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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)

TERMINATION OF VERY SUBSTANTIAL ACQUISITION

The Board announces that, on 24 August 2012 (after trading hours), the VSA Parties mutually agreed to terminate the Sale and Purchase Agreement (as supplemented by the Fifth Supplemental Agreement) by entering into the Termination Agreement.

Pursuant to the Termination Agreement, all obligations (save and except for the provisions such as confidentiality, costs and expenses and jurisdiction) of the VSA Parties to the Sale and Purchase Agreement (as supplemented by the Fifth Supplemental Agreement) shall be released and neither party shall have any claims against the other for or on account of the Sale and Purchase Agreement (as supplemented by the Fifth Supplemental Agreement).

Pursuant to the Termination Agreement, SV Technology shall return the Initial Deposit of HK\$10,000,000 to the Purchaser within 90 days from the date of the Termination Agreement (or such other date as the Purchaser and SV Technology may agree in writing).

The Board considers that the termination of the Sale and Purchase Agreement (as supplemented by the Fifth Supplemental Agreement) will not have any material adverse impact on the existing business, operation or financial condition of the Group.

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, 20 July 2011, 30 September 2011 and 6 October 2011 (collectively, the “**VSA Announcements**”) 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 (the “**Acquisition**”) of the entire issued share capital in Weldtech Technology Co. Limited;
- (ii) the announcements of the Company dated 18 October 2011 and 30 November 2011 (the “**Placing Announcements**”) and the circular of the Company dated 15 November 2011 (the “**Placing Circular**”) in relation to the placing of new shares of the Company under the specific mandate (the “**Revised Placing**”);
- (iii) the announcement of the Company dated 23 December 2011 in respect of the suspension of trading in Shares with effect from 9:00 a.m. on 23 December 2011 pending the release of an announcement in relation to a very substantial acquisition and a placing, which is price sensitive in nature;
- (iv) the holding announcements of the Company dated 9 January 2012 and 12 January 2012 in which the Company disclosed that it is in the process of clearing an announcement in relation to the supplemental agreements of the Acquisition and the Revised Placing with the Stock Exchange, and the long stop dates of both the Sale and Purchase Agreement and the Second Placing Agreement have been extended (the “**Holding Announcements**”); and
- (v) the announcement of the Company dated 22 March 2012 in which the VSA Parties (see definition below) may, subject to the execution of further supplemental agreement which, amongst other things, sets out the terms and conditions of the Acquisition or a revised structure (the “**Revised Structure**”), proceed with the Acquisition or the Revised Structure regardless of the fact that the Sale and Purchase Agreement (as supplemented by the Fifth Supplemental Agreement) has lapsed on 29 February 2012 (the “**Announcement**”).

Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the VSA Announcements, the VSA Circular and the Announcement.

The Board announces that, on 24 August 2012 (after trading hours), the VSA Parties (see definition below) mutually agreed to terminate the Sale and Purchase Agreement (as supplemented by the Fifth Supplemental Agreement) by entering into a termination agreement (the “**Termination Agreement**”).

TERMINATION AGREEMENT

Date : 24 August 2012 (after trading hours)

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; and
(vi) SV Technology

Purchaser’s guarantor : the Company

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

collectively, the “**VSA Parties**”

Principal Terms of the Termination Agreement

Pursuant to the Termination Agreement, all obligations (save and except for the provisions such as confidentiality, costs and expenses and jurisdiction) of the VSA Parties to the Sale and Purchase Agreement (as supplemented by the Fifth Supplemental Agreement) shall be released and neither party shall have any claims against the other for or on account of the Sale and Purchase Agreement (as supplemented by the Fifth Supplemental Agreement).

Pursuant to the Termination Agreement, SV Technology shall return the Initial Deposit of HK\$10,000,000 to the Purchaser within 90 days from the date of the Termination Agreement (or such other date as the Purchaser and SV Technology may agree in writing).

REASONS FOR ENTERING INTO THE TERMINATION AGREEMENT

As disclosed in the Announcement, the VSA Parties may, subject to the execution of further supplemental agreement which, amongst other things, sets out the terms and conditions of the Acquisition or the Revised Structure, proceed with the Acquisition or the Revised Structure.

Despite prolonged period of discussions among the VSA Parties, the VSA Parties could not finalize on the Revised Structure. As such, the VSA Parties agreed not to proceed with the Acquisition by entering into the Termination Agreement.

The Board considers that the termination of the Sale and Purchase Agreement (as supplemented by the Fifth Supplemental Agreement) will not have any material adverse impact on the existing business, operation or financial condition of the Group.

By Order of the Board of
The Hong Kong Building and Loan Agency Limited
Yeung Kwok Leung
Executive Director

Hong Kong, 24 August 2012

As at the date of this announcement, the Board comprises Mr. So Yuen Chun and Mr. Yeung Kwok Leung being executive Directors; Mr. Lam Kwok Hing, Wilfred being non-executive Director; and Mr. Yeung Wai Hung, Peter and Mr. Lam Raymond Shiu Cheung being independent non-executive Directors.