

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

ANNOUNCEMENT AND RESUMPTION OF TRADING

Reference is made to:

- (i) 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 (collectively, the “**VSA Announcements**”) and the circular of the Company dated 31 May 2011 (the “**VSA Circular**”) in relation to, among others, a very substantial acquisition of the Company regarding the acquisition of the entire issued share capital in Weldtech Technology Co. Limited;
- (ii) the announcements of the Company dated 18 October 2011 and 30 November 2011 (the “**Placing Announcements**”) and the circular of the Company dated 15 November 2011 (the “**Placing Circular**”) in relation to the placing of new shares of the Company under the specific mandate (the “**Revised Placing**”);
- (iii) the announcement of the Company dated 23 December 2011 in respect of the suspension of trading in Shares with effect from 9:00 a.m. on 23 December 2011 pending the release of an announcement in relation to a very substantial acquisition and a placing, which is price sensitive in nature; and

- (iv) the holding announcements of the Company dated 9 January 2012 and 12 January 2012 in which the Company disclosed that it is in the process of clearing an announcement in relation to the supplemental agreements of the Acquisition and the Revised Placing with the Stock Exchange, and the long stop dates of both the Sale and Purchase Agreement and the Second Placing Agreement have been extended (the “**Holding Announcements**”).

Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the VSA Announcements, the VSA Circular, the Placing Announcements, the Placing Circular and the Holding Announcements.

On 22 December 2011 (after trading hours), the Purchaser, the Vendors, the SV Technology’s guarantors and the Company (together, the “**VSA Parties**”) entered into a fifth supplemental agreement (the “**Fifth Supplemental Agreement**”) to amend certain terms and conditions of the Sale and Purchase Agreement, in particular, (1) condition precedent (j), as set out in the paragraph headed “Conditions Precedent” in the VSA Circular, be varied to such an extent that both the Vendors and the Purchaser shall have the right to waive condition precedent (j) (the “**Proposed Amendment**”), and (2), the long stop date of the Sale and Purchase Agreement been extended to 31 January 2012.

The said condition precedent (j) is worded as follows:

“a placing agreement in the form and substance acceptable to the Vendors and the Company to be entered into by the Company for the Placing with net proceeds of not less than HK\$900,000,000 having become unconditional (other than the condition that the Sale and Purchase Agreement having become unconditional) and the placing agent not having exercised its termination rights under the placing agreement (whether related to any force majeure events)”.

Also, on 22 December 2011 (after trading hours), the Placing Agent, the Company, and the Purchaser (together, the “**Placing Parties**”) entered into a supplemental placing agreement (the “**Supplemental Placing Agreement**”) to amend certain terms and conditions of the Second Placing Agreement.

Subsequent to entering into the Supplemental Placing Agreement and the Fifth Supplemental Agreement, the Company submitted a draft announcement to the Listing Division of the Stock Exchange (the “**Listing Division**”) for its review and vetting. During the vetting process, the Listing Division considered that the Proposed Amendment under the Fifth Supplemental Agreement was a material variation of the terms of the Sale and Purchase Agreement and the VSA under Rule 14.36 of the Listing Rules, and the Listing Division ruled that the Company should re-comply with all applicable requirements for a very substantial acquisition under Chapter 14 of the Listing Rules for the Fifth Supplemental Agreement, including that the Fifth Supplemental Agreement should be made conditional on approval by the Shareholders in general meeting (the “**Ruling**”). Although the Board did not agree with the Ruling and had applied to the Listing Committee to review the Ruling, the Company eventually decided not to proceed with the review.

After 31 January 2012, the VSA Parties continued to negotiate on the possible further extension of the long stop date. The VSA Parties are desirous to complete the Acquisition and the discussions amongst the VSA Parties have never broken down.

However, in view of the Ruling which cast uncertainty on the proceeding of the Acquisition under the current structure, on 29 February 2012, the VSA Parties reached an understanding not to further extend the long stop date, and instead discussed about the way to proceed with the Acquisition, including doing so in or under an optimal and/or revised structure (the “**Revised Structure**”).

As such, the VSA Parties may, subject to the execution of further supplemental agreement which, amongst other things, sets out the terms and conditions of the Acquisition or the Revised Structure, proceed with the Acquisition or the Revised Structure regardless of the fact that the Sale and Purchase Agreement (as supplemented by the Fifth Supplemental Agreement) has lapsed on 29 February 2012. The Company will seek counsel’s advice on the legality and validity of proceeding with the Acquisition or the Revised Structure, and if the terms and conditions of the further supplemental agreement constitute material changes to the Sale and Purchase Agreement and/or the VSA, the Company will comply with Listing Rule requirements accordingly.

While no final decision has been made as at date of this announcement, the Directors are optimistic about the outcome of such discussions and shall give their best efforts to cooperate with the VSA Parties to proceed with the Acquisition or the Revised Structure as soon as possible.

With the lapsing of the Sale and Purchase Agreement (as supplemented by the Fifth Supplemental Agreement) as aforementioned, the Revised Placing cannot proceed in its present structure as contemplated by and/or enshrined under the Supplemental Placing Agreement. The Placing Parties have, on 21 March 2012, entered into a written agreement to terminate the Revised Placing unconditionally. The Placing Parties shall not have any recourse against each other for or in relation to such termination. The Company may launch and conduct further placing exercise when necessary.

Meanwhile, the Company is advised by the Vendors that the Weldtech Group has, since the release of the VSA Circular, executed various agreements with customers including but not limited to government authority, real estate developer, hotel chain, semiconductor conglomerate and automobile conglomerate regarding retrofitting of existing building projects and/or new building construction projects with the UPPC system.

The Company will make further announcements to update the Shareholders as and when appropriate, in particular, when there is any material progress on the Acquisition or the Revised Structure, or when further placing exercise is launched and conducted, or when there is any development of the Group.

At the request of the Company, trading in Shares has been suspended with effect from 9:00 a.m. on Friday, 23 December 2011. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 23 March 2012 following the publication of this announcement.

By order of the Board
The Hong Kong Building and Loan Agency Limited
Yeung Kwok Leung
Executive Director

Hong Kong, 22 March 2012

As at the date of this announcement, the Board comprises Mr. So Yuen Chun and Mr. Yeung Kwok Leung being executive Directors; Mr. Lam Kwok Hing, Wilfred being non-executive Director; and Mr. Ng Cheuk Fan, Keith, Mr. Yeung Wai Hung, Peter and Mr. Lam Raymond Shiu Cheung being independent non-executive Directors.