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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)

DESPATCH OF CIRCULAR AND SECOND SUPPLEMENTAL AGREEMENT

IN RESPECT OF 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

DESPATCH OF CIRCULAR

The Circular containing, among other things, (i) further details of the Acquisition, the Referral Agreement and the increase in authorised share capital of the Company; (ii) financial information of the Group and the Weldtech Group; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) property valuation report on the properties of the Enlarged Group; (v) business valuation report on the Weldtech Group and the report on the related profit forecast; (vi) technical report on the UPPC system; and (vii) notice of the EGM has been despatched to the Shareholders on 31 May 2011.

THE SECOND SUPPLEMENTAL AGREEMENT

On 30 May 2011, the Purchaser, the Vendor, the SV Technology Guarantors and the Company entered into the Second Supplemental Agreement to vary amend certain provisions regarding the Placing.

Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the circular issued by the Company dated 31 May 2011 (the “**Circular**”).

DESPATCH OF CIRCULAR

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SECOND SUPPLEMENTAL AGREEMENT

Pursuant to the initial sale and purchase agreement dated 23 February 2011 (the “**Initial Sale and Purchase Agreement**”) in relation to the Acquisition (as amended and supplemented by the supplemental agreement dated 21 April 2011 (the “**Supplemental Agreement**)), one of the conditions precedent to the Acquisition was that a placing agreement was to be entered into by the Company for the placing of new Shares at the placing price of not less than HK\$0.16 per new Share (the “**Placing**”) with net proceeds of not less than HK\$1 million, and that such placing agreement should have become unconditional (other than the condition that the Sale and Purchase Agreement having become unconditional) and the placing agent not having exercised its termination rights under the placing agreement (whether related to any force majeure events).

On 30 May 2011, the parties to the Initial Sale and Purchase Agreement entered into a second supplemental agreement (the “**Second Supplemental Agreement**”) to amend the amount of net proceeds raised as regards the Placing. Principal terms of the Second Supplemental Agreement are set out as follows:

Date: 30 May 2011

Parties:

Purchaser : Wise Planner Limited, a wholly-owned subsidiary of the Company

Vendors : (i) Carbon Reserve
(ii) Cross Cone
(iii) Newmargin
(iv) Season Best
(v) Smart Promise
(vi) SV Technology

Purchaser’s
guarantor : the Company

SV Technology
Guarantors : Mr. Wong Ho Yuen (王豪源) and Mr. Wu Gang (吳剛)

Pursuant to the Initial Sale and Purchase Agreement (as amended and supplemented by the Supplemental Agreement), the net proceeds from the Placing shall be not less than HK\$1 billion.

Pursuant to the Second Supplemental Agreement, the net proceeds of the Placing has been adjusted to an amount not less than HK\$900 million.

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

REASONS FOR THE SECOND SUPPLEMENTAL AGREEMENT

The Directors consider that the signing of Second Supplemental Agreement helps maintain flexibility in the Company's capital raising requirements. The Directors consider the terms of the Second Supplemental Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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

Hong Kong, 31 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 and Mr. Ng Cheuk Fan, Keith, Mr. Lam Kwok Hing, Wilfred and Mr. Yeung Wai Hung, Peter being independent non-executive Directors.