UDL HOLDINGS LIMITED
太元集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 620)

FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2015

The board of directors (the "Board") of UDL Holdings Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 July 2015 together with the comparative figures for the year ended 31 July 2014 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 July 2015

	Note	2015 HK$'000	2014 HK$'000
Continuing operations			
Turnover	2	**89,042**	119,722
Other revenue and net income		**8,889**	13,029
Staff costs	5(a)	**(26,167)**	(28,223)
Marine, construction and structural steel engineering costs	5(b)	**(77,528)**	(71,938)
Cost of vessels sold		**–**	(11,956)
Depreciation and amortisation	5(c)	**(8,132)**	(10,429)
Write-down of inventories		**–**	(23,473)
Loss on disposal of subsidiaries		**(10,902)**	–
Other operating expenses		**(9,583)**	(18,561)
Loss from operations		**(34,381)**	(31,829)
Finance costs	4	**(831)**	(1,085)
Share of losses of joint ventures		**(2,930)**	(7,940)
Loss before taxation		**(38,142)**	(40,854)
Income tax	6	**–**	–
Loss for the year from continuing operations		**(38,142)**	(40,854)
Discontinued operation			
Gain for the year from discontinued operation		**–**	29,169
Loss for the year		**(38,142)**	(11,685)
Attributable to:			
Owners of the Company		**(38,142)**	(11,714)
Non-controlling interests		**–**	29
Loss for the year		**(38,142)**	(11,685)
Loss attributable to owners of the Company arises from:			
Continuing operations		**(38,142)**	(11,805)
Discontinued operation		**–**	91
Loss for the year		**(38,142)**	(11,714)
Loss per share			
From continuing and discontinued operations			
– Basic	7(a)	**(13.82) cents**	(4.25) cents
– Diluted	7(b)	**(13.82) cents**	(4.25) cents
From continuing operations			
– Basic		**(13.82) cents**	(14.85) cents
– Diluted		**(13.82) cents**	(14.85) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 July 2015

	2015 *HK$'000*	2014 *HK$'000*
Loss for the year	**(38,142)**	(11,685)
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign subsidiaries and joint ventures	**(174)**	(1,130)
Reclassification of exchange reserve upon disposal/loss of control of subsidiaries	**(6,081)**	(6,450)
Items that will not be reclassified to profit or loss:		
Loss on revaluation of floating craft and vessels	**–**	(382)
Total comprehensive loss for the year (net of tax)	**(44,397)**	(19,647)
Attributable to:		
Owners of the Company	**(44,397)**	(19,343)
Non-controlling interests	**–**	(304)
	(44,397)	(19,647)
Total comprehensive loss attributable to owners of the Company arises from:		
Continuing operations	**(44,397)**	(19,343)
Discontinued operation	**–**	–
	(44,397)	(19,343)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2015

	Note	**2015** **HK$'000**	2014 HK$'000
Non-current assets			
Property, plant and equipment		**47,910**	58,882
Lease prepayments		**462**	539
Club membership		**200**	200
Interests in associates		**–**	–
Interests in joint ventures		**46,824**	49,768
Other receivables		**320**	800
Loan receivable		**948**	3,129
		96,664	113,318
Current assets			
Inventories		**5,975**	30,019
Lease prepayments		**75**	76
Trade and other receivables	8	**20,478**	30,209
Amount due from an associate		**1,893**	3,139
Amount due from a joint venture		**6,017**	1,134
Amounts due from customers for contract works		**8,967**	7,820
Amounts due from related parties		**11,269**	–
Cash and cash equivalents		**81,956**	4,038
		136,630	76,435
Current liabilities			
Trade and other payables	9	**17,336**	25,971
Obligations under finance leases		**68**	65
Loan from a related company		**634**	330
Amounts due to related parties		**7,051**	8,054
Amount due to a joint venture		**8,104**	8,170
Amounts due to customers for contract works		**3,000**	–
Amounts due to directors		**1,639**	2,808
Current taxation		**–**	–
		37,832	45,398
Net current assets		**98,798**	31,037
Total assets less current liabilities		**195,462**	144,355
Non-current liabilities			
Obligations under finance leases		**97**	165
Loan from a related company		**103,851**	14,833
Deferred tax liabilities		**–**	–
		103,948	14,998
NET ASSETS		**91,514**	129,357
CAPITAL AND RESERVES			
Share capital		**142,001**	137,558
Reserves		**(50,487)**	(8,201)
TOTAL EQUITY		**91,514**	129,357

1. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period, as permitted by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), continue to be those of the predecessor Companies Ordinance (Cap. 32). These financial statements also comply with the applicable disclosure provisions of the Listing Rules. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 July 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Hong Kong dollar ("HK$"), rounded to the nearest thousand except for per share data. Hong Kong dollar is the Company's functional and the Group's presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for floating craft and vessels are stated at their fair value.

When the presentation currency is different from the functional currency, the fact shall be stated, together with disclosure of the functional currency and the reason for using a different presentation currency.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed.

(c) Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities
Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 Cycle
HK(IFRIC) 21	Levies

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended HKFRSs are discussed below.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Company does not qualify to be an investment entity.

Amendments to HKAS 19 – Defined benefit plans: Employee contributions

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient (by meeting the criteria set out in the amendments), a company is permitted (but not required) to recognise the contributions as a reduction of the service cost in the period in which the related services is rendered, instead of including them in calculating the defined benefit obligation.

The directors of the Company do not anticipate that the application of these amendments to HKAS 19 will have a significant impact on the Group's consolidated financial statements as the Group does not have any defined benefit plans.

Amendments to HKAS 32 – Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36 – Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The amendments do not have an impact on these financial statements for the years presented.

Amendments to HKAS 39 – Novation of derivatives and continuation of hedge accounting

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

HK(IFRIC) 21 – Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these financial statements as the guidance is consistent with the Group's existing accounting policies.

The Group has not early applied the following amendments, new standards and interpretations that have been issued but are not yet effective for the year ended 31 July 2015.

Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Ventures[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 9	Financial Instruments[4]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[4]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after 1 January 2017
[4] Effective for annual periods beginning on or after 1 January 2018

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. So far it has considered that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

2. TURNOVER

The principal activity of the Company is investment holding. The principal activities of the subsidiaries which materially affected the results or assets of the Group during the year include sale of vessels, marine engineering work and construction and structural steel engineering work.

An analysis of the amount of each significant category of turnover and revenue from principal activities during the year is as follows:

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Revenue from:		
Marine engineering	**62,338**	80,316
Construction and structural steel engineering	**26,704**	24,206
Sale of vessels	**–**	15,200
Turnover	**89,042**	119,722

3. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by business line in a manner consistent with the way in which information is reported internally to the Group's Chief Operating Decision Maker ("CODM"), being the Executive Directors of the Company, for the purpose of resource allocation and performance assessment, the Group has three reportable segments as below. No operating segments have been aggregated to form the following reportable segments.

- Marine engineering
- Construction and structural steel engineering
- Sale of vessels

An operating segment regarding hotel operations was ceased and discontinued in previous year. The following segment information does not include any amounts for the discontinued operation.

(a) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated and the expenses incurred by those segments or which would otherwise arise from the depreciation or amortisation of assets attributable to those segments. The measure used for reporting segment profit/loss is gross profit/loss. No inter-segment sales have occurred for the years ended 31 July 2015 and 2014. The Group's other income and expense items, such as finance costs, general and administrative expenses and share of profits/(losses) of associates/joint ventures are not measured under individual segment.

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates and jointly ventures and other corporate asset. Segment liabilities include trade and other payables attributable to the individual segment.

Continuing operations

	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$'000***	*HK$'000*
Reportable segment revenue:								
Revenue from external customers	**62,338**	80,316	**26,704**	24,206	**–**	15,200	**89,042**	119,722
Reportable segment results	**(29,207)**	(22,688)	**2,572**	7,836	**(596)**	(20,098)	**(27,231)**	(34,950)
Share of losses of joint ventures							**(2,930)**	(7,940)
Unallocated head office and corporate other revenue and income							**728**	13,029
Unallocated head office and corporate expenses							**(7,878)**	(9,908)
Unallocated finance costs							**(831)**	(1,085)
Loss before taxation							**(38,142)**	(40,854)
Income tax							**–**	–
Loss for the year from continuing operations							**(38,142)**	(40,854)

Continuing operations

	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$'000***	*HK$'000*
ASSETS								
Reportable segment assets	**46,108**	48,872	**124,451**	53,470	**61,369**	85,942	**231,928**	188,284
Unallocated head office and corporate assets	**–**	–	**–**	–	**–**	–	**1,366**	1,469
Total consolidated assets							**233,294**	189,753
LIABILITIES								
Reportable segment liabilities	**122,276**	44,015	**10,286**	8,848	**9,160**	7,492	**141,722**	60,355
Unallocated head office and corporate liabilities	**–**	–	**–**	–	**–**	–	**58**	41
Total consolidated liabilities							**141,780**	60,396
OTHER INFORMATION								
Capital expenditure incurred during the year	**128**	–	**–**	–	**36**	–	**164**	–
Depreciation and amortisation	**8,132**	10,429	**–**	–	**–**	–	**8,132**	10,429
Write-down of inventories	**–**	1,736	**–**	–	**–**	21,737	**–**	23,473
Impairment loss/(reversal of impairment) on trade and other receivables	**635**	(785)	**–**	–	**596**	–	**1,231**	(785)

(b) **Geographical information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and lease prepayments ("specified non-current assets"). The geographical location of customers is based on the location at which services were provided. The geographical location of the specified non-current assets is based on the physical location of the assets.

	Hong Kong		**Singapore**		**PRC**		**Consolidated**	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**89,042**	119,722	**–**	–	**–**	–	**89,042**	119,722
Specified non-current assets	**47,755**	55,376	**–**	3,310	**617**	735	**48,372**	59,421

(c) **Information about major customers**

Revenue from customers contributing 10% or more of the total revenue of the Group is as follows:

	2015	2014
	HK$'000	*HK$'000*
Revenue from marine engineering:		
– Customer A	**27,651**	71,395
– Customer B	**15,912**	–
Revenue from construction and structural steel engineering:		
– Customer C	**12,517**	–
	56,080	71,395

4. **FINANCE COSTS**

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Interest on other loan	**–**	54
Interest on loans from related companies	**825**	1,019
Finance charges on obligations under finance leases	**6**	12
Total interest expense on financial liabilities not at fair value through profit or loss	**831**	1,085

5. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	2015 *HK$'000*	2014 *HK$'000*
Continuing operations		
(a) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**25,962**	26,536
Equity-settled share-based payments	**–**	1,435
Contributions to defined contribution retirement plans	**205**	252
	26,167	28,223
(b) Marine, construction and structural steel engineering costs		
Subcontracting, direct engineering and material costs	**51,944**	50,120
Plant and operational costs	**–**	2,874
Direct overheads	**1,924**	5,388
Repairs, maintenance and vessel security	**11,982**	13,556
Transportation cost	**11,678**	–
	77,528	71,938
(c) Depreciation and amortisation		
Depreciation of property, plant and equipment	**8,057**	10,353
Amortisation of lease prepayments	**75**	76
	8,132	10,429
(d) Other items		
Auditor's remuneration		
– Audit services	**1,200**	1,100
– Non-audit services	**80**	–
Operating lease charges in respect of land and buildings	**2,108**	2,144
Impairment loss on other receivables	**1,231**	–
Revaluation loss on property, plant and machinery	**–**	7,610
Write-down of inventories	**–**	23,473
Net foreign exchange loss	**29**	1,031

6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (RELATING TO CONTINUING OPERATIONS)

The Company and subsidiaries of the Group incorporated in Bermuda and the British Virgin Islands, respectively are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profit for the year. No provision has been made for Hong Kong Profits Tax as the Group did not derive any assessable profits subject to Hong Kong Profits Tax during both years.

The PRC subsidiaries of the Group are subject to PRC Corporate Income Tax rate of 25% (2014: 25%) for the year. No provision for PRC corporate income tax has been made, as the Group's PRC subsidiaries did not generate any assessable profits during both years.

Singapore income tax has been provided at the rate of 17% (2014: 17%) for the year. No provision for Singapore income tax has been made, as the Group's Singapore subsidiaries did not generate any assessable profits during both years.

7. LOSS PER SHARE

(a) Basic loss per share

Continuing and discontinued operations

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$38,142,000 (2014: loss of HK$11,714,000) and the weighted average number of 276,053,008 (2014: 275,115,408) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2015	2014
Issued ordinary shares	**275,115,408**	275,115,408
Effect of exercise of share options	**937,600**	–
Weighted average number of ordinary shares	**276,053,008**	275,115,408

(b) Diluted loss per share

The Company had no dilutive potential ordinary shares in existence during the years ended 31 July 2015 and 2014 since the exercise of the Company's share options is anti-dilutive and would result in a reduction in loss per share. Therefore, the diluted loss per share is same as the basic loss per share for both years.

8. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**5,283**	10,403
Less: Impairment loss	**(2,122)**	(5,417)
	3,161	4,986
Other receivables	**40,227**	16,580
Less: Impairment loss	**(31,631)**	(6,518)
	8,596	10,062
Retention money receivables	**3,884**	3,782
Less: Impairment loss	**–**	(677)
	3,884	3,105
Loan receivable	**4,837**	12,056
	20,478	30,209

(a) Trade receivables

(i) Ageing analysis

The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date as at the end of the reporting period is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**2,333**	3,415
31 – 90 days	**609**	–
91 – 180 days	**171**	–
181 – 360 days	**48**	–
Over 360 days	**2,122**	6,988
	5,283	10,403
Less: Allowance for doubtful debts	**(2,122)**	(5,417)
	3,161	4,986

Except for retention receivables, credit terms granted by the Group to customers generally range from 120 to 150 days.

(ii) *Impairment of trade receivables*

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movements in the allowance for doubtful debts during the year are as follows:

	2015	2014
	HK$'000	*HK$'000*
At 1 August	**5,417**	8,307
Reversal of impairment	**–**	(1,085)
Amounts written off as uncollectible	**(3,295)**	(1,889)
Exchange difference	**–**	84
At 31 July	**2,122**	5,417

As at 31 July 2015, the Group's trade receivables of HK$2,122,000 (2014: HK$5,417,000) were individually determined to be impaired. The individually impaired receivables related to customers that were past due and slow-paying or in financial difficulties and management assessed that these receivables are irrecoverable.

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**2,333**	3,415
31 – 90 days	**609**	–
91 – 180 days	**171**	–
181 – 360 days	**48**	1,571
	3,161	4,986

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(b) Other receivables

(i) Impairment of other receivables

	2015	2014
	HK$'000	*HK$'000*
At 1 August	**6,518**	6,258
Impairment loss recognised	**1,231**	300
Disposal of subsidiaries	**23,909**	–
Exchange difference	**(27)**	(40)
At 31 July	**31,631**	6,518

Note:

Included in other receivables at 31 July 2015 is the aggregate amount of recovery costs of HK$6,635,000 (2014: HK$6,518,000) incurred by the Group to pursue arbitration and/or legal proceedings to recover the assets under a Scheme of Arrangement (the "Scheme"). Pursuant to the Scheme and an undertaking letter dated 23 October 2008 issued by Harbour Front Limited ("Harbour Front"), the Group shall act as nominee of Harbour Front to recover the Scheme Assets and the Group will be reimbursed for such amount upon the successful recovery of these Scheme Assets.

Since the recovery action of the Scheme Assets is still ongoing and the Group would only be reimbursed of all these recovery costs incurred by Harbour Front till successful recovery of all these Scheme Assets. The directors of the Company consider that these recovery costs have been long outstanding and the outcome of the recovery actions taken by the Group is uncertain, it is appropriate to make further impairment loss on these recovery costs incurred totaling HK$6,635,000 (2014: HK$6,518,000).

(c) Retention money receivables

The impairment loss of HK$677,000 in 2014 represented balance due by a contractor for long outstanding contracting works done by the Group but not yet certified by the contractor due to disputes. The directors of the Company considered that the probability of recovery of this balance is low and therefore, impairment loss of HK$677,000 was made in the income statement for the year ended 31 July 2014.

(d) Loan receivables

Loan receivables comprised of HK$3,130,000 (2014: HK$5,185,000) (including non-current portion of HK$948,000 (2014: HK$3,129,000)) and HK$2,655,000 (2014: HK$10,000,000) made to a former associate, Crown Asia Engineering Limited ("Crown Asia"), bearing interest at 6% per annum and 1% per annum, respectively. The loans are secured on the marine plant of Crown Asia and issued shares of its subsidiary, Crown Asia Logistics Limited and are repayable over a period of 36 months and on demand, respectively.

9. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade creditors	**2,269**	4,499
Advances received from customers for contract works	**721**	1,246
Liabilities recognised in respect of liquidating subsidiaries	**–**	6,454
Accruals	**4,174**	5,401
Other payables	**10,172**	6,415
Other loan *(note below)*	**–**	1,956
Financial liabilities measured at amortised cost	**17,336**	25,971

Note:

Other loan represented loan of HK$1,956,000 from an independent third party, unsecured, interest bearing at 5.5% per annum, and was repaid during the year.

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

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**1,158**	1,671
31 – 90 days	**795**	1,338
91 – 180 days	**183**	47
181 – 360 days	**6**	312
Over 360 days	**127**	1,131
	2,269	4,499

10. CONTINGENCIES AND LITIGATIONS

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, UDL Contracting is entitled to the reimbursement of the recovery costs upon success in the Scheme Asset recovery action.

11. **EVENTS AFTER THE REPORTING PERIOD**

(a) On 6 October 2015, the Company completed the placing of 55,023,081 Placing Shares to not less than six placees, who are independent third parties, at the price of HK$2.50 per Placing Share pursuant to the terms and conditions of the placing agreement dated 15 September 2015. The net proceeds from the placing is approximately HK$135.0 million to be utilised for general working capital and settlement of certain liabilities of the Group.

(b) On 16 October 2015, UDL Ventures Limited, a wholly-owned subsidiary of the Company, entered into an agreement (the "Agreement") with an independent third party, the Purchaser, pursuant to which, UDL Ventures Limited has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the entire equity interests in Net Excel Management Limited and its subsidiaries and joint ventures (collectively the "Net Excel Group") at a consideration equal to the greater of (i) the net asset value of the Net Excel Group as set out in consolidated management accounts of the Net Excel Group as at the date of completion of the transaction; and (ii) US$1.00. The Agreement is conditional upon all requirements imposed by The Stock Exchange of Hong Kong Limited under the Listing Rules or otherwise in connection with the transaction contemplated by the Agreement having been fully complied with.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FUTURE PROSPECTS

For the year ended 31 July 2015, UDL Holdings Limited (the "Company") and its subsidiaries (the "Group") reports a decrease in revenue from continuing operations of HK$89.042 million (2014: HK$119.722 million) and a loss from continuing operations of HK$38.142 million (2014: HK$40.854 million).

Construction and Structural Steel Engineering

The Construction and Structural Steel Engineering sector recorded a revenue of HK$26.704 million (2014: HK$24.206 million) and a gain of HK$2.572 million (2014: HK$7.836 million). While we observe prospects in the civil engineering construction industry in Hong Kong in recent years, the growth is slowing down while risk factors including surging costs remain. Attention is drawn to the Company's announcement dated 16 October 2015 regarding a discloseable transaction related to this sector.

Marine Engineering

The Marine Engineering sector recorded a revenue of HK$62.338 million (2014: HK$80.316 million) and a loss of HK$29.207 million (2014: HK$22.688 million). During the financial year of 2015, the Group discontinued its marine engineering operation in Singapore through disposal of Wealthy King Holdings Limited and its subsidiaries. The Group continues to focus on the marine engineering sector in Hong Kong.

Sale of Vessels

There was no revenue derived from Sale of Vessels for the year 2015 (2014: HK$15.200 million) with a loss of HK$0.600 million (2014: HK$20.098 million). In the light of the forthcoming mega-infrastructure projects to be rolled out, the demand of specialized vessels and marine equipments will come and the management continues to explore opportunities in the vessel trade sector.

LIQUIDITY AND FINANCIAL RESOURCES

In order to utilise financial resources effectively and efficiently, the Group has secured shareholder's loan facility to finance the working capital of the operation and business development.

As at 31 July 2015, total indebtedness balance of the continuing operations of the Group was HK$104.6 million (2014: HK$15.3 million). The finance costs of continuing operations decreased to HK$0.8 million (2014: HK$1.1 million). At the financial year end, bank and cash balances totalled HK$82.0 million, as compared with HK$4.0 million of the Group last year. The deposit in foreign currencies are mainly for the operation and projects in Singapore and the People's Republic of China (the "PRC").

The gearing ratio of the Group as a result, calculated by dividing total liabilities by total asset value, increased to 60.77% (2014: 31.83%).

EXPOSURE OF FOREIGN EXCHANGE

The Group's assets and liabilities are mainly dominated in Hong Kong Dollars, Renminbi and Singapore Dollars. Income and expenses derived from the operations in PRC and Singapore are mainly dominated 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

As at 31 July 2015, other than outsourcing vendors but including contract workers, the Group has approximately 80 technical and working staff in Hong Kong, Singapore and PRC. Total staff costs of the continuing operations of the Group, excluding contract workers, amounted to HK$26.2 million this year, as compared with HK$28.2 million last year.

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. Incentives in the form of bonuses and share options may also be offered to eligible employees based on individual performance. The emoluments of the directors and senior management of the Company are determined by the Remuneration Committee and approved by the board of directors of the Company (the "Board"), having regard to their individual duties and responsibility with the Company, remuneration benchmark in the industry and prevailing market condition.

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 July 2015 (2014: Nil).

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

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

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (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 regarding any non-compliance with the Model Code during the year under review and they all confirmed that they have fully complied with the required standard set out in the Model Code.

The Remuneration Committee reviews and evaluates the remuneration policies of the directors and senior management of the Group and makes recommendations to the Board from time to time.

The Nomination Committee reviews the structure, size and composition of the Board and makes recommendations to the Board from time to time.

The Audit Committee and the management have reviewed the accounting policies and practices adopted by the Group, discussed the internal control procedures and reviewed the corporate governance functions.

The final results of the Group for the year ended 31 July 2015 have been reviewed by the Audit Committee. The Group's consolidated financial statements have been audited by the Company's auditors, Crowe Horwath (HK) CPA Limited, and they have issued an unqualified opinion.

PUBLICATION OF FINAL 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 websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.udl.com.hk) respectively in due course.

ANNUAL GENERAL MEETING

The 2015 annual general meeting of the Company will be held on 30 November 2015. The notice of the annual general meeting will be published and dispatched to the shareholders of the Company in due course.

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

Hong Kong, 22 October 2015

The Directors as at the date of this announcement are as follows:

Executive Directors:
Mr. Leung Yat Tung
Mrs. Leung Yu Oi Ling, Irene
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*
Professor Yuen Ming Fai, Matthew, *Ph.D.*
Ms. Tse Mei Ha