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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)**

**ADDITIONAL INFORMATION OF AND FURTHER DELAY  
IN DESPATCH OF CIRCULAR IN RELATION TO:  
(1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE  
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN  
WELDTECH TECHNOLOGY CO. LIMITED  
INVOLVING THE ISSUE OF CONSIDERATION SHARES,  
CONVERTIBLE NOTES AND PROMISSORY NOTES;  
AND  
(2) INCREASE IN AUTHORISED SHARE CAPITAL**

This announcement is made pursuant to Rule 13.09(2) and Rule 14.36A of the Listing Rules.

Reference is made to the announcement of The Hong Kong Building and Loan Agency Limited (the “**Company**”) dated 25 February 2011 (the “**First Announcement**”) in relation to, among other things, the Acquisition and the increase in authorised share capital of the Company, the announcement of the Company dated 21 April 2011 regarding a delay in despatch of the circular (the “**Second Announcement**”), and the announcement of the Company dated 21 April 2011 regarding the Supplemental Agreement (the “**Third Announcement**”). Capitalised terms used herein shall have the same meaning ascribed to them in the First Announcement, the Second Announcement and the Third Announcement unless otherwise defined in the section headed “Definition” in this announcement.

## **FURTHER DELAY IN DESPATCH OF CIRCULAR**

As stated in the Second Announcement, the circular containing, among other things, (i) further details of the Acquisition, the increase in authorised share capital of the Company and other information of the Group and the Enlarged Group; (ii) the accountants' report of the Weldtech Group, (iii) the unaudited pro forma financial information of the Enlarged Group, (iv) the technical report and valuation report on the business of Weldtech Group and (v) a notice of the EGM (the "Circular"), will be despatched to the Shareholders on or before 20 May 2011. As the Circular is currently being reviewed by The Stock Exchange of Hong Kong Limited, the despatch date of the Circular is expected to be delayed to a date falling on or before 31 May 2011.

## **ADDITIONAL INFORMATION FOR THE REFERRAL AGREEMENT**

The Directors would like to update the Shareholders that on 17 December 2010, the Purchaser entered into the Referral Agreement in search for acquisition targets in the PRC for the Company, which subsequently led to the signing of the Sale and Purchase Agreement.

Brief summary of the Referral Agreement is set out below:

### **Date**

17 December 2010

### **Parties**

The Purchaser and the Referral Agent

To the best knowledge, information and belief of the Directors after making all reasonable enquiries, the Referral Agent and its ultimate beneficial owner are (i) third parties independent of and not connected with the Company and any of its associates and connected persons and is not acting in concert with nor presumed to be acting in concert with any of them and (ii) third parties independent of and not connected with the Vendors.

The Referral Agent principally engaged in investment holding and the provision of consultancy services. The Referral Agent has no previous transaction with the Company.

### **Referral Services**

Pursuant to the Referral Agreement, the Referral Agent has agreed to search for acquisition targets in the PRC for the Company. The Referral Agent will also assist the Company in negotiation with the potential vendors of the acquisition targets and the compliance of relevant procedures and regulations in the PRC.

### **Referral fee**

In consideration of the above referral services, the Purchaser has agreed to pay a fee at the rate of 5% of the Consideration (being HK\$2,800,000,000), amounting to HK\$140,000,000. The amount of referral fee was determined under arm's length negotiation between the

Referral Agent and the Purchaser. In view of the business opportunity and growth prospects of the business of the Weldtech Group, the parties thereto the Referral Agreement, after arm's length negotiations, have mutually arrived with the referral commission.

The Directors considered the terms of the Referral Agreement are fair and reasonable as the aggregate value of the Consideration and the referral fee represent approximately 8% discount to the valuation of the Weldtech Group, and considered the benefits of the Acquisition to the Group outweigh the costs associated with such acquisition in view of the business opportunity and growth prospects of the Weldtech Group.

## **THE FIRST SUPPLEMENTAL AND THE SECOND SUPPLEMENTAL SUPPLEMENTING AND AMENDING THE REFERRAL AGREEMENT**

### **The First Supplemental**

*Date*

19 April 2011

*Parties*

Referral Agent and the Purchaser

*Principal terms of the First Supplemental*

Pursuant to the First Supplemental, the parties have agreed that the referral fee at the rate of 5% of the Consideration (equivalent to HK\$140,000,000) shall be payable by the Company to the Referral Agent upon Completion.

Save for the amendments as set out in the First Supplemental, the Referral Agreement (as supplemented) shall in all respects remain and continue in full force and effect.

### **The Second Supplemental**

*Date*

28 April 2011

*Parties*

Referral Agent and the Purchaser

*Principal terms of the Second Supplemental*

Pursuant to the Second Supplemental, the parties have agreed that the referral fee at the rate of 5% of the Consideration (equivalent to HK\$140,000,000) shall be payable by the Company to the Referral Agent upon Completion. Further, for any reasons that the Acquisition cannot be completed, the Purchaser is under no obligation to pay any referral fee to the Referral Agent.

Save for the amendments as set out in the First Supplemental and the Second Supplemental, the Referral Agreement (as supplemented) shall in all respects remain and continue in full force and effect.

### **Reasons for the Referral Agreement, the First Supplemental and the Second Supplemental**

The Purchaser has entered into the Referral Agreement, the First Supplemental and the Second Supplemental with the Referral Agent in light of the benefits of the Acquisition and in order to capture such business opportunity. While the Referral Agreement was entered into on 17 December 2010 in connection with the Sale and Purchase Agreement but the payment terms as described above have only recently been finalised by way of the First Supplemental and the Second Supplemental in April 2011, the Directors are of the view that the Shareholders should be provided with more details on the Referral Agreement, the First Supplemental and the Second Supplemental in addition to the disclosure made under note 35 (Events after the Reporting Period) to the audited financial statements of the Company for the year ended 31 December 2010 as set out in its annual report published on 23 March 2011.

### **EGM**

At the EGM, the Referral Agreement (as supplemented and amended by the First Supplemental and the Second Supplemental) will be put to vote by the Shareholders together with the Sale and Purchase Agreement. Details of the Referral Agreement and its supplementals will be included in the Circular.

### **DEFINITIONS**

“First Supplemental”	the first supplemental dated 19 April 2011 entered into between the Purchaser and the Referral Agent supplementing and amending the Referral Agreement
“Referral Agent”	Merit Leader Asia Limited, a company incorporated in the British Virgin Islands with limited liability and a third party independent of and not connected with the Company and its connected persons and is not acting in concert with any of them in relation to the Company
“Referral Agreement”	the referral agreement dated 17 December 2010 as supplemented and amended by the first supplemental dated 19 April 2011 and the second supplemental dated 28 April 2011, entered into between the Referral Agent and the Purchaser in relation to the Acquisition
“Sale and Purchase Agreement”	the sale and purchase agreement entered into among the Company and the parties named therein dated 23 February 2011 (as amended and supplemented by the Supplemental Agreement)

“Second Supplemental”

the second supplemental dated 28 April 2011 entered into between the Purchaser and the Referral Agent supplementing and amending the Referral Agreement and the First Supplemental

By Order of the Board  
**The Hong Kong Building and Loan Agency Limited**  
**Au Tin Fung**  
*Executive Director*

Hong Kong, 19 May 2011

*As at the date of this announcement, the Board comprises Mr. Au Tin Fung, Mr. So Yuen Chun and Mr. Soong Kok Meng being executive Directors; Mr. Ng Cheuk Fan, Keith, Mr. Lam Kwok Hing, Wilfred and Mr. Yeung Wai Hung, Peter being independent non-executive Directors.*