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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)

**SECOND SUPPLEMENTAL PLACING AGREEMENT
IN RELATION TO
THE PLACING OF CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE**

SECOND SUPPLEMENTAL PLACING AGREEMENT

Reference is made to the Announcements in relation to, among others, the Placing of Convertible Bonds under Specific Mandate.

The Company would like to inform the Shareholders that the second supplemental placing agreement was entered into on 22 August 2013 in relation to the revision of the terms of the Placing Agreement and the Supplemental Placing Agreement.

TRADING HALT AND RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares on the Stock Exchange has been halted at the request of the Company at 1:17 p.m. on 22 August 2013 pending the release of this announcement. An application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 23 August 2013.

SECOND SUPPLEMENTAL PLACING AGREEMENT

Reference is made to the announcements of the Company dated 28 February 2013 and 15 March 2013 (the “**Announcements**”) in relation to, among others, the Placing of Convertible Bonds under Specific Mandate. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The Company would like to inform the Shareholders that the second supplemental placing agreement was entered into on 22 August 2013 in relation to the revision of the terms of the Placing Agreement and the supplemental placing agreement dated 15 March 2013 (the “**Supplemental Placing Agreement**”) as follows:

- (i) The principal amount of the Convertible Bonds of up to HK\$162,000,000 pursuant to the Bond Instrument shall be revised to HK\$60,750,000; and
- (ii) Up to 1,200,000,000 Conversion Shares pursuant to the Bond Instrument shall be revised to 450,000,000 Conversion Shares.

Save as disclosed above, there is no material change to the terms of the Placing Agreement and the Supplemental Placing Agreement and all terms and conditions of the Placing Agreement and the Supplemental Placing Agreement remain unchanged and in full force and effect. The terms of the second supplemental placing agreement were arrived at after arm’s length negotiations between the Company and the Placing Agent, and the Directors believe that the terms of the second supplemental placing agreement are fair and reasonable and are in the best interests of the Company and its Shareholders as a whole.

REASONS FOR ENTERING INTO THE SECOND SUPPLEMENTAL PLACING AGREEMENT AND USE OF PROCEEDS

The Group has been principally engaged in investment holding, treasury investments and the provision of loan financing.

The amendments to the terms of the Placing Agreement and the Supplemental Placing Agreement were arrived at after arm's length negotiation between the Company and the Placing Agent. In view of the recent market volatility and market sentiment, the Company and the Placing Agent agreed to revise the terms of the Placing Agreement and the Supplemental Placing Agreement to facilitate the completion of the Placing.

Upon completion of the Placing, the Company intends to use the funds raised from the Placing as general working capital of the Company and/or investment to potential business projects in the future.

The Company is reviewing the feasibility on potential business developments and/or investment projects from time to time. As at the date of this announcement, no formal agreements have been reached in relation to such business developments and/or investment projects that are required to be disclosed pursuant to the Listing Rules. The Board will update the Shareholders and the public if and when required in accordance with the Listing Rules.

POSSIBLE ADJUSTMENT TO THE CONVERSION PRICE OF THE POSSIBLE CONVERTIBLE BONDS

Reference is made to the announcements of the Company dated 24 July 2012 in relation to placing of options to subscribe for convertible bonds (the "**Possible Convertible Bonds**") and dated 8 October 2012 in relation to its completion. The conversion price of the Possible Convertible Bonds may be subject to adjustment if the above options have been exercised prior to the date of issue of the Convertible Bonds as a result of the Placing. In that case, such adjustment in the conversion price of the Possible Convertible Bonds shall be determined by an independent accountant, the conversion shares under the Possible Convertible Bonds may exceed the limit under the general mandate granted to the Directors at the annual general meeting of the Company held on 28 June 2012.

With regard to the possible excess of conversion shares, the Company would seek Shareholders' approval by way of application of specific mandate for the total number of conversion shares at the EGM. If Shareholders' approval could not be obtained, the Company would consider cash settlement for the excess conversion shares.

Further details will be set out in the circular of the Placing if necessary.

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

Hong Kong, 22 August 2013

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. Yeung Wai Hung, Peter, Mr. Lam Raymond Shiu Cheung and Ms. Yuen Wai Man being independent non-executive Directors.