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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)

PETITION ISSUED BY A SUBSIDIARY OF THE COMPANY

This announcement is made by The Hong Kong Building and Loan Agency Limited (the “**Company**”) pursuant to rule 13.09 of the Rules Governing the Listing of Securities made by the Stock Exchange of Hong Kong Limited.

The board of directors of the Company (the “**Board**”) announce that on 14 March 2012, The Building and Loan Agency (Asia) Limited (the “**Lender**”, a wholly-owned subsidiary of the Company) filed a winding-up petition in the High Court of Hong Kong against Joy Rich Development Limited (the “**Joint Debtor**”) for its default on full repayment of a loan (the “**Loan**”) in the principal amount of HK\$200,712,328.77 together with interest accrued thereon (collectively, the “**Petition**”).

The Lender (as the lender), Greatstep International Limited (as the borrower, the “**Borrower**”) and the Joint Debtor (as the guarantor) entered into a loan agreement with respect of the Loan on 26 January 2011 (collectively, the “**Loan Agreement**”). The Borrower is a company incorporated in the British Virgin Islands with limited liability and the Joint Debtor is a company incorporated in Hong Kong with limited liability. The Loan is secured by a charge over the entire assets of the Joint Debtor, who irrevocably and unconditionally guaranteed as primary obligor (and not merely as surety) the entire amount of Loan outstanding as at the final maturity date or upon the Lender’s call for repayment of the Loan pursuant to the terms and conditions of the Loan Agreement.

Following communication and demands for repayment of the Loan made by the Lender pursuant to the terms of the Loan Agreement, the Borrower and the Joint Debtor still failed to repay all or any part of the Loan. As such, a statutory demand was served on the Joint Debtor on 20 February 2012, which remains wholly unsatisfied as at the date of this announcement. The Company has been working closely with its legal advisers in respect of the above situations and decided to file the Petition on 14 March 2012.

The Board consider that the Petition has no material adverse impact on the operation of the Company. The Company will keep the shareholders and the public informed of any material development with respect of the above action by way of further announcement(s) as and when appropriate.

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

Hong Kong, 14 March 2012

As at the date of this announcement, the Board comprises Mr. So Yuen Chun and Mr. Yeung Kwok Leung being executive directors of the Company; Mr. Lam Kwok Hing, Wilfred being non-executive director of the Company; and Mr. Ng Cheuk Fan, Keith, Mr. Yeung Wai Hung, Peter and Mr. Lam Raymond Shiu Cheung being independent non-executive directors of the Company.