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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 GENERAL MANDATE

Placing Agent



On 21 July 2015 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company agreed to place through the Placing Agent, on a best-effort basis, an aggregate of up to 50,000,000 Placing Shares, to not less than six Places who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons, at the Placing Price of HK\$0.89 per Placing Share.

The maximum number of 50,000,000 Placing Shares represents (i) approximately 2.75% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 2.68% of the issued share capital of the Company as enlarged by the issue and allotment of the Placing Shares.

The Placing Shares will be issued and allotted under the General Mandate and therefore the Placing Agreement and the transactions contemplated thereunder are not subject to the approval of the Shareholders.

The Placing Price of HK\$0.89 per Placing Share represents (i) a discount of approximately 19.1% to the closing price of HK\$1.10 per Share as quoted on the Stock Exchange on 21 July 2015, which is the date of the Placing Agreement; and (ii) a discount of approximately 14.9% to the average closing price of approximately HK\$1.046 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement.

Assuming that all the 50,000,000 Placing Shares are placed under the Placing, the gross proceeds and the estimated net proceeds from the placing of the Placing Shares are approximately HK\$44.5 million (HK\$0.89 per Placing Share) and approximately HK\$42.9 million (HK\$0.858 per Placing Share) respectively.

Since completion of the Placing is subject to fulfilment of the conditions as set out in the Placing Agreement and the Placing Agent is entitled to terminate the Placing Agreement under certain circumstances, the Placing may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

THE PLACING

On 21 July 2015 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company agreed to place through the Placing Agent, on a best-effort basis, an aggregate of up to 50,000,000 Placing Shares, to not less than six Placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons, at the Placing Price of HK\$0.89 per Placing Share.

THE PLACING AGREEMENT

Date

21 July 2015

Issuer

The Company

Placing Agent

RHB OSK Securities Hong Kong Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its associates and their respective ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

Pursuant to the Placing Agreement, the Placing Agent has agreed to act as the placing agent for the conditional placing of an aggregate of up to 50,000,000 Placing Shares at the Placing Price of HK\$0.89 per Placing Share on a best-effort basis. The Placing Agent shall receive a placing commission of 3.0% of the aggregate amount equal to the Placing Price multiplied by the actual number of the Placing Shares being placed. The Directors (including the independent non-executive Directors) are of the view that such placing commission is fair and reasonable, taking into account the current market condition.

Placees

The Placing Agent has agreed to place, on a best-effort basis, the Placing Shares to not less than six Placees. The Placees (and their respective ultimate beneficial owners) shall be independent of and not connected with the Company and its connected persons. Immediately after completion of the Placing, each Placee, together with the parties acting in concert with it (if any), is not, and shall not be, entitled to exercise or control the exercise of 30% (or any amount specified in the Hong Kong Code on Takeovers and Mergers administered by the Securities and Futures Commission as the level for triggering a mandatory general offer) or more of the voting power at any general meeting of the Company and shall not become a substantial shareholder of the Company under the Listing Rules. Following the issue of the Placing Shares, the Company's minimum public float of the Shares as required under the Listing Rules will be maintained.

Number of the Placing Shares

The maximum number of 50,000,000 Placing Shares represents (i) approximately 2.75% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 2.68% of the issued share capital of the Company as enlarged by the issue and allotment of the Placing Shares.

The Placing Shares will be issued and allotted under the General Mandate and therefore the Placing Agreement and the transactions contemplated thereunder are not subject to the approval of the Shareholders. The maximum number of Shares that can be issued under the General Mandate is 294,737,618 Shares. As at the date of this announcement, the Company has not allotted and issued any Shares pursuant to the General Mandate and the General Mandate is sufficient for the issue and allotment of the Placing Shares.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Placing Shares.

Placing Price

The Placing Price of HK\$0.89 per Placing Share represents:

- (i) a discount of approximately 19.1% to the closing price of HK\$1.10 per Share as quoted on the Stock Exchange on 21 July 2015, which is the date of the Placing Agreement; and
- (ii) a discount of approximately 14.9% to the average closing price of approximately HK\$1.046 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement;

The net Placing Price, after taking into account the placing commission and the estimated expenses of the Placing, is approximately HK\$0.858 per Placing Share. The Placing Price of HK\$0.89 per Placing Share was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the market conditions and the prevailing market price of the Shares. The Directors consider the Placing Price to be fair and reasonable.

Ranking of the Placing Shares

The Placing Shares will rank, upon issue, pari passu in all respects with the Shares in issue on the date of issue and allotment of the Placing Shares.

Conditions of the Placing Agreement

Completion of the Placing Agreement is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting to the Company the listing of, and permission to deal in, the Placing Shares; and
- (ii) all necessary consents, approvals, authorisations and/or waivers having been obtained by the Company to effect the execution, completion and performance of the obligations and other terms of the Placing Agreement, if applicable.

In the event of any of the conditions referred to above not having been fulfilled on or before 10 August 2015, all rights, obligations and liabilities of the parties under the Placing Agreement shall cease and determine and none of the parties to the Placing Agreement shall have any claim against any other in relation to the Placing.

Completion

Completion of the Placing shall take place on the Placing Completion Date.

Termination

Upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have an adverse material effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

- (A) there develops, occurs or comes into force:
 - (i) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions; or

- (ii) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (iii) any change in conditions of local, national or international securities markets; or
 - (iv) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
 - (v) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere; or
 - (vi) any litigation or claim being instigated against any member of the Group which would have a material adverse effect on the Group; or
 - (vii) any suspension in the trading of Shares on the Stock Exchange for a continuous period of fifteen Business Days; or
- (B) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Placing Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (C) there is any change in the financial or business or trading position of the Company,

the Placing Agent may after consultation with the Company terminate the Placing Agreement without any liability to the Company by notice in writing given to the Company at any time prior to 10:00 a.m. on the Placing Completion Date.

Since completion of the Placing is subject to fulfilment of the conditions as set out in the Placing Agreement and the Placing Agent is entitled to terminate the Placing Agreement under certain circumstances, the Placing may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structures of the Company as at the date of this announcement and immediately after completion of the Placing (assuming there is no change in the shareholding structure of the Company from the date of this announcement to the Placing Completion Date other than the issue of the Placing Shares) are set out below:

	(i) as at the date of this announcement		(ii) immediately after completion of the Placing (assuming there is no change in the shareholding structure of the Company from the date of this announcement to the Placing Completion Date other than the issue of the Placing Shares)	
	<i>Number of Shares held</i>	<i>Approximately % of Shares in issue</i>	<i>Number of Shares held</i>	<i>Approximately % of Shares in issue</i>
Substantial Shareholders				
Chinese Strategic	356,956,000	19.63	356,956,000	19.11
Smart Promise Limited	233,218,539	12.83	233,218,539	12.48
Others				
Places	–	–	50,000,000	2.68
Other Shareholders	1,227,912,277	67.54	1,227,912,277	65.73
	<u>1,818,086,816</u>	<u>100.00</u>	<u>1,868,086,816</u>	<u>100.00</u>

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is incorporated in Hong Kong with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The principal activity of the Company is investment holding, treasury investments, provision of loan financing and design and provision of energy saving solutions.

The Directors consider that the Placing offers the Company a fund-raising opportunity to strengthen the Group's liquidity and financial position.

Assuming that all the 50,000,000 Placing Shares are placed under the Placing, the gross proceeds and the estimated net proceeds from the placing of the Placing Shares are approximately HK\$44.5 million (HK\$0.89 per Placing Share) and approximately HK\$42.9 million (HK\$0.858 per Placing Share) respectively.

The Company intends to utilize the net proceeds from the Placing for possible investments in the future when opportunities arise and/or for general working capital of the Group.

The Directors (including the independent non-executive Directors) are of view that the Placing is in the interests of the Company and the Shareholders as a whole and the terms of the Placing Agreement are fair and reasonable so far as the Shareholders are concerned.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE LAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities in the past twelve months from the date of this announcement:

Date of announcements and circular	Equity fund raising activities	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
27 May 2014, 28 May 2014, 6 June 2014, 16 June 2014, 4 July 2014 and 22 September 2014	Placing of existing Shares; subscription of new Shares under general mandate; and subscription of convertible bonds under specific mandate	Approximately HK\$65.6 million	(i) HK\$33.1 million for settling the cash portion of the consideration for the Acquisition (“Cash Consideration”); and (ii) the remaining balance of approximately HK\$32.5 million for general working capital of Weldtech Technology assuming and upon completion of the Acquisition, and other fees and expenses in connection with the Acquisition	(i) HK\$35.6 million for professional fees and expenses in relation to the Acquisition; and (ii) HK\$30 million for general working capital of Weldtech Technology. <i>(Note)</i>
3 June 2015 and 15 June 2015	Placing of convertible bonds under general mandate; top-up placing and subscription of new Shares under general mandate	Approximately HK\$143 million	For possible investments in the future when opportunities arise and/or for general working capital of the Group	HK\$143 million for general working capital of the Group

Note: As announced on 16 June 2014, 22 September 2014 and 13 March 2015 by the Company, the due date for settlement of the Cash Consideration has been further extended to on or before 13 September 2015. Therefore, the proceeds from the PF Placing were used to settle professional fee and expenses in relation to the Acquisition and general working capital of Weldtech Technology.

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past twelve months before the date of this announcement.

DEFINITIONS

Unless the context otherwise requires, terms used in this announcement shall have the following meanings:

“Acquisition”	the acquisition of the shares in the share capital of Weldtech Technology pursuant to the Sale and Purchase Agreement, details of which are set out in the announcements of the Company dated 6 December 2013, 30 April 2014 and 16 June 2014 and the circular of the Company dated 11 April 2014
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday or public holidays) on which banks are generally open for business in Hong Kong
“Chinese Strategic”	Chinese Strategic Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8089)
“Company”	The Hong Kong Building and Loan Agency Limited (Stock Code: 145), a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company

“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with up to 294,737,618 Shares at the annual general meeting of the Company held on 26 June 2015 (representing 20% of the then issued capital of the Company as at the date of the said annual general meeting) or securities convertible into such Shares, or options, warrants or similar rights to subscribe for such Shares or such convertible securities
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency in Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investor(s) or person or entity procured by or on behalf of the Placing Agent or its agent(s) to purchase an aggregate of up to 50,000,000 Placing Shares
“Placing”	the placing of the Placing Shares pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	RHB OSK Securities Hong Kong Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activity under the SFO
“Placing Agreement”	the placing agreement dated 21 July 2015 entered into between the Company and the Placing Agent
“Placing Completion Date”	on or before the fifth Business Day after the date upon which the conditions precedent to the Placing Agreement shall have been fulfilled (or such other date as may be agreed between the Company and the Placing Agent) but in any event no later than 10 August 2015

“Placing Price”	HK\$0.89 per Placing Share
“Placing Share(s)”	an aggregate of up to 50,000,000 new Shares to be allotted and issued by the Company pursuant to the Placing Agreement
“Sale and Purchase Agreement”	the sale and purchase agreement dated 31 October 2013 in relation to the Acquisition entered into among the Company and the parties named therein
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Weldtech Technology”	Weldtech Technology Co. Limited, a wholly owned subsidiary of the Company following completion of the Acquisition
“%”	per cent

By Order of the Board
The Hong Kong Building and Loan Agency Limited
Diana Liu He
Executive Director

Hong Kong, 21 July 2015

As at the date hereof, the board of directors of the Company comprises Mr. So Yuen Chun, Ms. Diana Liu He, Dr. Li Ai Guo and Mr. Cai Wen Wei being executive Directors; Mr. Lam Kwok Hing, Wilfred and Mr. Huang Lizhi being non-executive Directors; and Mr. Yeung Wai Hung, Peter, Ms. Yuen Wai Man and Mrs. Chu Ho Miu Hing being independent non-executive Directors.