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The Hong Kong Building and Loan Agency Limited

香港建屋貸款有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 145)

OPEN OFFER OF 562,500,000 OFFER SHARES ON THE BASIS OF ONE OFFER SHARE FOR EVERY FOUR SHARES HELD ON THE RECORD DATE WITH OPTION TO SUBSCRIBE FOR CONVERTIBLE BONDS AND RESUMPTION OF TRADING

Underwriter



Fortune (HK) Securities Limited

OPEN OFFER

The Company announces that it intends to raise HK\$56.25 million (before expenses and exercise of the Option) by way of an open offer of 562,500,000 Offer Shares at the Subscription Price, payable in full upon application, on the basis of one Offer Share for every four Shares held on the Record Date, with a further Option to subscribe for Convertible Bonds convertible at the Subscription Price. Assuming full exercise of the

Option, an additional HK\$45 million (before expenses) will be raised. The Board intends to apply the proceeds from the Open Offer and from the exercise of the Option for general working capital and for future development of the business.

The 562,500,000 Offer Shares, representing 25.0% of the issued share capital of Company as at the date of this announcement and 20.0% of the enlarged issued share capital of the Company immediately upon allotment of the Offer Shares.

On this basis, the registered holders of the Offer Shares are entitled to an Option to subscribe for the Convertible Bonds convertible into a maximum of 450,000,000 Conversion Shares. Upon full conversion of the Convertible Bonds, the Conversion Shares represents 13.79% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares and the Conversion Shares.

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, all transfers of Shares must be lodged for registration with the Registrar by no later than 4:30 p.m. on Friday, 9 April 2010. The register of members of the Company is expected to be closed from Monday, 12 April 2010 to Wednesday, 14 April 2010 (both dates inclusive) to determine the eligibility of the Shareholders to the Open Offer.

Pursuant to the Underwriting Agreement, the Underwriter has agreed to underwrite the Underwritten Shares which are not taken up by the Qualifying Shareholders. The Open Offer is fully underwritten by the Underwriter and is subject to the terms and conditions of the Underwriting Agreement. If the Underwriter terminates the Underwriting Agreement (details of which are set out under the heading “Termination of the Underwriting Agreement” in this announcement) or if the conditions of the Open Offer are not fulfilled, the Open Offer will not proceed. Details of the conditions of the Open Offer are set out under the heading “Conditions of the Open Offer”.

GENERAL

Since the Open Offer will not increase the issued share capital or the market capitalization of the Company by more than 50% within the 12 month period immediately preceding this announcement, pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer is not subject to the Shareholders’ approval.

The Conversion Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 7 May 2009. Under the general mandate, a maximum of 450,000,000 Shares may be issued by the Company. The Directors have not, prior to the date of the Underwriting Agreement, exercised any of their powers conferred by such general mandate.

The issue of the Convertible Bonds and the Shares upon exercise of the conversion rights attached thereto is not subject to approval of the shareholders of the Company.

The Company will send the Prospectus Documents containing, among others, details of the Open Offer, to the Qualifying Shareholders and the Overseas Shareholders. The Company will, as soon as practicable, send the Prospectus to Prohibited Shareholders for their information only, but the Company will not send any Application Forms to the Prohibited Shareholders, if any.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange were suspended from 9:30 a.m. on 22 March 2010 at the request of the Company pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 25 March 2010.

THE OPEN OFFER

Issue statistics

Basis of the Open Offer:	One (1) Offer Share for every four (4) Shares held on the Record Date.
Subscription Price:	HK\$0.10 for each Offer Share.
Number of Shares in issue as at the date of announcement:	2,250,000,000 Shares.
Number of Offer Shares:	562,500,000 Offer Shares. The aggregate nominal value of the Offer Shares is HK\$56.25 million.

The Option: the non-transferable option offered to the subscriber(s) who have accepted and successfully subscribed to the Offer Share(s) to subscribe for the Convertible Bonds with a principal amount of equal or not more than 80% of the aggregate value of the Offer Shares allotted to the Subscriber.

The Convertible Bonds: The zero coupon convertible bonds due 31 December 2012 with an initial conversion price of HK\$0.1 per Conversion Share. The maximum number of the Conversion Shares is 450,000,000.

As at the date of this announcement, the Company has no outstanding share options and other outstanding underlying securities that are convertible into Shares. The 562,500,000 Offer Shares to be allotted and issued under the Open Offer, representing 25.0% of the issued share capital of the Company as at the date of this announcement and 20.0% of the enlarged issued share capital of the Company immediately upon the allotment of the Offer Shares.

The Underwriting Agreement

Date: 23 March 2010

Underwriter: Fortune (HK) Securities Limited, an Independent Third Party

Maximum Number of Offer Shares to be underwritten: 562,500,000 Offer Shares

Commission: 2.5% of the aggregate Subscription Price in respect of 562,500,000 Offer Shares underwritten by the Underwriter

The underwriting commission was determined after arm's length negotiation between the Company and the Underwriter with reference to the prevailing market rate. The Directors (including the independent non-executive Directors) consider the underwriting commission as fair and reasonable to the Company and the Shareholders as a whole.

Conditions of the Open Offer

Completion of the Open Offer is conditional upon the fulfillment of each of the following conditions:

- (a) if required, the passing by the Shareholders at the general meeting of resolutions to approve, *inter alia*, the Open Offer and all transactions contemplated or incidental to the Underwriting Agreement and the implementation thereof, in accordance with the Listing Rules, the Takeover Code and all applicable laws, rules and regulations on or before the Record Date;
- (b) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the relevant documents each duly certified by any two Directors (or by their agents duly authorised in writing) in compliance with section 38D of the Companies Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies Ordinance and the Listing Rules one Business Day before the date of the Prospectus;
- (c) the posting of copies of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus stamped “For Information Only” to the Prohibited Shareholders, in each case, on the date of the Prospectus;
- (d) the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in (a) the Offer Shares, either unconditionally or subject to such conditions which the Underwriter in its opinion accepts and the satisfaction of such conditions (if any); (b) the Conversion Shares to be issued on conversion of all the Convertible Bonds; and (c) not having withdrawn or revoked such listing and permission on or before the date of dealing in the fully-paid Offer Shares;
- (e) the obligations of the Underwriter not being terminated by the Underwriter in accordance with the terms of the Underwriting Agreement;

- (f) the Shares remaining listed on the Stock Exchange at all times prior to the date of dealing in the fully-paid Offer Shares, and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than ten trading days (other than any suspension pending clearance of the announcement in relation to the Open Offer);

and so that in the event of the said conditions not being fulfilled before the respective dates aforesaid (or such later date or dates as may be agreed between the Company and the Underwriter) the Underwriting Agreement shall terminate and all obligations and liabilities of the parties shall forthwith cease and determine and no party shall have any claim against the others for costs, damages, compensation or otherwise (save for any antecedent breaches).

Neither the Company nor the Underwriter may waive any conditions above.

Termination of the Underwriting Agreement

The Underwriter may, by notice in writing given to the Company on or before 6:00 p.m. on the second Business Day after the Latest Time for Acceptance, rescind the Underwriting Agreement and thereupon all obligations of the Underwriter under the Underwriting Agreement in respect of the Underwriting Agreement if any of the following grounds of termination occur:

- (a) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, any of the warranties contained in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Open Offer; or
- (b) there shall be:
 - (i) any new law or regulation enacted, or any change in existing laws or regulations or any change in the interpretation or application by any court or other competent authority, whether in Hong Kong or elsewhere;
 - (ii) any change in local, national or international financial, political, industrial or economic conditions;

- (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
- (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
- (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
- (vi) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of ten Business Days (as defined in the Listing Rules) save for the clearance of the announcement of the Open Offer;
- (vii) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere;

which is or are, in the reasonable opinion of the Underwriter:–

- (a) likely to have a material adverse effect on the business, financial position or prospectus of the Group taken as a whole; or
- (b) likely to have a material adverse effect on the success of the Open Offer or the level of Offer Shares to be taken up; or
- (c) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Open Offer.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders, and will also send copies of the Prospectus to the Prohibited Shareholders for their information only. To qualify for the Open Offer, Qualifying Shareholders must be registered as members of the Company on the Record Date. In order to be registered as a member of the Company on the Record Date, all transfers of Shares must be lodged for registration with the Registrar, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Friday, 9 April 2010.

Closure of register of members

The register of members of the Company in Hong Kong is expected to be closed from Monday, 12 April 2010 to Wednesday, 14 April 2010 (both dates inclusive) to determine the eligibility of the Shareholders to the Open Offer. No transfer of Shares will be registered during this period.

Subscription Price of the Offer Shares

The Subscription Price for the Offer Shares is HK\$0.10 per Offer Share, payable in full upon application for the Offer Shares under the Open Offer. The net Subscription Price per Offer Share (after deducting the commission fees and other expenses) will be approximately HK\$0.096. The Subscription Price represents:

- (i) a discount of approximately 64.28% to the closing price of HK\$0.28 per Share as quoted on the Stock Exchange on 19 March 2010, being the Last Trading Day;
- (ii) a discount of approximately 59.02% to the theoretical ex-entitlements price of approximately HK\$0.244 per Share based on the closing price of HK\$0.28 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 62.12% to the average closing price of approximately HK\$0.264 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 61.68% to the average closing price of approximately HK\$0.261 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day.

The Subscription Price was arrived after arm's length negotiations between the Company and the Underwriter with reference to the net asset value per Share of HK\$0.102 based on the consolidated audited accounts of the Company as at 31 December 2008. The Directors consider the discount on the Subscription Price as compared to the recent market prices could enhance the attractiveness of the Open Offer to the Shareholders. Meanwhile, each Qualifying Shareholders is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. Accordingly, the Directors (including the independent non-executive Directors) consider that terms of the Open Offer (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Offer Shares

The Offer Shares, when fully paid, shall rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment of the Offer Shares, including the right to receive all dividends and distributions which may be declared, made or paid on or after such date.

Certificates for the Offer Shares and refund cheques

Subject to the fulfillment of the conditions of the Open Offer as set out in the section headed “Conditions of the Open Offer” below, share certificates for the Offer Shares with the Option to those Qualifying Shareholders who have validly applied and fully paid for the Offer Shares at their own risks.

Rights of Prohibited Shareholders

The Prospectus Documents to be issued in connection with the Open Offer will not be registered under the applicable securities legislation of any jurisdictions other than Hong Kong. The Board will make enquiries as to whether the issue of Offer Shares to the Prohibited Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange and details and results of such enquiries will be included in the Prospectus. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares to such Prohibited Shareholders, the Open Offer will not be extended such Prohibited Shareholders. Accordingly, the Open Offer will not be extended to the Prohibited Shareholders. The Company will send the Prospectus to the Prohibited Shareholders for their information only but will not send the Application Form to the Prohibited Shareholders.

Fractions of the Offer Shares

No fractional entitlements or allotments are expected to arise as a result of the Open Offer.

Odd lots arrangements

The Company will not procure an agent to arrange for odd lots matching service.

Application for excess Offer Shares

Excess application of the Offer Shares will not be available.

THE OPTION

The Qualifying Shareholders who subscribed the Offer Shares are entitled to the Option. The following is a summary of the principal terms of the Option:

- Rights of the Option: An Option Holder is entitled to subscribe for the Convertible Bonds with a principal amount of equal or not more than 80% of the aggregate value of the Offer Shares allotted to the relevant Subscriber.
- Transferability: The Options are not capable of being assigned or transferred.
- Exercise Period: Option Holders may exercise its right to subscribe for the Convertible Bonds within 12 months from the date of granting of the Option.

THE CONVERTIBLE BONDS

The following is a summary of the principal terms of the Convertible Bonds:

- Aggregate principal amount of the Convertible Bonds: The Option Holders are entitled to exercise the Option to subscribe for Convertible Bonds at the maximum principal amount of HK\$45,000,000.
- Conversion Price: The initial Conversion Price of HK\$0.10 per Share which was arrived at after arm's length negotiation between the Company and the Underwriter.
- The initial Conversion Price may be subject to adjustment for amongst other things, consolidation and subdivision, capitalization of profits or reserves, capital distributions, issue of Shares by way of rights, issue of other securities by way of rights, issue of Shares other than by way of rights, issue of Share upon conversion or exchange, modification rights of conversion or exchange and offers for Shares. The Company will instruct its auditor to certify in writing the adjustment (if any) made to the Conversion Price.

Conversion Shares: a maximum of 450,000,000 Shares, which represents 20% of the issued share capital of the Company as at the date of this announcement and approximately 13.79% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares and the Conversion Shares upon full conversion of the Convertible Bonds.

Interest Rate: The Convertible Bonds do not bear any interest.

Maturity Date: 31 December 2012

Redemption: The Company shall in its sole and absolute discretion unilaterally determine whether to convert or redeem each and every Convertible Bond(s) at the Maturity Date.

Transferability: The Convertible Bonds can be assigned and transferred to any third party. The Convertible Bonds may not be assigned or transferred to a connected person (as defined in the Listing Rules) of the Company without prior written consent of the Company and in compliance with the Listing Rules.

Conversion Period: The period commencing from the Issue Date and ending on the date that falls on the tenth day immediately before the Maturity Date, both dates inclusive.

Security: The Convertible Bonds are unsecured.

Status: The Convertible Bonds constitute direct unsubordinated, unsecured and general obligations of the Company and rank at least *pari passu* and rateably without preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) equally with all other present and future unsubordinated and unsecured obligations of the Company.

Voting: No holder of the Convertible Bonds will be entitled to receive notice of, attend or vote at any meeting of the Company by reason only of it being the holder of the Convertible Bonds.

Limitation on Conversion: The holder of the Convertible Bond shall not convert the Convertible Bond and the Company shall not issue any Conversion Shares if, upon such issue, (a) the holder of the Convertible Bonds and the parties acting in concert with it shall be interested in 30% (or such amount as may from time to time that may trigger a mandatory general offer or considered by the SFC as a change in control of the Company) or more of the then enlarged issued share capital of the Company at the date of the relevant conversion, (b)(i) each of any of the shareholders holding more than 20% or more of the voting rights of the Company; and (ii) the holder of the Convertible Bonds and the parties acting in concert with it will hold 20% or more of the voting rights of the Company respectively.

Ranking: The Conversion Shares will rank *pari passu* in all respects among themselves and with all other Shares in issue on the date of such allotment and issue.

Application for listing of the Offer Shares and the Conversion Shares

The Company will apply to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares and the Conversion Shares. No application will be made for the listing of the Option and the Convertible Bonds on the Stock Exchange or any other stock exchange.

The Offer Shares shall have the same board lot size of 8,000 Shares per board lot. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shareholding structure of the Company

The shareholding structure of the Company immediately before and after completion of the Open Offer and upon full conversion of the Convertible Bonds is set out below:

Name	As at date of this announcement		Immediately upon completion of the Open Offer assuming none of the Qualifying Shareholders take up their respective entitlement		Immediately upon completion of the Open Offer assuming all Qualifying Shareholders fully take up their respective entitlement		Assuming all Qualifying Shareholders fully take up their respective entitlement and full conversion of Convertible Bonds	
	Shares	Approximate %	Shares	Approximate %	Shares	Approximate %	Shares	Approximate %
The Underwriter	–	–	562,500,000	20.00%	–	–	–	–
Substantial shareholder:								
Tang Yu Ming, Nelson	688,250,000	30.59%	688,250,000	24.47%	860,312,500	30.59%	997,962,500	30.59%
Public Shareholders:	<u>1,561,750,000</u>	<u>69.41%</u>	<u>1,561,750,000</u>	<u>55.53%</u>	<u>1,952,187,500</u>	<u>69.41%</u>	<u>2,264,537,500</u>	<u>69.41%</u>
Total	<u>2,250,000,000</u>	<u>100%</u>	<u>2,812,500,000</u>	<u>100%</u>	<u>2,812,500,000</u>	<u>100%</u>	<u>3,262,500,000</u>	<u>100%</u>

Note:

The Underwriter undertakes to the Company that: (i) the Underwriter will not trigger a mandatory offer obligation under Rule 26 of the Hong Kong Code on Takeovers and Mergers on the part of the Underwriter in respect of performing its/their obligations under the Underwriting Agreement; and (ii) none of the Underwriter and the Subscribers procured by them will be a substantial Shareholder holding 10% or more shareholding in the Company.

Reasons for the Open Offer and the use of proceeds

The estimated net proceeds from the Open Offer will be approximately HK\$54 million (after deducting the commissions and expenses in relation to the Open Offer). Assuming full exercise of the Option, an additional HK\$45 million (before expenses) will be raised.

The Board intends to apply the proceeds from the Open Offer and from the exercise of the Option for general working capital and for future development of the business.

The Board considers that the Open Offer will provide an equal opportunity to all Qualifying Shareholders to maintain their respective shareholdings in the Company and participate in the growth and development of the Company. Accordingly, the Directors consider that the Open Offer is in the interests of the Company and the Shareholders as a whole.

Fund raising activities during the past 12 months immediately preceding the date of this announcement

There were no fund raising activities conducted by the Company during the past 12 months immediately preceding the date of this announcement.

EXPECTED TIMETABLE

The expected timetable for the Open Offer set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Open Offer will be fulfilled. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

Event	<i>2010</i>
Last day of dealings in Shares on a cum-entitlements basis.	Wednesday, 7 April
First day of dealings in Shares on an ex-entitlements basis	Thursday, 8 April
Latest time for lodging transfers of Shares accompanied by the relevant title documents in order to qualify for the Open Offer	4:30 p.m. on Friday, 9 April
Register of members closed (both dates inclusive).	Monday, 12 April to Wednesday, 14 April
Record Date for the Open Offer.	Wednesday, 14 April
Register of members re-opens	Thursday, 15 April
Despatch of the Prospectus Documents	Thursday, 15 April
Latest time for payment for and acceptance of the Offer Shares	4:00 p.m. on Thursday, 29 April

Latest time for the Open Offer to become unconditional 4:00 p.m. on Monday,
3 May

Announcement of results of the Open Offer. Tuesday, 4 May

If the Open Offer is terminated, refund cheques
to be despatched on or before. Wednesday, 5 May

Despatch of share certificates of the Offer Shares and
despatch of option certificates Wednesday, 5 May

Dealings in fully-paid Offer Shares commences. Friday, 7 May

Dates stated in this announcement for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Open Offer will be announced by the Company as and when appropriate.

WARNING OF RISKS OF DEALINGS IN THE SHARES

If the Underwriter terminates the Underwriting Agreement (details are set out under the heading “Termination of the Underwriting Agreement” in this announcement) or if the conditions of the Open Offer are not fulfilled (details of which are set out in the section headed “Conditions of the Open Offer”), the Open Offer will not proceed. Shareholders and potential investors are therefore advised to exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

GENERAL

The Group is principally engaged in mortgage finance and treasury investments.

Since the Open Offer will not increase the issued share capital or the market capitalization of the Company by more than 50% within the 12 month period immediately preceding this announcement, pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer is not subject to the Shareholders’ approval.

The Conversion Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 7 May 2009. Under the general mandate, a maximum of 450,000,000 Shares may be issued by the Company. The Directors have not, prior to the date of the Underwritten Agreement, exercised any of their powers conferred by such general mandate.

The issue of the Convertible Bonds and the Shares upon exercise of the conversion rights attached thereto is not subject to approval of the shareholders of the Company.

The Company will send the Prospectus Documents containing, among other documents, details of the Open Offer, to the Qualifying Shareholders. The Company will send the Prospectus to the Prohibited Shareholders as soon as practicable for their information but the Company will not send any Application Forms to the Prohibited Shareholders.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange were suspended from 9:30 a.m. on 22 March 2010 at the request of the Company pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 25 March 2010.

DEFINITIONS

The following defined terms are used in this announcement:

“Application Form(s)”	the application form(s) for use by the Qualifying Shareholders to apply for the Offer Shares
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	The Hong Kong Building and Loan Agency Limited, a company incorporated under the laws of Hong Kong with limited liability
“Convertible Bonds”	The zero coupon convertible bonds due 31 December 2012 with an initial conversion price of HK\$0.10 per Conversion Share
“Conversion Shares”	new Shares to be allotted and issued on the exercise of the subscription rights attaching to the Convertible Bonds
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	Person who himself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties who are not connected persons of the Company and are independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates (as that term is defined in the Listing Rules)
“Last Trading Day”	19 March 2010, being the last trading day of the Shares on the Stock Exchange prior to the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 29 April 2010 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Offer Shares

“Latest Time for Termination”	6:00 p.m. on the second Business Day after the Latest Time for Acceptance or such other time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Offer Share(s)”	562,500,000 new Shares proposed to be offered to the Qualifying Shareholders to subscribe pursuant to the Open Offer
“Option”	the (transferable) option offered to the Subscriber(s) who have accepted and successfully subscribed to the Offer Share(s), to subscribe for the Convertible Bonds with a principal amount of equal or not more than 80% of the aggregate value of the Offer Shares allotted to the relevant Subscriber
“Option Holder(s)”	The holder of the Option
“Open Offer”	the proposed issue of the Offer Shares to the Qualifying Shareholders at the Subscription Price on the basis of one Offer Share with Option for every four Shares held on the Record Date on the terms pursuant to the Prospectus Documents and summarized herein
“Prohibited Shareholders”	Shareholder(s) whose names appear on the register of members of the Company on the Record Date and whose addresses are in places outside Hong Kong and to whom the Directors are of the view that it would be necessary or expedient to exclude from the Open Offer on account either of the legal restrictions under the laws of the places of his/her/their registered address(es) or the requirements of the relevant regulatory body or stock exchange in that place

“Prospectus”	the prospectus containing details of the Open Offer
“Prospectus Documents”	the Prospectus and Application Form(s)
“Qualifying Shareholders”	the Shareholders other than the Prohibited Shareholders and whose names appear on the register of members of the Company on the Record Date
“Record Date”	14 April 2010 or such other date as may be agreed between the Company and the Underwriter for the determination of the entitlements under the Open Offer
“Registrar”	Tricor Tengis Limited, the Hong Kong branch share registrar and transfer office of the Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	existing issued share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber(s)”	The subscriber(s) who have accepted and successfully subscribed to the Offer Share(s)
“Subscription Price”	subscription price of HK\$0.10 per Offer Share pursuant to the Open Offer
“Underwriter”	Fortune (HK) Securities Limited, a licensed corporation to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, and an independent third party to the Company and its connected persons

“Underwriting Agreement”	the underwriting agreement dated 23 March 2010 entered into by the Underwriter and the Company in relation to the Open Offer
“Underwritten Shares”	562,500,000 Offer Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board of
The Hong Kong Building and Loan Agency Limited
Au Tin Fung
Executive Director

Hong Kong, 24 March 2010

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Lau Yu Fung, Wilson, Mr. Chan Chun Wai and Mr. Au Tin Fung being executive Directors; Mr. Tang Yu Ming, Nelson (Chairman) being non-executive Director; and Mr. Chan Chi Yuen, Mr. Ng Cheuk Fan, Keith and Mr. So Yuen Chun being independent non-executive Directors.