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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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board (the "**Board**") of directors (the "**Director(s)**") of The Hong Kong Building and Loan Agency Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2016 together with the unaudited comparative figures for the six months ended 30 June 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2016

		Six months ended 30 June	
		2016	2015
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
Revenue	*4*	**17,024**	11,924
Cost of operation		**(10,477)**	(10,667)
Gross profit		**6,547**	1,257
Other income	*5*	**1,155**	1,362
Gain on disposal of financial assets at fair value through profit or loss		**–**	2,192
Fair value changes on financial assets at fair value through profit or loss		**(108)**	9,944
Fair value change on contingent consideration payables		**–**	(6,520)
Gain/(loss) on disposal of subsidiaries		**40,993**	(80,531)
Selling expenses		**(963)**	(2,663)
Administrative and operating expenses		**(37,585)**	(51,024)
Profit/(loss) from operation		**10,039**	(125,983)
Finance costs	*6*	**(41,095)**	(50,237)

		Six months ended 30 June	
		2016	2015
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
Loss before taxation	*7*	**(31,056)**	(176,220)
Taxation	*8*	**9,397**	13,732
Loss for the period attributable to owners of the Company		**(21,659)**	(162,488)
Other comprehensive income for the period, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**68**	7
Total comprehensive expense for the period attributable to owners of the Company		**(21,591)**	(162,481)
Loss per share	*10*		
– Basic and diluted, HK cents		**(1.13)**	(13.16)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

	Notes	30 June 2016 HK$'000 (Unaudited)	31 December 2015 HK$'000 (Audited)
Non-current assets			
Intangible assets		**778,663**	805,905
Property, plant and equipment		**1,521**	1,910
Construction in progress		**3,957**	6,630
Goodwill		**608,960**	608,960
Loan receivables		**–**	87
Available-for-sale financial assets		**11,464**	10,089
Finance lease receivables		**18,369**	15,917
		1,422,934	1,449,498
Current assets			
Financial assets at fair value through profit or loss		**–**	12,934
Inventories		**812**	813
Loan receivables		**–**	163
Trade and bills receivables	*11*	**3,139**	123
Prepayments, deposits and other receivables		**1,302**	1,987
Finance lease receivables		**9,565**	8,529
Amounts due from customers under construction contracts		**836**	441
Pledged bank deposits		**233**	236
Cash and bank balances		**44,604**	79,474
		60,491	104,700
Current liabilities			
Trade and other payables	*12*	**10,534**	18,072
Amounts due to shareholders		**1,756**	1,543
Financial liabilities derivatives		**2,267**	3,400
Promissory notes		**–**	42,672
Convertible bonds		**35,230**	–
		49,787	65,687
Net current assets		**10,704**	39,013
Total assets less current liabilities		**1,433,638**	1,488,511

	Notes	**30 June 2016** *HK$'000* **(Unaudited)**	31 December 2015 *HK$'000* (Audited)
Non-current liabilities			
Convertible bonds		**403,874**	424,494
Promissory notes		**89,047**	90,454
Deferred tax liabilities		**206,498**	216,262
		699,419	731,210
Net assets		**734,219**	757,301
Capital and reserves			
Share capital		**1,210,498**	1,210,498
Reserves		**(476,279)**	(453,197)
Total equity		**734,219**	757,301

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard (the "**HKAS**") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2015 as contained in the Company's annual report 2015, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (the "**HKFRSs**").

The preparation of the unaudited condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements are presented in HK dollars ("**HK$**"), which is the same as the functional currency of the Group. All values are rounded to the nearest thousand, unless otherwise stated. These unaudited condensed consolidated financial statements were approved for issue on 19 August 2016.

The financial information relating to the financial year ended 31 December 2015 that is included in this interim results announcement as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (or under their equivalent requirements found in section 141 of the predecessor Companies Ordinance (Cap. 32)).

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- Annual Improvements to HKFRSs 2012-2014 Cycle

- Amendments to HKAS 1, Presentation of financial statements: Disclosure initiative

- Amendments to HKAS 16 and HKAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation

- Amendments to HKAS 27, Equity Method in Separate Financial Statements

- Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The amendments do not have a material impact on the presentation and disclosure of the Group's unaudited condensed consolidated financial statements.

Amendments to HKAS 1, Presentation of financial statements: Disclosure initiative

The amendments to HKAS 1 introduce narrow-scope changes to various presentation requirements. The amendments do not have a material impact on the presentation and disclosure of the Group's unaudited condensed consolidated financial statements.

Amendments to HKAS 16 and HKAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The Directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the amendments do not have a material impact on the presentation and disclosure of the Group's unaudited condensed consolidated financial statements.

Amendments to HKAS 27, Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

– At cost

– In accordance with HKFRS 9 Financial Instruments (or HKAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted HKFRS 9), or

– Using the equity method as described in HKAS 28 Investments in Associates and Joint Ventures.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 First time Adoption of Hong Kong Financial Reporting Standards.

The amendments do not have a material impact on the presentation and disclosure of the Group's unaudited condensed consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKAS 28:

– The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

  The amendments do not have a material impact on the presentation and disclosure of the Group's unaudited condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group's operating and reportable segments are as follows:

(a) design and provision of energy saving solutions

(b) loan financing

(c) treasury investments

The following is an analysis of the Group's revenue and results by operating segment for the period:

Segments revenue and results

	Design and provision of energy saving solutions		Loan financing		Treasury investments		Consolidated	
	For the six months ended 30 June							
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Turnover								
External sales	**17,020**	10,997	**4**	927	**–**	–	**17,024**	11,924
Results								
Segment results	**796**	(9,611)	**4**	(660)	**(108)**	12,136	**692**	1,865
Unallocated corporate expenses							**(6,348)**	(13,555)
Amortisation of intangible assets							**(27,242)**	(27,242)
Gain/(loss) on disposal of a subsidiary							**40,993**	(80,531)
Fair value change on contingent consideration payables							**–**	(6,520)
Fair value changes on financial liabilities derivatives							**1,944**	–
Finance costs							**(41,095)**	(50,237)
Loss before taxation							**(31,056)**	(176,220)
Taxation							**9,397**	13,732
Loss for the period							**(21,659)**	(162,488)

Revenue reported was generated from external customers. There were no inter-segment sales during the six months ended 30 June 2016 and 2015.

Segment results represent the profit/(loss) by each segment without allocation of centralised administration costs such as certain other income, directors' emolument, staff salaries, operating lease payments and certain legal and professional fees. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Segment assets and liabilities

	Design and provision of energy saving solutions		Loan financing		Treasury investments		Consolidated	
	30 June 2016	31 December 2015	**30 June 2016**	31 December 2015	**30 June 2016**	31 December 2015	**30 June 2016**	31 December 2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Assets								
Segment assets	**1,468,830**	1,525,929	**–**	811	**–**	12,934	**1,468,830**	1,539,674
Unallocated corporate assets							**14,595**	14,524
							1,483,425	1,554,198
Liabilities								
Segment liabilities	**6,831**	8,934	**–**	–	**–**	–	**6,831**	8,934
Unallocated corporate liabilities							**742,375**	787,963
							749,206	796,897

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than corporate financial assets;
- all liabilities are allocated to reportable segments other than corporate financial liabilities, deferred tax liabilities, convertible bonds, promissory notes and financial liabilities derivatives.

4. REVENUE

Revenue represents income from design and provision of energy saving solutions, interest income from loan financing and treasury investments.

An analysis of the Group's revenue by principal activities are as follows:

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Design and provision of energy saving solutions:		
Sale of goods	**10,512**	1,914
Sale of goods under finance lease	**6,508**	9,083
	17,020	10,997
Loan financing:		
Interest on loan receivables	**4**	927
	4	927
	17,024	11,924

5. OTHER INCOME

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank interest income	**56**	12
Interest income on finance lease receivables	**1,050**	1,350
Others	**49**	–
	1,155	1,362

6. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expenses on borrowings	**–**	2,964
Imputed interest on promissory notes	**7,131**	12,865
Imputed interest on convertible bonds	**33,964**	34,408
	41,095	50,237

7. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging:

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Staff costs (including Directors' remuneration):		
– Directors' fee	**1,320**	2,433
– Salaries, bonus and wages	**4,778**	8,089
– Contribution to retirement benefits schemes	**609**	1,050
	6,707	11,572
Amortisation of intangible assets	**27,242**	27,242
Cost of inventories sold	**10,446**	9,080
Depreciation of property, plant and equipment	**443**	678
Operating lease payments	**1,777**	3,905
Share-based payment expenses	**–**	139

8. TAXATION

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Deferred taxation		
Credit for the period	**(9,397)**	(13,732)
	(9,397)	(13,732)

No provision for Hong Kong profits tax has been made as the Group did not have assessable profits in Hong Kong for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

9. INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividends in respect of the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	**(21,659)**	(162,488)

	Six months ended 30 June	
	2016	2015
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,922,087**	1,234,867

The computation of diluted loss per share for the period ended 30 June 2016 does not include convertible bonds and share options as the assumed exercise of these convertible bonds and share options has an anti-dilutive effect.

11. TRADE AND BILLS RECEIVABLES

Included in trade and bills receivables, the ageing analysis of trade receivables, based on the invoice date, is as follows:

	30 June 2016	31 December 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 90 days	**3,139**	123
91 – 180 days	**–**	–
181 – 365 days	**–**	–
Over 365 days	**–**	–
Total trade receivables	**3,139**	123
Bills receivables	**–**	–
	3,139	123

According to the credit rating of different customers, the Group allows average credit term of 90 days to its customers.

In determining the recoverability of trade receivables, the Group considers any change in credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The impairment loss recognised represents the difference between the carrying amount of the specific trade receivables and the present value of the expected recoverable amount.

12. TRADE AND OTHER PAYABLES

	30 June 2016	31 December 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	**2,329**	2,010
Accrued service fee for acquisition of a subsidiary	**3,871**	3,871
Accrued expenses	**2,067**	5,116
Receipt in advance	**1,641**	4,020
Interest payables	**100**	2,200
Other payables	**526**	855
	10,534	18,072

An aged analysis of trade payables, based on the invoice date, is as follows:

	30 June 2016	31 December 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 90 days	**805**	1,132
91 to 180 days	**1,013**	154
181 to 365 days	**–**	37
Over 365 days	**511**	687
	2,329	2,010

Trade payables are interest-free and normally settled on delivery. The average credit period on purchases of goods is 90 days.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group is principally engaged in design and provision of energy saving solutions, provision of loan financing and treasury investments.

During the six months ended 30 June 2016, the Group recorded an unaudited revenue of approximately HK$17,024,000, representing an increase of approximately 43% as compared with approximately HK$11,924,000 for the last corresponding period. An unaudited loss attributable to the owners of the Company of approximately HK$21,659,000 (2015: loss of approximately HK$162,488,000) was recorded. Such decrease in loss was mainly attributable to the improvement in gross profit, decrease of administrative and operating expenses and a one-off gain of approximately HK$40,993,000 on disposal of subsidiaries.

With respect to the segment of design and provision of energy saving solutions, a segment profit of approximately HK$796,000 was recorded for the six months ended 30 June 2016 (2015: loss of approximately HK$9,611,000). The improvement in operating results was due to (1) the increase in average project size during the six months ended 30 June 2016 while maintaining number of projects similar to the corresponding period in 2015; and (2) the tightened control in project and operating costs.

Of the total revenue, approximately HK$4,000 (2015: approximately HK$927,000) was generated from the Group's loan financing business which contributed a segment gain of approximately HK$4,000 (2015: loss of approximately HK$660,000). The decrease in revenue from loan financing segment was due to the disposal of a subsidiary during the period. Due to the volatile market conditions in the first half of 2016, the Group was unable to identify new loan projects commanding the target risk and return profile to replenish the loan portfolio of the Group during the period.

With respect to the segment of treasury investments, a segment loss of approximately HK$108,000 was recorded for the six months ended 30 June 2016, as compared with the segment profit of approximately HK$12,136,000 in the last corresponding period. The loss recorded for the treasury investments segment was mainly attributable to the decrease in the share prices of the equity securities held for investments.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, the Group's cash and bank balances amounted to approximately HK$44,604,000 (31 December 2015: approximately HK$79,474,000), and it had outstanding convertible bonds of approximately HK$439,104,000 (31 December 2015: approximately HK$424,494,000) and promissory notes of approximately HK$89,047,000 (31 December 2015: approximately HK$133,126,000). The net assets and the net current assets of the Group amounted to approximately HK$734,219,000 (31 December 2015: approximately HK$757,301,000) and approximately HK$10,704,000 (31 December 2015: approximately HK$39,013,000), respectively.

The gearing ratio of the Group as at 30 June 2016, which is calculated as net debts (as calculated by total borrowings less cash and cash equivalents) divided by total capital, was 0.40 (31 December 2015: 0.39).

CAPITAL STRUCTURE

As at 30 June 2016, the Company's number of issued ordinary shares was 1,922,086,816 ("**Share(s)**") (as at 31 December 2015: 1,922,086,816 Shares).

As at 30 June 2016, the Company had HK$305,545,700 convertible bond A (the "**CB A**") outstanding which could be converted into 381,932,124 Shares at the conversion price of HK$0.80 per share. During the six months ended 30 June 2016, no new Shares were issued from the conversion of such convertible bonds.

As at 30 June 2016, the Company had HK$639,612,430 convertible bond B (the "**CB B**") outstanding which could be converted into 799,515,538 Shares at the conversion price of HK$0.80 per share. During the six months ended 30 June 2016, no new Shares were issued from the conversion of such convertible bonds.

As at 30 June 2016, the Company had HK$40,000,000 convertible bonds (the "**CB 2015**") outstanding which could be converted into 44,943,820 Shares at the conversion price of HK$0.89 per share. During the six months ended 30 June 2016, no new Shares were issued from the conversion of such convertible bonds, HK$20,000,000 convertible bonds were redeemed. Subsequent to the reporting period, a sum of HK$6,000,000 convertible bonds were redeemed.

CHARGE ON GROUP ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2016, the Group pledged the bank deposits of approximately HK$233,000 (31 December 2015: approximately HK$236,000) as the security deposit for the warranty fund of sale of goods.

As at 30 June 2016, the Group did not have material contingent liabilities (31 December 2015: nil).

FOREIGN CURRENCY EXPOSURE

The Group conducts its business transactions mainly in Hong Kong Dollar and Renminbi. As the Hong Kong Dollar is pegged to the U.S. Dollar, the Group does not foresee any material exchange risk in this respect. However, the Group is subject to certain foreign exchange impacts caused by the fluctuations of Renminbi. The Group has not entered into any significant foreign exchange contract. The management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2016, the Group entered into sale and purchase agreements to dispose the entire issued share capital of The Building and Loan Agency (Asia) Limited and certain subsidiaries to independent third parties for a total cash consideration of HK$1,390,000 (the "**Disposal**"). The Disposal was completed during the six months ended 30 June 2016. The Group recorded a gain of approximately HK$40,993,000 as a result of the Disposal.

Save as disclosed above, there was no material disposals of subsidiaries, associates and joint ventures for the six months ended 30 June 2016.

MATERIAL ACQUISITION AND INVESTMENTS

The Group did not make any material acquisition and investment during the six months ended 30 June 2016.

FUND RAISING ACTIVITIES

The Group did not make any fund raising activity during the six months ended 30 June 2016.

STAFF AND REMUNERATION

As at 30 June 2016, the Group had 38 (2015: 52) employees and total staff costs incurred during the period under review amounted to approximately HK$6,707,000 (2015: approximately HK$11,572,000). The Group offers competitive remuneration packages to its employees.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

LITIGATION

There was no litigation, arbitration or claim of material importance in which the Group is engaged or pending or which was threatened against the Group so far as known to the Board.

OUTLOOK AND PROSPECT

Although the Group was facing fierce competition in the energy saving industry during the period and the management expects this phenomenon will continue in the foreseeable future, it is expected that the increasing awareness of the energy saving social responsibility, the continuous support of the PRC government in the area of energy saving and environment protection and taking full advantage of the government's favorable policies, the management is positive towards the industry. The Company will continue to provide ample opportunities for the energy saving business of the Group in the years to come.

The market conditions for loan financing and treasury investments remain challenging. The Group will continue to explore potential investment opportunities with appropriate risk and return profile in the segments.

The Group will continue to explore various funding sources including project financing, debt financing and/or equity fundraising to finance the development of the Group's businesses.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the six months ended 30 June 2016.

CORPORATE GOVERNANCE

During the six months ended 30 June 2016, the Company applied the principles of and complied with the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules, except for the following deviations:

Under code provision A.2.1 of the CG Code, the roles of chairman (the "**Chairman**") and chief executive ("**CE**") should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CE should be clearly established and set out in writing. During the period under review, the Company did not appoint a Chairman or CE. The functions of the Chairman and CE are performed by the Directors. The Board will review the current practice from time to time and make appropriate changes if necessary.

Under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Certain Directors were unable to attend the annual general meeting of the Company held on 24 June 2016 due to other important business engagement.

DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of information during the six months ended 30 June 2016 on Directors are as follows:

Mrs. Chu Ho Miu Hing, an independent non-executive Director of the Company, ceased to be a member of the general committee of The Chamber of Hong Kong Listed Companies on 28 June 2016.

Mr. Yeung Wai Hung, Peter, an independent non-executive Director of the Company, has been appointed as an independent non-executive director of TeleEye Holdings Limited (stock code: 8051), a company listed on the Growth Enterprise Market of the Stock Exchange, with effect from 10 June 2016.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors, following a specific enquiry by the Company, have confirmed that they have complied with the required standard as set out in the Model Code throughout the period under review.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 June 2016. The Audit Committee has approved the unaudited interim financial statements.

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

Hong Kong, 19 August 2016

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