

INTERIM RESULTS

The Directors of UDL Holdings Limited (the “Company”) would like to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31st January, 2002 as follows:

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 31st January, 2002

		Six months ended 31st January, 2002 HK\$'000	Six months ended 31st January, 2001 HK'000
	<i>Notes</i>		
TURNOVER			
Continuing operations	<i>1</i>	27,332	32,445
Cost of sales		<u>(16,810)</u>	<u>(13,430)</u>
		10,522	19,015
Other revenue		910	1,310
Administrative expenses		<u>(10,808)</u>	<u>(11,742)</u>
		624	8,583
Provision for the decline in the recoverable amount of vessels		(21,987)	–
Provision for bad and doubtful debts		<u>(18,978)</u>	<u>(816)</u>
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	<i>2</i>	(40,341)	7,767
Finance costs		<u>(5,834)</u>	<u>(5,704)</u>
PROFIT/(LOSS) BEFORE TAXATION		(46,175)	2,063
Taxation	<i>3</i>	<u>1,974</u>	<u>86</u>
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		(44,201)	2,149
Minority interests		<u>–</u>	<u>21</u>
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<u>(44,201)</u>	<u>2,170</u>
		HK Cents	HK Cents
EARNINGS/(LOSS) PER SHARE			
– Basic	<i>4</i>	<u>(7.3)</u>	<u>0.4</u>

CONSOLIDATED BALANCE SHEET (UNAUDITED)*As at 31st January, 2002*

		31st January 2002	31st January 2001
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK'000</i>
NON-CURRENT ASSETS			
Fixed assets	5	77,393	135,848
CURRENT ASSETS			
Cash and bank balances		182	536
Trade receivables	6	7,373	24,797
Inventories		21,481	1,124
Prepayments, deposits and other receivables		17,236	6,615
Amount due from related companies		7,104	3,598
		<u>53,376</u>	<u>36,670</u>
CURRENT LIABILITIES			
Interest-bearing bank and borrowings	8	100,379	75,050
Trade payables	7	10,514	1,063
Other payables, deposits received and accruals		22,550	11,606
Due to related companies		5,131	6,459
Due to shareholders	8	6,221	3,375
Due to directors		–	165
Tax payable		–	1,065
		<u>144,795</u>	<u>98,783</u>
NET CURRENT LIABILITIES		<u>(91,419)</u>	<u>(62,113)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(14,026)</u>	<u>73,735</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	8	6,414	52,396
Finance lease payables		–	253
Deferred tax		2,424	3,122
		<u>8,838</u>	<u>55,771</u>
MINORITY INTERESTS		<u>–</u>	<u>19</u>
NET ASSETS/(LIABILITIES)		<u>(22,864)</u>	<u>17,983</u>
CAPITAL AND RESERVES			
Issued capital		6,055	50,461
Reserves	9	(28,919)	(32,478)
SHAREHOLDERS' FUNDS/(DEFICITS)		<u>(22,864)</u>	<u>17,983</u>

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES (UNAUDITED)*For the six months ended 31st January, 2002*

	Six months ended 31st January, 2002 HK\$'000	Six months ended 31st January, 2001 HK'000
Exchange differences on translation of the financial statements of foreign entities	(2,482)	(84)
Net profit/(loss) for the period attributable to shareholders	<u>(44,201)</u>	<u>2,170</u>
Total recognised gains and losses	<u>(46,683)</u>	<u>2,086</u>

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)*For the six months ended 31st January, 2002*

	Six months ended 31st January, 2002 HK\$'000	Six months ended 31st January, 2001 HK'000
	<i>Note</i>	
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	<i>10</i> (1,538)	8,966
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(116)	(2,375)
Proceeds of sale of equipment	2,009	180
Movement in pledged bank balances	–	814
Net cash from/(used in) investing activities	<u>1,893</u>	<u>(1,381)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of bank loan	(68)	(5,360)
New finance lease	–	27
Payment of finance lease	(231)	–
Net cash used in financing activities	<u>(299)</u>	<u>(5,333)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	56	2,252
Cash and cash equivalents at beginning of period	(111)	538
Effect of foreign exchange rate changes, net	49	(2,254)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>(6)</u>	<u>536</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Net cash and bank balances	<u>(6)</u>	<u>536</u>

SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong SSAPs, accounting principle generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31st July, 2001.

NOTES TO FINANCIAL STATEMENTS

1. TURNOVER AND SEGMENTAL INFORMATION

The Group's turnover and contribution to profit/(loss) from operations analysed by principal activities and by geographic locations are as follows:

	Turnover HK\$'000		Contribution to profit/(loss) from operating activities HK\$'000	
	31st January, 2002	31st January, 2001	31st January, 2002	31st January, 2001
By principal activity:				
Continuing operations:				
Marine engineering	27,332	32,445	(40,341)	7,767
	<u>27,332</u>	<u>32,445</u>	<u>(40,341)</u>	<u>7,767</u>
By geographical area of operation:				
The People's Republic of China				
Hong Kong, S.A.R.	27,332	20,826	(17,910)	4,986
Singapore	–	11,619	(22,431)	2,781
	<u>27,332</u>	<u>32,445</u>	<u>(40,341)</u>	<u>7,767</u>

2. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

The Group's profit/(loss) from operating activities is arrived at after charging/(crediting):

		Six months ended 31st January, 2002 HK\$'000	Six months ended 31st January, 2001 HK'000
	<i>Note</i>	<i>HK\$'000</i>	<i>HK'000</i>
Depreciation			
Owned fixed assets		6,666	8,097
Leased fixed assets		–	48
Auditors' remuneration		338	328
Provision for the decline in the recoverable amount of vessels	5	21,987	–
Provision for doubtful receivables	(i)	18,978	816
(Profit)/loss on disposal of fixed assets		(45)	1,215
Interest Income		–	(5)
		<u>–</u>	<u>(5)</u>

Note (i)

The provisions include a few long outstanding receivables related to Hyundai Engineering and Construction Company Limited ("HEC") and the outcome of the claims is uncertain. Notwithstanding the recovery via legal proceedings is underway, a provision for the receivables related to HEC was made amounted to HK\$17,644,607 in view of the longer than expected legal process.

3. TAXATION

No provision has been provided for Hong Kong profits tax as the Group did not have any assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of taxation prevailing in the countries in which the Group operates. Previous year over provision for taxation has been written back in the period.

4. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share for the period ended 31st January, 2002 is based on the net loss from ordinary activities attributable to shareholders of HK\$44,201,000 (2001: profit of 2,170,000) and the number of 605,534,868 shares (2001: 504,612,390 shares) in issue during the period.

Diluted loss per share for the period ended 31st January, 2002 is not presented as there is no outstanding options exercisable as at the balance sheet date and a diluted profit per share for 31st January, 2001 is not shown because there was no outstanding share options exercisable as at the balance sheet date.

5. FIXED ASSETS

	Furniture, Fixtures and Office Equipments	Plant, Machinery and Workshop Equipments	Motor Vehicles	Floating Craft and Vessels	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost					
At beginning of period	17	593	491	162,579	163,680
Additions	37	–	78	–	115
Disposals	–	–	(465)	(29,693)	(30,158)
Exchange realignments	–	(16)	(12)	(3,126)	(3,154)
At 31st January, 2002	<u>54</u>	<u>577</u>	<u>92</u>	<u>129,760</u>	<u>130,483</u>
Accumulated Depreciation					
At beginning of period	7	54	208	31,505	31,774
Additions	3	12	34	6,616	6,665
Provision for decline value	–	–	–	21,987	21,987
Disposals	–	–	(226)	(6,486)	(6,712)
Exchange realignments	–	(1)	(5)	(618)	(624)
At 31st January, 2002	<u>10</u>	<u>65</u>	<u>11</u>	<u>53,004</u>	<u>53,090</u>
Net Book Value:					
At 31st July, 2001	<u>10</u>	<u>539</u>	<u>283</u>	<u>131,074</u>	<u>131,906</u>
At 31st January, 2002	<u>44</u>	<u>512</u>	<u>81</u>	<u>76,756</u>	<u>77,393</u>

The carrying amount of the floating craft and vessels as at 31st January, 2002 has been reduced to its estimated recoverable amount of HK\$77,393,000. In view of the Group's continuous focus on disposal of certain of its vessels to reduce its debts servicing obligations (see section headed "Management Discussions and Analysis"), the recoverable amount is determined by the directors with reference to the estimated realisable value rather than the discounted future cash flows. The amount of the reduction of HK\$21,987,000 has been recognised as an expense in the income statement by way of an exceptional item in the current year.

6. TRADE RECEIVABLES

The aged analysis of trade receivables net of provision for doubtful debts is as follows:

	31st January, 2002		31st January, 2001	
	Balance <i>HK\$'000</i>	Percentage	Balance <i>HK\$'000</i>	Percentage
Current	902	12	3,025	12
1-3 months	10	1	12,642	51
3-6 months	4,879	66	8,886	36
6-12 months	1,582	21	–	–
Over 1 year	–	–	244	1
	<u>7,373</u>	<u>100</u>	<u>24,797</u>	<u>100</u>

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

7. TRADE PAYABLES

The aged analysis of trade payables is as follows:

	31st January, 2002		31st January, 2001	
	Balance <i>HK\$'000</i>	Percentage	Balance <i>HK\$'000</i>	Percentage
Current	126	1	95	9
1-3 months	263	3	32	3
3-6 months	2,919	28	218	21
6-12 months	4,314	41	438	41
Over 1 year	2,892	27	280	26
	<u>10,514</u>	<u>100</u>	<u>1,063</u>	<u>100</u>

8. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31st January, 2002 <i>HK'000</i>	31st January, 2001 <i>HK'000</i>
Bank Overdrafts:		
Unsecured	188	194
Secured	–	–
Bank loans:		
Secured	74,076	90,809
Unsecured	–	–
Other loans:		
Secured	32,529	36,386
Unsecured	6,221	3,375
Finance leases:		
Secured	–	57
Unsecured	–	–
	<u>113,014</u>	<u>130,821</u>
Current portion of bank loans and overdrafts	100,379	74,993
Finance lease payable	–	57
Due to shareholders	6,221	3,375
Portion due within one year	106,600	78,425
Long term portion	6,414	52,396
	<u>113,014</u>	<u>130,821</u>

9. RESERVES

	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Scheme reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st August, 2001	3,028	1,264	(1,840)	717	(1,081,907)	1,096,502	17,764
Exchange realignment – Subsidiaries	–	–	(2,482)	–	–	–	(2,482)
Loss for the year	–	–	–	–	(44,201)	–	(44,201)
	<u>3,028</u>	<u>1,264</u>	<u>(1,840)</u>	<u>717</u>	<u>(1,126,108)</u>	<u>1,096,502</u>	<u>(28,919)</u>
At 31st January, 2002	3,028	1,264	(4,322)	717	(1,126,108)	1,096,502	(28,919)

10. NET CASH FROM/(USED IN) OPERATING ACTIVITIES

Reconciliation of loss from operating activities to net cash used in operating activities

	Six months ended 31st January, 2002 <i>HK\$'000</i>	Six months ended 31st January, 2001 <i>HK'000</i>
Profit/(loss) before tax	(46,175)	2,063
Depreciation	6,666	8,145
Provision for the decline in the receivables amount of vessels	21,987	–
Provision for doubtful debts	18,978	816
(Profit)/loss on disposal of fixed assets	(45)	1,215
Interest income	–	(5)
Interest paid	5,834	5,704
Increase in trade and other receivables	(14,702)	(16,657)
Decrease in inventories	–	4
(Increase)/Decrease in amount due from related companies	(257)	11,229
Increase/(Decrease) in trade and other payables	1,799	(2,896)
Increase in amount due to related parties	8,237	4,961
Interest income	–	5
Interest paid	(5,834)	(5,704)
Taxation	1,974	86
	<u>(1,538)</u>	<u>8,966</u>

CONTINGENT LIABILITIES

As at 31st January, 2002, the Company and the Group had contingent liabilities in respect of the Company's undertaking to the trustee of the Schemes that the aggregate disposal proceeds of the Unencumbered Assets and the Accounts Receivables realised under the Schemes shall not be less than HK\$176 million.

The realisation of the Unencumbered Assets and the recovery of the Accounts Receivable are still in progress as at the date of these financial statements. It is not possible to estimate the final realisation proceeds, on the basis of knowledge to date.

COMPARATIVE FIGURES

Due to the adoption of revised SSAPs and the revised Listing Rules during the year, the presentation of the income statement, the balance sheet and certain supporting notes have been revised accordingly. The comparative figures of the balance sheet is that of figures as at 31st January, 2001 and certain other comparative figures have been reclassified to confirm with current period's presentation.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 31st January, 2002 (2001: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review and operations

During the period under review, the Group focused on recovery of receivables, disposal of certain of the Group's vessels to reduce its debt servicing obligations, the opposition of the appeals to the Scheme of Arrangement of seven of its subsidiaries in the Court of Final Appeal, and the implementation of the Scheme of Arrangement of the Company and its 24 subsidiaries (the "Scheme").

Liquidity and financial resources

As at 31st January, 2002, the Company had in aggregate secured bank and other borrowing approximately HK\$106,605,000. The Company's cash, bank balances and pledged bank deposits amounted to approximately HK\$182,000 as at 31st January, 2002. As the group has shareholders' deficit, no appropriate gearing ratio as at 31st January, 2002 could be calculated.

Employees

As at 31st January, 2002, there are approximately 16 staff and 48 contract workers in the Group. The Directors are actively reviewing staffing levels and remuneration package with a view to maintain a cost-effective management structure.

Prospects

The Company would further explore opportunities in vessels hiring and disposing of certain vessels to reduce the Group's debt servicing obligations, re establishing the Group's assets base and expediting implementation of the Scheme.

DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY AND ITS SUBSIDIARIES

As at 31st January, 2002, the interests of the Company's directors and their respective associates in the issued share capital of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

A. Interests in the Company

Name of director	Number of shares and nature of interests		
	Personal	Family	Other
Leung Yu Oi Ling, Irene	297,000	–	254,836,653 <i>Notes (1)&(2)</i>
Leung Chi Yin, Gillian	100,000	–	255,033,653 <i>Notes (1)&(2)</i>

Notes:

- (1) 254,736,653 ordinary shares of the Company are held by Harbour Front Limited (“Harbour Front”) or its designated nominees, as the trustee of a unit trust. All of the units in the unit trust are beneficially owned by a discretionary trust.
- (2) 297,000 and 100,000 ordinary shares of the Company are held by Leung Yu Oi Ling, Irene and Leung Chi Yin, Gillian respectively and both of them are directors of Harbour Front.

B. Interest in associated corporations

Universal Dockyard Limited (a 98.75% owned subsidiary of the Company).

Name of director/director’s associates	Nature of interest	Number of shares
Leung Yat Tung (spouse of Mrs. Leung Yu Oi Ling, Irene)	(5)	11,858 non-voting deferred shares

The rights and restrictions attached to the non-voting deferred shares in Universal Dockyard Limited are as follows:

- (1) the non-voting deferred shares entitle the holders thereof to a fixed non-cumulative dividend at the rate of 5% per annum for any financial year of the company in respect of which the net profit of the company available for dividends exceed HK\$1,000,000,000;
- (2) on a winding-up, the holders of the non-voting deferred shares are entitled to a return of the capital paid up on the non-voting deferred shares, out of the surplus assets of the company after a total sum of HK\$100,000,000,000 has been distributed in such a winding-up in respect of each of the ordinary shares of the company;
- (3) save as described above, the holders of the non-voting deferred shares are not entitled to any participation in the profit or assets of the company; and
- (4) the non-voting deferred shares do not entitle the holders thereof to receive notice of or to attend or vote at any general meeting of the company by virtue or in respect of their holdings of such non-voting deferred shares.
- (5) Mr. Leung Yat Tung bankrupted on 1st March, 2001.

In addition to the above, certain directors had non-beneficial personal equity interests in certain subsidiaries held for the benefit of the respective holding company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above and under the heading “Directors’ rights to acquire shares”, none of the directors or their associates had any personal, family, corporate or other interest in the issued share capital of the Company or any of its associated corporations as defined in the SDI Ordinance.

SUBSTANTIAL SHAREHOLDERS

As at 31st January, 2002, according to the register maintained by the Company pursuant to Section 16(1) of the SDI Ordinance, the following persons were, directly or indirectly, beneficially interested in 10% or more of the issued share capital of the Company:

Name of shareholder	Number of shares held
Harbour Front	254,736,653
Mr. Matthew O'Driscoll (<i>Note (1)</i>)	252,306,195

Save as disclosed above, no person, other than Leung Yu Oi Ling, Irene and Leung Chi Yin, Gillian whose interests are set out under "Directors' interests in shares" above, had registered an interest in the issued share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

Note:

- (1) Mr. Matthew O'Driscoll is the Scheme Administrator of the Scheme of Arrangement of the Company and the Scheme Participating Subsidiaries (the "Scheme"), and hold 252,306,195 Shares on trust for the Scheme Creditors pending distribution pursuant to the terms of the Scheme.

AUDIT COMMITTEE

The Company's Audit Committee was formed on 2nd January, 1999, and is presently comprising the independent non-executive directors, Messrs Pao Ping Wing and Wong Pui Fai.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 31st January, 2002.

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

During the six months ended 31st January, 2002, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

COMPLIANCE WITH CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not during the six months ended 31st January, 2002, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

PUBLICATION OF INTERIM REPORT ON STOCK EXCHANGE WEBSITE

The Interim Report of the Company containing all the information required by the Listing Rules will be published on the website of the Stock Exchange.

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

Hong Kong, 26th April, 2002