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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)

LAPSE OF PLACING AGREEMENT & LATEST DEVELOPMENT OF VSA

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Reference is made to (i) the announcements of the Company dated 25 February 2011, 21 April 2011, 19 May 2011, 31 May 2011, 24 June 2011 and 20 July 2011 and the VSA Circular in relation to, among others, a very substantial acquisition of the Company regarding the acquisition of the entire issued share capital in Weldtech Technology Co. Limited; and (ii) the announcements of the Company dated 9 June 2011 and 20 July 2011 and the Placing Circular in relation to the placing of new shares under specific mandate.

Owing to the recent global financial turmoil, the Placing cannot be completed by the Placing Long Stop Date on 30 September 2011. Accordingly, the Placing Agreement (as supplemented and amended by a supplemental placing agreement dated 20 July 2011), lapsed and the Placing will not proceed.

The Company is currently in discussion with other potential placing agent(s) for the fund-raising in connection with the Acquisition. In addition, as at 6 p.m. of 30 September 2011, parties to the Sale and Purchase Agreement (as supplemented and amended by the Supplemental Agreement) were still in discussion for possible extension of the VSA Long Stop Date and Time.

The Company will make further announcement(s) in respect of the placing and/or the Acquisition should any formal agreement be entered into as and when appropriate in accordance with the Listing Rules.

Reference is made to (i) the announcements of The Hong Kong Building and Loan Agency Limited (the “Company”) dated 25 February 2011, 21 April 2011, 19 May 2011, 31 May 2011, 24 June 2011 and 20 July 2011 and the circular of the Company dated 31 May 2011 (the “VSA Circular”) in relation to, among others, a very substantial acquisition of the Company regarding the acquisition of the entire issued share capital in Weldtech Technology Co. Limited; and (ii) the announcements of the Company dated 9 June 2011 and 20 July 2011 and the circular of the Company dated 22 June 2011 (the “Placing Circular”) in relation to the placing of new shares under specific mandate. Capitalised terms used herein shall have the same meanings as those defined in the VSA Circular and the Placing Circular unless the context requires otherwise.

LAPSE OF THE PLACING PERIOD UNDER THE PLACING AGREEMENT & LATEST DEVELOPMENT OF VSA

Pursuant to the Placing Agreement (as supplemented and amended by a supplemental placing agreement dated 20 July 2011), the Joint Placing Agents have conditionally agreed to place up to a total of 6,250,000,000 Placing Shares on a best-effort basis at the Placing Price of not less than HK\$0.16 per Placing Share.

Owing to the recent global financial turmoil, the Placing cannot be completed by the Placing Long Stop Date on 30 September 2011. Accordingly, the Placing Agreement (as supplemented and amended by a supplemental placing agreement dated 20 July 2011) lapsed and the Placing will not proceed.

Pursuant to the Sale and Purchase Agreement (as supplemented and amended by a supplemental sale and purchase agreement dated 20 July 2011 (the “Supplemental Agreement”)), the Acquisition is conditional upon, amongst others, a placing agreement in form and substance acceptable to the Vendors and the Company to be entered into by the Company for the placing with net proceeds of not less than HK\$900,000,000 having 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). The Company is currently in discussion with other potential placing agent(s) for the fund-raising in connection with the Acquisition. In addition, as at 6 p.m. of 30 September 2011, parties to the Sale and Purchase Agreement (as supplemented and amended by the Supplemental Agreement) were still in discussion for possible extension of the VSA Long Stop Date and Time.

The Company will make further announcement(s) in respect of the placing and/or the Acquisition should any formal agreement be entered into as and when appropriate in accordance with the Listing Rules.

Completion of the Acquisition is still conditional upon, among others, the fulfilment (or waiver, as the case may be) of the conditions precedent set out in the Sale and Purchase Agreement (as supplemented and amended by the Supplemental Agreement). Accordingly, the Acquisition may or may not be completed, especially in light of the fact that the parties to the Sale and Purchase Agreement (as supplemented and amended by the Supplemental Agreement) are still in discussion for possible extension of the VSA Long Stop Date and Time. Shareholders and potential investors are therefore reminded to exercise caution when dealing in securities of the Company.

By order of the Board
The Hong Kong Building and Loan Agency Limited
So Yuen Chun
Executive Director

Hong Kong, 30 September 2011

As at the date of this announcement, the Board comprises 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.