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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)**

**PLACING OF NEW SHARES UNDER SPECIFIC MANDATE**

**Placing Agent**



**FT Securities Limited**

**THE SECOND PLACING**

After trading hours on 18 October 2011, the Company and the Placing Agent entered into the Second Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, all of the 6,500,000,000 Placing Shares at the Placing Price of HK\$0.144 to HK\$0.160 per Placing Share, to not less than six Placees who, and whose ultimate beneficial owners, will be third parties independent of the Group, its connected persons, the vendors of the Acquisition, their associates and parties acting in concert (as defined in the Takeovers Code) with them.

Assuming the Placing Shares are successfully placed by the Placing Agent and issued by the Company, the 6,500,000,000 Placing Shares represent approximately 149.37% of the issued share capital of the Company as at the date of this announcement (being 4,351,488,607 Shares) and approximately 59.90% of the issued share capital of the Company as enlarged by the allotment and issue of the 6,500,000,000 Placing Shares.

Assuming the Placing Shares are successfully placed, the aggregate nominal value of the Placing Shares will be HK\$650,000,000.

The minimum Placing Price (being HK\$0.144 per Placing Share) represents (i) a premium of approximately 111.76% to the closing price of HK\$0.068 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) a premium of approximately 95.65% to the average closing price of HK\$0.0736 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 17 October 2011. The maximum Placing Price (being HK\$0.160 per Placing Share) represents (i) a premium of approximately 135.29% to the closing price of HK\$0.068 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) a premium of approximately 117.39% to the average closing price of HK\$0.0736 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 17 October 2011.

Assuming the Placing Shares are successfully placed based on the minimum Placing Price, (1) the maximum gross proceeds from the Second Placing will be approximately HK\$936,000,000; and (2) the maximum net proceeds from the Second Placing will amount to approximately HK\$901,680,000. Assuming the Placing Shares are successfully placed based on the maximum Placing Price, (1) the maximum gross proceeds from the Second Placing will be approximately HK\$1,040,000,000; and (2) the maximum net proceeds from the Second Placing will amount to approximately HK\$1,002,560,000. The net proceeds are intended to be used for (i) settlement of the cash consideration for the Acquisition and the referral fee pursuant to the Referral Agreement; (ii) the expansion of the market share of the UPPC system; and (iii) as general working capital of the Group as enlarged by the Acquisition. Based on the minimum Placing Price, the minimum net price per Placing Share will be approximately HK\$0.139. Based on the maximum Placing Price, the maximum net price per Placing Share will be approximately HK\$0.154.

The Second Placing is conditional upon, among other things, (i) the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares; (ii) the Shareholders passing an ordinary resolution at the EGM approving the Second Placing Agreement and the transactions contemplated thereunder, including the Specific Mandate; and (iii) the Sale and Purchase Agreement having become unconditional (other than the condition that the Second Placing Agreement has become unconditional). A circular setting out, among others, details of the Second Placing and the notice of the EGM will be despatched to the Shareholders as soon as practicable.

Reference is made to the announcements of the Company dated 9 June 2011, 20 July 2011, 30 September 2011 and 6 October 2011 (collectively, the “Placing Announcements”) and the circular of the Company dated 22 June 2011 (the “Placing Circular”) in relation to the placing of new shares under specific mandate.

## **THE SECOND PLACING AGREEMENT**

### **Date**

18 October 2011 (after trading hours)

### **Issuer**

The Company

### **The Placing Agent**

FT Securities Limited, as the Placing Agent, has conditionally agreed to place all of the 6,500,000,000 Placing Shares on a best efforts basis. The Placing Agent will be entitled to (1) a fixed global coordinator fee of US\$800,000 provided that completion of the Second Placing has taken place; and (2) a placing fee of 3% of the total Placing Price of the aggregate Placing Shares placed pursuant to the Second Placing Agreement. The Directors are of the view that the fees as set out above are fair and reasonable. The Second Placing Agreement was arrived at after arm’s length negotiations between the Company and the Placing Agent.

As at date of this announcement, the Placing Agent is 33% beneficially owned by CGI (HK) Limited. CGI (HK) Limited is a shareholder of the Company with approximately 8.85% equity interest. Mr. So Yuen Chun and Mr. Soong Kok Meng are the directors on the board of CGI (HK) Limited, the Placing Agent and the Company. The Placing Agent is also 2% beneficially owned by Major Chance Limited. Mr. Ng Cheuk Fan, Keith is a director of the Company and the holding company of Major Chance Limited. Save for the abovementioned, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its respective ultimate beneficial owners are third parties independent of the Group and its connected persons.

## **Placees**

The Placing Agent will place the Placing Shares to not less than six Placees who will be third parties independent of the Group, its connected persons, the vendors of the Acquisition, their associates and parties acting in concert (as defined in the Takeovers Code) with them. None of the Placees will become a substantial Shareholder (as defined in the Listing Rules) immediately after completion of the Second Placing.

## **Number of Placing Shares**

The 6,500,000,000 Placing Shares represent approximately 149.37% of the issued share capital of the Company as at the date of this announcement (being 4,351,488,607 Shares) and approximately 59.90% of the issued share capital of the Company as enlarged by the allotment and issue of the 6,500,000,000 Placing Shares. Assuming all the Placing Shares are successfully placed, the aggregate nominal value of the Placing Shares will be HK\$650,000,000.

## **Ranking of Placing Shares**

Assuming all the Placing Shares are successfully placed by the Placing Agent and issued by the Company, the Placing Shares will rank, upon allotment and issue, *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares and will be free from all liens, charges, encumbrances or third party rights of whatsoever nature and together with all rights attaching thereto at completion of the Second Placing and thereafter.

## **Placing Price**

The Placing Price is HK\$0.144 to HK\$0.160 per Placing Share, which shall be determined by the Placing Agent in its sole and absolute discretion in writing, unless otherwise agreed between the parties to the Second Placing Agreement.

The minimum Placing Price of HK\$0.144 per Placing Share represents (i) a premium of approximately 111.76% to the closing price of HK\$0.068 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) a premium of approximately 95.65% to the average closing price of HK\$0.0736 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 17 October 2011. The maximum Placing Price (being HK\$0.160 per Placing Share) represents (i) a premium of approximately 135.29% to the closing price of HK\$0.068 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) a premium of approximately 117.39% to the average closing price of HK\$0.0736 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 17 October 2011. The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Second Placing Agreement are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

### **Specific Mandate**

The Placing Shares will be allotted and issued pursuant to the Specific Mandate to be granted to the Directors by an ordinary resolution of the Shareholders passed at the EGM.

### **Conditions of the Second Placing Agreement**

The obligations of the Placing Agent under the Second Placing Agreement are conditional upon:

- (1) no breach of, or any event rendering untrue or inaccurate or misleading, any of the representations, warranties or undertakings of the Company under the Second Placing Agreement, having occurred (a) on the date thereof, (b) on the date of the circular in relation to the Second Placing, (c) on the date(s) of launch of the Second Placing and (d) on the date of completion of the Second Placing, with reference to the facts then subsisting;
- (2) the Stock Exchange granting approval for the listing of and permission to deal in the Placing Shares (and such approval and permission not subsequently revoked prior to the completion of Second Placing);
- (3) the Company having obtained the approval of its Shareholders at the EGM approving the Second Placing including the issuance of the Placing Shares and such approvals not having been or proposed to be revoked;

- (4) the Sale and Purchase Agreement becoming wholly unconditional (save for the condition requiring the Second Placing to have become unconditional) without any condition waived other than with the prior written consent of the Placing Agent and pending completion of the Second Placing in accordance with its terms;
- (5) save as set out in the Previous Announcements, there not having been any capital restructuring and capital reorganisation or redemptions or repurchase of any Shares or other securities (including any options, warrants or convertible securities) by the Company proposed, effected or completed after the date of the Second Placing Agreement;
- (6) there not having occurred any change or development involving a prospective change (whether or not permanent) including, but not limited to, a prospective change in the condition, financial or otherwise, or in the general affairs, management, shareholders' equity, earnings, operations or business affairs or in the financial or trading position or prospects of the Group or Weldtech Technology Co. Limited which, in the sole and absolute opinion of the Placing Agent:
  - (a) is or is likely to be adverse to or materially or prejudicially affect, the business, financial or trading position, condition or prospects of the Group or Weldtech Technology Co. Limited;
  - (b) has or is likely to have a material adverse effect on or impair the Second Placing or the marketing or distribution of the Placing Shares or dealings in the Placing Shares in the secondary market; or
  - (c) makes it unfavourable or impracticable to proceed with the Second Placing in the manner contemplated by the Second Placing Agreement;
- (7) the Placing Agent not becoming aware, after the date of the Second Placing Agreement, of any information or other matter (including any matter relating to financial models and underlying assumptions related to projections), other than any information contained in or matter referred to in the announcement made by the Company dated 25 February 2011 or the Previous Announcements affecting the Group, the Acquisition or the Second Placing that (in the Placing Agent's judgment) is inconsistent with any such information or other matter disclosed to the Placing Agent and would reasonably be expected to impair the Second Placing or the Acquisition;

(8) receipt by the Placing Agent of:

- (a) certified copies of the board minutes of the Company approving the Second Placing; and
- (b) the waivers, consents, authorisations, clearances and approvals which are required from relevant governmental and regulatory authorities which are necessary for the completion of the Acquisition and the Second Placing and the issue and allotment of the Placing Shares, and the implementation of other matters contemplated under the Second Placing Agreement,

each in a form reasonably satisfactory to the Placing Agent.

The Placing Agent may, at any time at its sole discretion, waive, by notice in writing to the Company, any or all of the conditions in paragraphs (1), (4) to (8) above. If the above conditions are not fulfilled or waived on or before the Closing Date, the Second Placing Agreement shall terminate and the Second Placing Agreement shall cease to have effect save as otherwise provided therein.

### **Termination and force majeure**

The Placing Agent shall be entitled, by written notice to the Company at any time prior to the date of completion of the Second Placing, to terminate the Second Placing Agreement with immediate effect in its absolute discretion, if there shall develop, occur, exist or come into effect:

- (1) trading generally having been suspended or limited on, or by, any of the Stock Exchange which in the sole and absolute opinion of the Placing Agent is or is likely to prejudice the success of the Second Placing or distribution of the Placing Shares or dealings in the Placing Shares in the secondary market, or makes it unfavourable or impracticable to proceed with the Second Placing;

- (2) trading of any securities of the Company being suspended on the Stock Exchange for a period in excess of one trading day, other than in connection with the Acquisition or the Second Placing;
- (3) a disruption in securities settlement, payment or clearance services in the United States, the PRC or Hong Kong having occurred, which in the sole and absolute opinion of the Placing Agent is or is likely to prejudice the success of the Second Placing or distribution of the Placing Shares or dealings in the Placing Shares in the secondary market, or makes it unfavourable or impracticable to proceed with the Second Placing;
- (4) any moratorium on commercial banking activities having been declared by any Hong Kong authorities, which in the sole and absolute opinion of the Placing Agent is or is likely to prejudice the success of the Second Placing or distribution of the Placing Shares or dealings in the Placing Shares in the secondary market, or makes it unfavourable or impracticable to proceed with the Second Placing;
- (5) any event or series of events (whether or not permanent) in the nature of force majeure (including, without limitation, acts of government, labour disputes, strikes, lock-outs, riots, public disorder, fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism, outbreak of diseases or epidemics, interruption or delay in transportation, economic sanction and any local, national, regional or international outbreak or escalation of hostilities, or other state of emergency or calamity or crisis), in each case, which in the sole and absolute opinion of the Placing Agent is or is likely to prejudice the success of the Second Placing or distribution of the Placing Shares or dealings in the Placing Shares in the secondary market, or makes it unfavourable or impracticable to proceed with the Second Placing;
- (6) any new law or regulation or change in existing laws or regulations which in the sole and absolute opinion of the Placing Agent has or may be or is likely to have a material adverse effect on the financial position of the Group taken as a whole, which in the sole and absolute opinion of the Placing Agent is or is likely to prejudice the success of the Second Placing or distribution of the Placing Shares or dealings in the Placing Shares in the secondary market, or makes it unfavourable or impracticable to proceed with the Second Placing;

- (7) any change (whether or not permanent) in local, national or international financial, political, monetary or economic conditions, banking, capital markets, currency exchange rates, credit default swap prices, secondary bond prices, exchange controls, or the occurrence of any event or series of events outside of the Placing Agent's control, in each case, which in the sole and absolute opinion of the Placing Agent is or may be or is likely to prejudice the success of the Second Placing or distribution of the Placing Shares or dealings in the Placing Shares in the secondary market, or makes it unfavourable or impracticable to proceed with the Second Placing; or
- (8) there is any breach of any of the representations, warranties and undertakings by the Company in the Second Placing Agreement which comes to the knowledge of the Placing Agent or any event occurring or any matter arising on or after the date of the Second Placing Agreement and prior to the date of completion of the Second Placing which, if it had occurred or arisen before the date of the Second Placing Agreement, would have rendered any of such representations, warranties and undertaking untrue or incorrect in such a manner as in the sole and absolute opinion of the Placing Agent is or is likely to adversely affect the financial position or business of the Group as a whole.

Without prejudice to any other provisions of the Second Placing Agreement, the Placing Agent shall have the right exercisable at any time by notice in writing to the Company to terminate the Second Placing Agreement if the Placing Shares are not issued and delivered in accordance with Second Placing Agreement.

The Second Placing Agreement may also be terminated by a party thereto by notice to the other party given at any time prior to completion of the Second Placing if there shall be any failure or refusal on the part of the other party to comply with the terms of the Second Placing Agreement applicable to it where such failure or refusal is material in the context of the Second Placing.

To the best of their knowledge, the Directors are not aware of the occurrence of any of such events as at the date of this announcement.

## Completion of the Second Placing

Completion of the Second Placing will take place on a date notified by the Placing Agent to the Company after fulfillment (or waiver, as the case may be) of the conditions set out above, which shall be not later than 29 December 2011, but in any event, shall be at least one business day prior to the date of completion of the Acquisition.

**The Second Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Date of announcement	Event	Net proceeds	Intended use of proceeds as stated in the announcement(s)	Actual use of proceeds
13 August 2010, 24 December 2010, 28 December 2010	Placing of new Shares	Approximately HK\$121.45 million	To be used for general working capital and/or future potential investments of the Group	Fully applied to the Group's loan financing business
7 June 2010	Placing of non-listed warrants	Approximately HK\$5.3 million upon issue of the warrants, with additional proceeds of approximately HK\$82.6 million upon issue of new Shares upon exercise in full of the subscription rights attached to the warrants	To be used as general working capital (as regards the net proceeds from the placing of warrants) and as funds for future development of the Group (as regards the additional proceeds from the issue of new Shares)	The net proceeds of approximately HK\$5.3 million (raised from the issuance of the warrants) and the further net proceeds of approximately HK\$1.47 million (raised to-date from the issuance of new shares upon exercise of the subscription rights attached to the warrants) were applied to treasury investment and working capital of the Group

Save for disclosed above and the Placing which has lapsed, the Company has not conducted any fund raising exercise during the 12 months immediately preceding the date of this announcement.

## EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Second Placing (assuming the 6,500,000,000 Placing Shares are placed and that there being no change in the number of issued Shares from the date of this announcement until completion of the Second Placing) are set out as below:

Shareholders	As at the date of this announcement		Upon completion of the Second Placing (assuming 6,500,000,000 Placing Shares have been placed) but before completion of the Acquisition		Upon completion of the Second Placing and the Acquisition (but before exercise of any conversion rights attached to any convertible or exchangeable securities of the Company)		Upon completion of the Second Placing and the Acquisition (after exercise of all conversion rights attached to any convertible or exchangeable securities of the Company) (Note 1)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
CGI (HK) Limited	385,000,000	8.85	385,000,000	3.55	385,000,000	2.64	385,000,000	1.55
Vendors of the Acquisition	-	-	-	-	3,750,000,000	25.68	14,062,500,000	56.44
Placees (Note 2)	-	-	6,500,000,000	59.90	6,500,000,000	44.52	6,500,000,000	26.09
Other public Shareholders	3,966,488,607	91.15	3,966,488,607	36.55	3,966,488,607	27.16	4,519,275,867	15.92
<b>Total</b>	<b>4,351,488,607</b>	<b>100.00</b>	<b>10,851,488,607</b>	<b>100.00</b>	<b>14,601,488,607</b>	<b>100.00</b>	<b>25,466,775,867</b>	<b>100.00</b>

### Notes:

- The shareholding structure set out in this column is shown for illustration purpose only. Pursuant to conversion restrictions under the terms and conditions of the Convertible Notes, no conversion right may be exercised to the extent that such exercise or issue of Conversion Shares (i) would result in the Company's non-compliance with the minimum public shareholding requirement of the Listing Rules; or (ii) would trigger a mandatory general offer under Rule 26 of the Takeovers Code.
- The Company confirms that: (i) the placees shall be third parties independent of the Company, the Vendors and any of their respective associates and connected persons; and (ii) none of the placees shall become a substantial Shareholder.
- As at date of this announcement, the Placing Agent is 33% beneficially owned by CGI (HK) Limited. CGI (HK) Limited is a shareholder of the Company with approximately 8.85% equity interest. Mr. So Yuen Chun and Mr. Soong Kok Meng are directors on the board of CGI (HK) Limited, the Placing Agent and the Company. The Placing Agent is also 2% beneficially owned by Major Chance Limited, Mr. Ng Cheuk Fan, Keith is a director of the Company and the holding company of Major Chance Limited.

## **REASONS FOR THE SECOND PLACING AND USE OF PROCEEDS**

The Company is incorporated in Hong Kong with limited liability. The principal business activities of the Group are currently mortgage financing and treasury investments.

The purpose for the entering of the Second Placing Agreement is to replace the Placing Agreement and raise the required proceeds for the acquisition of Weldtech Group.

On 25 February 2011, the Company announced the Acquisition whereupon the Group will acquire the entire issued share capital of Weldtech Technology Co., Limited, which through its subsidiary is engaged in provision of, among others, energy saving solutions for commercial buildings and industrial buildings via its proprietary UPPC system. The total consideration for the Acquisition is HK\$2,800,000,000, of which HK\$231,000,000 is payable in cash. HK\$10,000,000 of the aforesaid cash consideration has been paid by the Company to SV Technology Company Limited (being one of the vendors of the Acquisition) as the refundable deposit and part payment of the consideration for the Acquisition.

As mentioned in the circular of the Company dated 31 May 2011 and 22 June 2011, the Weldtech Group aims to increase its market share of the UPPC system which for the year ending 31 March 2012 (stage 1), it is expected to complete 75 projects and require approximately RMB167 million (equivalent to approximately HK\$200 million) of working capital. Further, for the period up to 31 March 2015 (stage 2), another 500 projects are expected to be completed and require approximately RMB1,017 million (equivalent to approximately HK\$1,220 million) of working capital. The aggregated working capital required in stage 1 and stage 2, amounts to approximately HK\$1,420 million, will be substantially incurred as cost of building and launching the UPPC systems. The Directors and the management of the Weldtech Group intend to fund the aforementioned working capital requirement by the net proceeds from the Placing, internal resources of the Enlarged Group and/or other borrowings. As mentioned in the circular of the Company dated 31 May 2011, the Weldtech Group will generate revenue in two business models, namely outright sales or energy management contracts (“EMC”), and for the year ending 31 March 2012, 85% of the revenue is expected to be derived from EMC model and progressively decrease to 75% by 31 March 2015. As disclosed in the circular of the Company dated 31 May 2011, the sharing-based EMC model is unique in the market because it is easily acceptable to customers who intends to carry out energy saving projects without making a substantial capital

commitment upfront. Not only does it save capital expenses, it also provides confidence in the energy saving results to clients. This type of EMC model also requests substantial working capital for the Weldtech Group while it will share a pre-determined percentage of the electricity expenses of the customers saved after the adoption of the UPPC system over a pre-determined period of time.

Assuming the Placing Shares are successfully placed based on the minimum Placing Price, (1) the maximum gross proceeds from the Second Placing will be approximately HK\$936,000,000; and (2) the maximum net proceeds from the Second Placing will amount to approximately HK\$901,680,000. Assuming the Placing Shares are successfully placed based on the maximum Placing Price, (1) the maximum gross proceeds from the Second Placing will be approximately HK\$1,040,000,000; and (2) the maximum net proceeds from the Second Placing will amount to approximately HK\$1,002,560,000. The net proceeds are intended to be used for (i) settlement of the cash consideration for the Acquisition and the referral fee pursuant to the Referral Agreement; (ii) the expansion of the market share of the UPPC system; and (iii) as general working capital of the Group as enlarged by the Acquisition. Based on the minimum Placing Price, the minimum net price per Placing Share will be approximately HK\$0.139. Based on the maximum Placing Price, the maximum net price per Placing Share will be approximately HK\$0.154.

The Directors consider the terms of the Second Placing Agreement are fair and reasonable, and are in the best interests of the Company and the Shareholders as a whole.

## **GENERAL**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

The EGM will be held to approve, among others, the Second Placing Agreement and the transactions contemplated thereunder, including the Specific Mandate. A circular setting out, among others, details of the Second Placing and the notice of the EGM will be dispatched to the Shareholders as soon as practicable.

## DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“Acquisition”	the acquisition of Weldtech Technology Co., Limited pursuant to the Sale and Purchase Agreement, details of which are set out in the announcements of the Company dated 25 February 2011, 21 April 2011, 19 May 2011, 31 May 2011, 24 June 2011, 20 July 2011, 30 September 2011 and 6 October 2011 and the circular of the Company dated 31 May 2011
“Board”	the board of Directors
“Business Day”	means a day, other than a Saturday and a day on which a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m., on which licensed banks in Hong Kong are open for general banking business throughout their normal business hours
“Closing Date”	the date notified by the Placing Agent to the Company, after fulfilment (or waiver, as the case may be) of the conditions precedent, which shall be not later than 29 December 2011, but in any event, shall be at least one Business Day prior to the date of completion of the Acquisition
“Company”	The Hong Kong Building and Loan Agency Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Stock Exchange
“connected persons”	has the meaning ascribed to it under Rule 1.01 of the Listing Rules and as extended by Rule 14A.11 of the Listing Rules
“Director(s)”	director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve, among other things, the Second Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	professional, institutional and other investors selected and procured by or on behalf of the Placing Agent pursuant to the Second Placing Agreement
“Placing”	the placing of Shares at the placing price pursuant to the terms of the Placing Agreement
“Placing Agent”	FT Securities Limited, the placing agent in respect of the Second Placing and a corporation licensed to carry out on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 9 June 2011 (as supplemented on 20 July 2011) entered into between the Company and the joint placing agents in relation to the Placing, as disclosed in the announcement of the Company dated 9 June 2011.
“Placing Price”	HK\$0.144 to HK\$0.160 per Placing Share, which shall be determined by the Placing Agent in its sole and absolute discretion in writing, unless otherwise agreed between the parties to the Second Placing Agreement

“Placing Share(s)”	all of the 6,500,000,000 new Shares
“Previous Announcements”	The Company’s annual reports and interim reports and all other announcements and circulars published or issued by the Company and posted on the Stock Exchange’s website during the 12 months prior to the date of the Second Placing Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Referral Agreement”	the referral agreement dated 17 December 2010 entered into between Merit Leader Asia Limited and Wise Planner Limited, a wholly-owned subsidiary of the Company in relation to the referral services provided regarding the Acquisition, as amended and supplemented by the first supplemental dated 19 April 2011 and the second supplemental dated 28 April 2011, details of which are set out in the announcement of the Company dated 19 May 2011 and the circular of the Company dated 31 May 2011
“Sale and Purchase Agreement”	the sale and purchase agreement in relation to the Acquisition entered into among the Company and the parties named therein dated 23 February 2011, as amended and supplemented by four supplemental agreements dated 21 April 2011, 30 May 2011, 20 July 2011, and 6 October 2011, respectively
“Second Placing”	the placing of the Placing Shares at the Placing Price pursuant to the terms of the Second Placing Agreement
“Second Placing Agreement”	the conditional placing agreement dated 18 October 2011 entered into between the Company and the Placing Agent in relation to the Second Placing
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	holder(s) of issued Shares
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the EGM to allot and issue the Placing Shares pursuant to the Second Placing Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Merger
“UPPC”	ultra performance plant control
“Weltech Group”	Weldtech Technology Co. Limited and the WFOE
“WFOE”	日滔貿易(上海)有限公司, a wholly foreign-owned enterprise established in the PRC, and was wholly-owned by Weldtech Technology Co. Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States Dollar, the lawful currency of the United States of America
“%”	per cent.

By Order of the Board of  
**The Hong Kong Building and Loan Agency Limited**  
**So Yuen Chun**  
*Executive Director*

Hong Kong, 18 October 2011

*As at the date of this announcement, the Board comprises Mr. So Yuen Chun and Mr. Soong Kok Meng being executive Directors; Mr. Ng Cheuk Fan, Keith, Mr. Lam Kwok Hing, Wilfred and Mr. Yeung Wai Hung, Peter being independent non-executive Directors.*