income tax has been made as the Group's subsidiaries in Singapore did not have any assessable profits for both periods. No provision for the People's Republic of China ("PRC") corporate income tax has been made as the Group's PRC subsidiaries did not generate any assessable profits for both periods.

7. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of approximately HK\$59,000 (31 January 2014: profit of HK\$29,508,000) and on the weighted average number of 275,115,408 ordinary shares (31 January 2014: 275,115,408 ordinary shares) in issue during the period.

There were no dilutive potential shares in existence for the periods ended 31 January 2014 and 2015. Therefore, the diluted earnings/(loss) per share is the same as the basic (loss)/earnings per share for both periods.

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Floating craft and vessels HK\$'000	Furniture, fixtures and office equipment HK\$'000	Plant, machinery and workshop equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation						
At 31 July 2014 (Audited)	523	57,759	1,240	5,667	1,652	66,841
Additions	36	–	–	–	–	36
Transfer to disposal group classified as held for sale (note 16)	–	(3,310)	(626)	(516)	(183)	(4,635)
Exchange realignments	–	–	–	(46)	(1)	(47)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(46)</u>	<u>(1)</u>	<u>(47)</u>
At 31 January 2015 (Unaudited)	<u>559</u>	<u>54,449</u>	<u>614</u>	<u>5,105</u>	<u>1,468</u>	<u>62,195</u>
Accumulated depreciation and impairment						
At 31 July 2014 (Audited)	230	–	1,119	5,472	1,138	7,959
Charge for the period	28	3,914	21	20	94	4,077
Transfer to disposal group classified as held for sale (note 16)	–	–	(626)	(516)	(183)	(1,325)
Exchange realignments	–	–	–	(44)	(1)	(45)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(44)</u>	<u>(1)</u>	<u>(45)</u>
At 31 January 2015 (Unaudited)	<u>258</u>	<u>3,914</u>	<u>514</u>	<u>4,932</u>	<u>1,048</u>	<u>10,666</u>
Carrying amount						
At 31 January 2015 (Unaudited)	<u>301</u>	<u>50,535</u>	<u>100</u>	<u>173</u>	<u>420</u>	<u>51,529</u>
At 31 July 2014 (Audited)	<u>293</u>	<u>57,759</u>	<u>121</u>	<u>195</u>	<u>514</u>	<u>58,882</u>

At the period end date, carrying amount of the motor vehicles held under a finance lease was HK\$206,000 (31 July 2014: HK\$239,000).

9. LEASE PREPAYMENTS

	(Unaudited) 31 January 2015 HK\$'000	(Audited) 31 July 2014 HK\$'000
Leasehold land in the PRC		
Medium-term lease	<u>570</u>	<u>615</u>
Analysed for reporting purposes as:		
Current portion	74	76
Non-current portion	<u>496</u>	<u>539</u>
	<u>570</u>	<u>615</u>

The movements in the Group's lease prepayments during the period:

	(Unaudited) 31 January 2015 HK\$'000	(Audited) 31 July 2014 HK\$'000
At beginning of period	615	696
Amortisation	(38)	(76)
Exchange realignment	<u>(7)</u>	<u>(5)</u>
	<u>570</u>	<u>615</u>

Lease prepayments represent payments for land use rights located in the PRC with expiry through 2022.

10. JOINT VENTURES

	(Unaudited) 31 January 2015 HK\$'000	(Audited) 31 July 2014 HK\$'000
(a) Interests in joint ventures		
Unlisted shares, at beginning of period	49,768	65,495
Share of net assets	<u>(2,081)</u>	<u>(15,727)</u>
	<u>47,687</u>	<u>49,768</u>
(b) Amounts due from joint ventures	<u>11,530</u>	<u>1,134</u>
Amounts due to joint ventures	<u>(8,096)</u>	<u>(8,170)</u>

The amounts due from/(to) joint ventures are unsecured, interest-free and with no fixed term of repayment.

(c) Details of the joint ventures as 31 January 2015 are as follows:

Name of company	Form of business structure	Place of incorporation/ operation	Particulars of issued share capital	Group's effective interest	Principal activities
Universal Harbour Investment Limited	Incorporated	Hong Kong	128,000,000 shares	50%	Investment holding
Lead Ocean Assets Management Limited	Incorporated	British Virgin Islands	100 shares	50%	Investment holding
Argos Engineering (International) Company Limited	Incorporated	Hong Kong	2 shares	50%	Investment holding
Cochrane Enterprises Limited	Incorporated	Hong Kong	10,000 shares	50%	Investment holding
東莞振華建造工程有限公司	Wholly foreign owned enterprise	PRC	HK\$32,000,000	50%	Property holding
東莞興華造船有限公司	Wholly foreign owned enterprise	PRC	HK\$24,891,783	50%	Property holding
HKPFH Joint Venture	Unincorporated joint venture	Hong Kong	–	39%	Contract works
HKPFH Limited	Incorporated	Hong Kong	2 shares	50%	Contract works
HKPFH Operation Limited	Incorporated	Hong Kong	1 share	50%	Contract works
Regal Rich Limited	Incorporated	Hong Kong	1 share	50%	Vessels holding

Note: Under the joint venture agreements, all operating and financial decisions of the above entities have to be jointly approved by the Group and the joint venture partners. Therefore these companies are classified as joint ventures of the Group.

11. INVENTORIES

	(Unaudited) 31 January 2015 HK\$'000	(Audited) 31 July 2014 HK\$'000
Vessels held for trading	29,843	29,843
Raw materials	174	176
Inventories reclassified as assets of a disposal group held for sale (<i>note 16</i>)	(24,043)	–
	<u>5,974</u>	<u>30,019</u>

12. TRADE AND OTHER RECEIVABLES

	(Unaudited) 31 January 2015 HK\$'000	(Audited) 31 July 2014 HK\$'000
Trade receivables	13,972	4,986
Retention money receivables	3,153	3,105
Prepayments, deposits and other receivables	7,138	10,062
Loan receivables	9,335	12,056
Trade and other receivables reclassified as assets of a disposal group held for sale (<i>note 16</i>)	(2,561)	–
	<u>31,037</u>	<u>30,209</u>

The aging analysis of trade receivables of the Group as at the period end date is as follows:

	(Unaudited) 31 January 2015 HK\$'000	(Audited) 31 July 2014 HK\$'000
0 – 30 days	6,398	3,415
31 – 90 days	7,123	–
91 – 180 days	–	–
181 – 360 days	–	–
Over 360 days	5,868	6,988
	<u>19,389</u>	<u>10,403</u>
Less: Allowance for doubtful debts	(5,417)	(5,417)
	<u><u>13,972</u></u>	<u><u>4,986</u></u>

Trading terms with customers are largely on credit, where trade deposits, advances and payments in advance are normally required. Invoices are normally payable within 60 days of issuance, except for certain well established customers, where the terms are extended beyond 60 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management.

13. TRADE AND OTHER PAYABLES

	(Unaudited) 31 January 2015 HK\$'000	(Audited) 31 July 2014 HK\$'000
Trade creditors	5,966	4,499
Advances received from customers for contract works	–	1,246
Liabilities recognised in respect of liquidating subsidiaries	6,454	6,454
Other payables and accruals	13,581	11,816
Other loan	1,956	1,956
Trade and other payables reclassified as liabilities of a disposal group held for sale (<i>note 16</i>)	(10,673)	–
	<u>17,284</u>	<u>25,971</u>

The aging analysis of trade creditors at the end of the reporting period is as follows:

	(Unaudited) 31 January 2015 HK\$'000	(Audited) 31 July 2014 HK\$'000
0 – 30 days	4,095	1,671
31 – 90 days	652	1,338
91 – 180 days	36	47
181 – 360 days	–	312
Over 360 days	1,183	1,131
	<u>5,966</u>	<u>4,499</u>

14. OBLIGATIONS UNDER FINANCE LEASES

At 31 January 2015, the Group had obligations under finance leases repayable as follows:

	(Unaudited) 31 January 2015		(Unaudited) 31 July 2014	
	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000
Within 1 year	67	75	65	75
After 1 year but within 2 years	70	75	69	75
After 2 years but within 5 years	61	62	96	99
	<u>131</u>	<u>137</u>	<u>165</u>	<u>174</u>
	<u>198</u>	<u>212</u>	<u>230</u>	<u>249</u>
Less: Total future interest expenses		(14)		(19)
Present value of lease obligations		<u>198</u>		<u>230</u>

At 31 January 2015, motor vehicles were held under finance leases and the effective borrowing rate is 2.5% per annum. Interest rate is fixed at the contract date.

The Group's obligations under finance leases are secured by the lessor's title to the leased assets (note 8).

15. LOAN FROM RELATED COMPANIES

	(Unaudited) 31 January 2015 HK\$'000	(Audited) 31 July 2014 HK\$'000
Non-current liabilities		
Harbour Front Assets Investments Limited (note i)	16,966	14,833
Current liabilities		
Multi-Ventures Limited (note ii)	–	330
Harbour Front Assets Investments Limited (note iii)	1,378	–
	<u>18,344</u>	<u>15,163</u>

Notes:

- The loan is unsecured, bearing interest at prevailing prime rate offered by The Hongkong and Shanghai Banking Corporation Limited and repayable originally on 31 December 2013, which has been further extended to 31 December 2015. The actual weighted average interest rate charged for the period is 5% per annum (31 July 2014: 5%).
- On 16 October 2013, a wholly owned subsidiary of the Company, UDL Ship Management Limited and Multi-Ventures Limited entered into a loan agreement, under which Multi-Ventures Limited has agreed to provide a loan of HK\$1,200,000. The loan is unsecured, bearing interest at 12% per annum and repayable by 12 monthly installments commencing from November 2013.
- On 29 December 2014, a wholly owned subsidiary of the Company, UDL Ship Management Limited and Harbour Front Assets Investments Limited ("HFAI") entered into a loan agreement, under which HFAI has agreed to provide a loan of HK\$1,500,000. The loan is unsecured, bearing interest at 5% per annum and repayable by 12 monthly installments commencing from January 2015.

16. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Disposal group classified as held for sale – Wealthy King Group

On 16 March 2015, UDL Ventures Limited, a wholly owned subsidiary of the Company, and Crown Asia Equipment Limited, an independent third party, entered into a sale and purchase agreement, pursuant to which UDL Ventures Limited agreed to sell and Crown Asia Equipment Limited agreed to purchase 100% equity interest in Wealthy King Holdings Limited at a consideration of US\$1 together with its shareholder loan at a consideration of HK\$1. The principal business of the disposal group, comprised of Wealthy King Holdings Limited and its subsidiaries (the “Wealthy King Group”), was marine engineering in Singapore which had been discontinued since the winding up of its principal subsidiary UDL Marine (Singapore) Pte Ltd on 12 September 2014. Upon completion of the disposal, the Company will not hold any interest in the Wealthy King Group, and the Wealthy King Group will cease to be subsidiaries of the Company. As at 31 January 2015, the Wealthy King Group was classified as a disposal group held for sale in the consolidated statement of financial position of the Group.

The major classes of assets and liabilities of the Wealthy King Group classified as held for sale as at 31 January 2015 are as follows:

	<i>Note</i>	<i>HK\$'000</i>
Assets		
Property, plant and equipment	8	3,310
Inventories	11	24,043
Trade and other receivables	12	2,561
Cash and cash equivalents		3
		<u>29,917</u>
Assets of disposal group classified as held for sale		<u>29,917</u>
Liabilities		
Trade and other payables	13	10,673
Amounts due to related companies		1,182
Amounts due to directors		6
		<u>11,861</u>
Liabilities of disposal group classified as held for sale		<u>11,861</u>
Net amount due to other Group companies		<u>23,349</u>
Net liabilities of disposal group attributable to the Group		<u>(5,293)</u>

17. SHARE CAPITAL

Ordinary shares	Number of ordinary shares	Nominal value HK\$'000
Authorised:		
At 1 August 2014 and 31 January 2015 Ordinary shares of HK\$0.50 each	<u>480,000,000</u>	<u>240,000</u>
Issued and fully paid:		
At 1 August 2014 and 31 January 2015 Ordinary shares of HK\$0.50 each	<u>275,115,408</u>	<u>137,558</u>

Share options

The Company had adopted a share option scheme (the “Share Option Scheme 2002”) on 31 December 2002 with a life of 10 years. Upon expiration of the Share Option Scheme 2002, the Company adopted a new share option scheme (the “Share Option Scheme 2012”) on 6 December 2012 and terminated the operation of the Share Option Scheme 2002. Any share options which were granted under the Share Option Scheme 2002 prior to such termination shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme 2002.

(a) **Share Option Scheme 2002**

Details of the share options outstanding under the Share Option Scheme 2002 are as follows:

	Exercise period	Exercise price	At 1 August 2014	Number of share options			At 31 January 2015
				Granted during the period	Exercised during the period	Lapsed during the period	
Employee	22 March 2011 to 21 March 2021	HK\$2.02	396,000	-	-	-	396,000

(b) **Share Option Scheme 2012**

The Company has adopted the Share Option Scheme 2012 on 6 December 2012 with a life of 10 years whereby the directors of the Company are authorised, at their discretion, to invite eligible participants as described in definitions of the circular of the Company dated 7 November 2012, including employees, directors and consultants of the Group, to take up options to subscribe for shares of the Company (the "Shares"). The exercise price of the options shall be determined by the Board and shall not be less than the highest of (i) the closing price of the Shares as quoted on the Stock Exchange on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a Share. The Share Option Scheme 2012 shall be valid and effective until 5 December 2022. Options under the Share Option Scheme 2012 are exercisable during such period as determined by the Board provided that such period shall not be more than 10 years from the date of grant.

Details of the movement of share options granted under the Share Option Scheme 2012 during the period and outstanding as at 31 January 2015 are as follows:

	Exercise period	Exercise price	At 1 August 2014	Number of share options			At 31 January 2015
				Granted during the period	Exercised during the period	Lapsed during the period	
Employees	23 January 2013 to 22 January 2023	HK\$0.62	2,760,000	-	-	-	2,760,000
Directors							
Leung Yu Oi Ling, Irene	23 January 2013 to 22 January 2023	HK\$0.62	1,000,000	-	-	-	1,000,000
Leung Chi Yin, Gillian	23 January 2013 to 22 January 2023	HK\$0.62	1,000,000	-	-	-	1,000,000
Leung Chi Hong, Jerry	23 January 2013 to 22 January 2023	HK\$0.62	1,000,000	-	-	-	1,000,000
Leung Yat Tung	15 April 2014 to 14 April 2024	HK\$0.798	2,751,154	-	-	-	2,751,154

The estimate of the fair value of the share options granted is measured based on the Binomial Option Pricing Model (the "Model"). The contractual life of the share options is used as an input into this model. Expectations of early exercise are incorporated into the Model.

Fair value of share options and assumptions were as follows:

Date of grant	15 April 2014	23 January 2013
Fair value option at measurement date	HK\$0.77	HK\$0.35
Share price	HK\$0.77	HK\$0.62
Exercise price	HK\$0.798	HK\$0.62
Expected volatility	122.39%	122.66%
Option life	10 years	10 years
Risk-free interest rate	2.172%	0.975%
Expected dividend yield	-	-

The expected volatility was based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

18. SIGNIFICANT RELATED PARTY TRANSACTIONS

	(Unaudited)	
	Six months ended 31 January	
	2015	2014
	HK\$'000	HK\$'000
Contract management fee income from a joint venture	14,197	–
Project services income from a joint venture	638	–
Services fee from a related company	–	11
Rental charges paid to related companies	–	220
Consultancy fee paid to a related company	90	90
Car hiring fee paid to a joint venture	57	57
Finance costs payable to related companies	354	627

19. CONTINGENCIES AND LITIGATIONS

- (a) The Company and the Group had pending litigation in respect of the statement of claim for 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 other: the Fonfair Company Limited ("Fonfair") claim against the defendants for the amount of HK\$19,568,644.66 together with interest and costs, the Money Facts Limited ("Money Facts") claim for the amount of HK\$13,334,211.42 (HK\$12,874,121.48 of which is 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 the Leung Yuet Keung claim for the amount of HK\$15,190,409.54 (HK\$6,667,105.71 of which is 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. As pleaded by the plaintiffs, (a) Harbour Front Limited, which is the majority shareholder of the Company, holds 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; (b) Money Facts holds 7,900 out of the 12,008 issued ordinary shares of Fonfair; and (c) Leung Yuet Keung holds 3,950 out of the 7,900 issued ordinary shares of Money Facts. Based on legal advice, the directors of the Company do not believe it probable that the court will place judgement against the Company and the Group, and therefore, no provision has therefore been made in respect of these claims.
- (b) UDL Contracting Limited ("UDL Contracting"), a wholly-owned subsidiary of the Company commenced legal action under HCA 1209 of 2007 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 which has been consented by UDL Contracting. The legal counsels are of the opinion that UDL Contracting is unlikely to incur any liability save for legal costs. The legal costs of the first defendant have been settled amicably upon the claim against the first defendant having been stayed to arbitration. No substantial action has been taken by the second defendant. UDL Contracting is considering further actions on the case. No asset is recognised in respect of this claim, and the recovery of this claim is a Scheme Asset. Based on an irrevocable letter of undertaking dated 23 October 2008 provided by Harbour Front Limited, UDL Contracting is entitled to the reimbursement of the recovery costs upon success in the Scheme Asset recovery action.
- (c) UDL Marine (Singapore) Pte Ltd ("UMSG"), a wholly-owned subsidiary of the Company, commenced proceedings against Jurong Town Corporation ("JTC") in relation to an application for renewal of the lease at 3 Benoi Road, Singapore 629877, Civil Suit 502 of 2010. This claim against JTC seeks for a renewal of the lease be granted. UMSG also commenced proceedings against Economic Development Bureau, Civil Suit 156 of 2011, for damages for negligent mis-statement in relation to the renewal of the aforesaid lease. JTC has also commenced proceedings against UMSG, Civil Suit 98 of 2011, for repossession of the land and double value of rent for the period of holding over. All of the three aforesaid cases were ordered to be consolidated and proceeded as one action by order of the High Court of Singapore dated 28 November 2011. A judgement was issued on 7 November 2013 and ordered that UMSG to pay JTC the sum of S\$1,109,420. An appeal against the judgement was filed and heard before the Court of Appeal and was dismissed on 29 May 2014.

On 22 July 2014, UMSG received a winding-up petition by JTC, for the claim of a sum of S\$1.037 million due to JTC by UMSG. A winding-up order was issued by the High Court of Singapore on 12 September 2014 that UMSG be wound up. The Group has recognised a related liability of HK\$6,450,000 (equivalent to S\$1.037 million).

INTERIM DIVIDEND

The Board does not recommend any payment of interim dividend for the six months ended 31 January 2015 (31 January 2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FUTURE PROSPECTS

The Group reports an unaudited revenue for the six months ended 31 January 2015 to be HK\$61.6 million (31 January 2014: HK\$66.3 million) with an unaudited consolidated loss of HK\$0.059 million (31 January 2014: profit of HK\$29.5 million).

Construction and Structural Steel Engineering

The construction and structural steel engineering sector reports a revenue of HK\$7.2 million (31 January 2014: HK\$11.8 million) with a profit of HK\$1.9 million (31 January 2014: HK\$1.1 million). The Group continues to participate in the tendering of civil engineering contracts either in joint ventures with major contractors or as specialist port works contractor.

Marine Engineering

The marine engineering sector reports a revenue of HK\$54.5 million (31 January 2014: HK\$39.3 million) and a profit of HK\$8.7 million (31 January 2014: HK\$6.1 million). In view of forthcoming infrastructure works rolling out in the marine engineering sector, growth in sales is expected to continue in 2015.

Sale of Vessels

For the six months ended 31 January 2015, no revenue and profit is recorded from sale of vessels as compared to the corresponding period of 2014 with revenue of HK\$15.2 million and profit of HK\$6.6 million. The Group will continue to observe the market demand in the region.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 January 2015, the Group has cash and cash equivalents of about HK\$0.8 million (31 July 2014: HK\$4.0 million).

The finance costs of the period is decreased to HK\$0.4 million (31 January 2014: HK\$0.6 million).

The gearing ratio of the Group as a result, calculated by dividing total liabilities by total assets value, increased to 33.53% (31 July 2014: 31.83%).

EXPOSURE OF FOREIGN EXCHANGE

The Group's assets and liabilities are mainly denominated in Hong Kong Dollars, Renminbi and Singapore Dollars. Income and expenses derived from the operations in PRC and Singapore are mainly denominated in Renminbi and Singapore Dollars respectively. There is no significant exposure to the fluctuation of foreign exchange rates, but the Group is closely monitoring the financial market and would consider appropriate measures if required. The Group has no hedging arrangement for foreign currencies and has not involved in the financial derivatives.

EMPLOYEES AND REMUNERATION POLICIES

The Group has about 110 technical and working staff in Hong Kong, Singapore and PRC during the period under review. Remuneration policies are reviewed regularly to ensure that compensation and benefit packages are in line with the market. In addition to basic salary, incentives in the form of bonuses and share options may also be offered to eligible employees based on individual performance.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 January 2015.

CORPORATE GOVERNANCE

During the period under review, the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry to all directors of the Company regarding any non-compliance with the Model Code during the period under review and they all have confirmed that they have fully complied with the required standards set out in the Model Code.

The Company has established the Remuneration Committee with written terms of reference in accordance with the requirements of the Listing Rules and the CG Code. The Remuneration Committee consists of four members, namely Mr. Pao Ping Wing, *JP*, Ms. Tse Mei Ha, Ms. Leung Chi Yin, Gillian and Prof. Yuen Ming Fai, Matthew, *Ph.D.*, in which Prof. Yuen Ming Fai, Matthew, *Ph.D.* is the chairman of the Remuneration Committee.

The Company has established the Nomination Committee with written terms of reference in accordance with the requirements of the Listing Rules and the CG Code. The Nomination Committee consists of three members, namely Mr. Pao Ping Wing, *JP*, Prof. Yuen Ming Fai, Matthew, *Ph.D.* and Mrs. Leung Yu Oi Ling, Irene, in which Mrs. Leung Yu Oi Ling, Irene is the chairman of the Nomination Committee.

The Company has established the Audit Committee with written terms of reference in accordance with the requirements of the Listing Rules and the CG Code. The Audit Committee consists of three Independent Non-executive Directors, namely Mr. Pao Ping Wing, *JP*, Prof. Yuen Ming Fai, Matthew, *Ph.D.* and Ms. Tse Mei Ha, in which Ms. Tse Mei Ha is the chairman of the Audit Committee.

The Audit Committee and the management have reviewed the accounting policies and practices adopted by the Group and discussed internal control. This interim results of the Company for the six months ended 31 January 2015 is unaudited, and has been duly reviewed by the Audit Committee.

By order of the Board
UDL HOLDINGS LIMITED
Leung Yu Oi Ling, Irene
Chairman

Hong Kong SAR, 16 March 2015

Executive Directors

Mr. Leung Yat Tung
Mrs. Leung Yu Oi Ling, Irene
Ms. Leung Chi Yin, Gillian
Mr. Leung Chi Hong, Jerry

Independent Non-executive Directors

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