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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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Future Ordinance.

The Board wishes to inform the Shareholders and potential investors that based on a preliminary assessment of the unaudited consolidated management accounts of the Group and the information currently available to the Board, the Group is expected to record a substantial increase in loss for the year ended 31 December 2015 as compared to the loss recorded for the year ended 31 December 2014.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by The Hong Kong Building and Loan Agency Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on a preliminary assessment of the unaudited consolidated management accounts of the Group and the information currently available to the Board, the Group is expected to record a substantial increase in loss for the year ended 31 December 2015 as compared to the loss recorded for the year ended 31 December 2014.

The expected increase in loss for the Company for the year ended 31 December 2015 was mainly attributable to (1) an impairment of goodwill of approximately HK\$666.7 million, (2) an one-off loss of approximately HK\$80.5 million on disposal of a subsidiary and (3) finance costs of approximately HK\$82.8 million due to interest amortisation of convertible bonds and promissory notes issued for the acquisition of Weldtech Technology Co. Limited in 2014.

As the information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Group for the year ended 31 December 2015 prepared by the management of the Company and the information currently available, and is not based on any figures or information which has been audited or reviewed by the Group’s auditors, there may be changes or adjustments following further review and finalization of the audited accounts of the Group by the Board and the actual results of the Group may be different from what is disclosed in this announcement. It is expected that the audited annual results of the Group for the year ended 31 December 2015 will be published by the Company in late March 2016.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
The Hong Kong Building and Loan Agency Limited
Chong Kok Leong
Executive Director

Hong Kong, 10 March 2016

As at the date of this announcement, the Board comprises Mr. So Yuen Chun, Dr. Li Ai Guo, Mr. Chong Kok Leong and Ms. Khoo Pui Wun being executive directors of the Company; Mr. Lam Kwok Hing, Wilfred and Mr. Huang Lizhi being non-executive directors of the Company; and Mr. Yeung Wai Hung, Peter, Ms. Yuen Wai Man and Mrs. Chu Ho Miu Hing being independent non-executive directors of the Company.