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If you have sold or transferred all your shares in **The Hong Kong Building and Loan Agency Limited**, you should at once hand this circular together with the enclosed form of proxy to the Purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial advisor to the Company

Piper Jaffray

PIPER JAFFRAY ASIA LIMITED

Joint Placing Agents

Deutsche Bank 
DEUTSCHE BANK AG, HONG KONG BRANCH

Piper Jaffray
PIPER JAFFRAY ASIA SECURITIES LIMITED

 **光大控股**
EVERBRIGHT
CHINA EVERBRIGHT SECURITIES (HK) LTD.

 **招商證券(香港)有限公司**
CHINA MERCHANTS SECURITIES (HK) CO., LTD.

CHINA MERCHANTS SECURITIES (HK) CO., LIMITED

Sole Global Coordinator

Deutsche Bank 

DEUTSCHE BANK AG, HONG KONG BRANCH

Unless the context otherwise requires, all capitalised terms used in this circular have the meanings set out in the section headed "Definitions" of this circular.

A notice convening the Placing EGM of The Hong Kong Building and Loan Agency Limited to be held at Falcon Room 1, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on 8 July 2011 at 11:00 a.m. or any adjournment thereof is set out on pages 14 to 15 of this circular. A proxy form for use at the Placing EGM is enclosed. Whether or not you propose to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the Placing EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the Placing EGM or any adjournment thereof should you so wish.

22 June 2011

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the entire issued share capital of Weldtech Technology Co., Limited pursuant to the Sale and Purchase Agreement, details of which are set out in the announcements of the Company dated 25 February 2011, 21 April 2011, 19 May 2011, 31 May 2011 and the circular of the Company dated 31 May 2011
“Board”	the board of Directors
“China Everbright”	China Everbright Securities (HK) Ltd., a licensed corporation to carry on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and one of the Joint Placing Agents in relation to the Placing
“China Merchants”	China Merchants Securities (HK) Co., Limited, a licensed corporation to carry on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and one of the Joint Placing Agents in relation to the Placing
“Company”	The Hong Kong Building and Loan Agency Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Deutsche Bank”	Deutsche Bank AG, Hong Kong Branch, a licensed corporation to carry on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and one of the Joint Placing Agents in relation to the Placing
“Director(s)”	director(s) of the Company
“Enlarged Group”	the Group upon Completion of the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Joint Placing Agents”	Deutsche Bank, Piper Jaffray, China Everbright and China Merchants

DEFINITIONS

“Latest Practicable Date”	20 June 2011, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	15 July 2011 or such other date as may be agreed by the Company and the Joint Placing Agents in writing
“Piper Jaffray”	Piper Jaffray Asia Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) and Type 4 (advising on securities) of the regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and one of the Joint Placing Agents in relation to the Placing
“Placee(s)”	professional, institutional and other investors selected and procured by or on behalf of the Joint Placing Agents pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares at the Placing Price pursuant to the terms of the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 9 June 2011 entered into between the Company and the Joint Placing Agents in relation to the Placing
“Placing EGM”	the extraordinary general meeting of the Company to be convened and held on 8 July 2011, at 11:00 a.m. for the purpose to consider and, if thought fit, to approve, among other things, the Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate
“Placing Price”	not less than HK\$0.16 per Placing Share, which shall be determined by the Joint Placing Agents and the Company in writing, unless otherwise agreed between the parties to the Placing Agreement
“Placing Share(s)”	a maximum of 6,250,000,000 new Shares
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Referral Agreement”	the referral agreement dated 17 December 2010 entered into between Merit Leader Asia Limited and Wise Planner Limited, a wholly-owned subsidiary of the Company in relation to the referral services provided regarding the Acquisition, as amended and supplemented by the first supplemental dated 19 April 2011 and the second supplemental dated 28 April 2011, details of which are set out in the announcement of the Company dated 19 May 2011 and the circular of the Company dated 31 May 2011
“Sale and Purchase Agreement”	the sale and purchase agreement in relation to the Acquisition entered into among the Company and the parties named therein dated 23 February 2011, as amended and supplemented by the supplemental agreement dated 21 April 2011 and the second supplemental agreement dated 30 May 2011
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the Placing EGM to allot and issue the Placing Shares pursuant to the Placing Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Merger
“UPPC”	ultra performance plant control
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Au Tin Fung
Mr. So Yuen Chun
Mr. Soong Kok Meng

Registered office:

Room 3501, 35th Floor
China Online Centre
No. 333 Lockhart Road
Wanchai, Hong Kong

Independent non-executive Directors:

Mr. Ng Cheuk Fan, Keith
Mr. Lam Kwok Hing, Wilfred
Mr. Yeung Wai Hung, Peter

22 June 2011

To the Shareholders, and for information only,

Holders of options, warrants and convertible bonds of the Company

Dear Sir or Madam,

**PLACING OF NEW SHARES UNDER SPECIFIC MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 9 June 2011 in relation to the Placing.

The purpose of this circular is to provide you with, among others, (i) further details of the Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate; and (ii) a notice convening the Placing EGM at which ordinary resolution will be proposed to approve the Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate.

THE PLACING AGREEMENT

Date

9 June 2011 (after trading hours)

LETTER FROM THE BOARD

Issuer

The Company

Joint Placing Agents

Deutsche Bank, Piper Jaffray, China Everbright and China Merchants (being 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. The Joint Placing Agents will be entitled to placing fee of 3% of the total Placing Price of the aggregate Placing Shares actually placed in such proportions as set out in the Placing Agreement which was determined by the Company and the Joint Placing Agents with reference to the placing commission paid by other listed issuers for similar transactions. Deutsche Bank has also been appointed as a sole global coordinator of the Placing and shall be entitled to an additional US\$1 million as set out in the Placing Agreement provided completion of the Placing has taken place. The Directors are of the view that the fees as set out above are fair and reasonable. The Placing Agreement was arrived at after arm's length negotiations between the Company and the Joint Placing Agents.

According to Piper Jaffray, one of the Joint Placing Agents, it is a fellow subsidiary of Piper Jaffray Asia Limited, the financial advisor to the Company on the Acquisition. Details of the Acquisition are set out in the announcements of the Company dated 25 February 2011, 21 April 2011, 19 May 2011, 31 May 2011 and in the circular of the Company dated 31 May 2011. Save for the aforesaid, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Joint Placing Agents and their respective ultimate beneficial owners are third parties independent of the Group and its connected persons.

Placees

The Joint Placing Agents will place the Placing Shares to more than six Placees who will be third parties independent of the Group, its connected persons, the vendors of the Acquisition, their associates and parties acting in concert (as defined in the Takeovers Code) with them. None of the Placees will become a substantial Shareholder (as defined in the Listing Rules) immediately after completion of the Placing.

Number of Placing Shares

The 6,250,000,000 Placing Shares represent approximately 143.66% of the issued share capital of the Company as at the Latest Practicable Date (being 4,350,604,007 Shares) and approximately 58.96% of the issued share capital of the Company as enlarged by the allotment and issue of the 6,250,000,000 Placing Shares. Assuming all the Placing Shares are successfully placed, the aggregate nominal value of the Placing Shares will be HK\$625,000,000.

Ranking of Placing Shares

Assuming all the Placing Shares are successfully placed by the Joint Placing Agents and issued by the Company, the Placing Shares will rank, upon allotment and issue, pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares and will be free from all liens, charges, encumbrances or third party rights of whatsoever nature and together with all rights attaching thereto at completion of the Placing and thereafter.

LETTER FROM THE BOARD

Placing Price

The minimum Placing Price of HK\$0.16 per Placing Share represents:

- (i) a discount of approximately 12.57% to the closing price of HK\$0.183 per Share as quoted on the Stock Exchange on 9 June 2011, being the date of the Placing Agreement;
- (ii) a discount of approximately 7.51% to the average closing price of approximately HK\$0.173 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately up to and including the Latest Practicable Date; and
- (iii) a discount of approximately 6.43% to the closing price of HK\$0.171 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The minimum net placing price under the Placing is approximately HK\$0.153 per Placing Share.

The minimum Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Joint Placing Agents.

The Directors consider that the terms of the Placing Agreement are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Final Placing Price

As mentioned above, the Completion of the Placing will take place on a date no later than the Long Stop Date but in any event shall be at least one business day prior to the date of the completion of the Acquisition and as mentioned in the circular of the Company dated 31 May 2011 in relation to the Acquisition, the completion of the Acquisition is condition upon, among others, the Placing Agreement having become unconditional. In addition, the bookbuilding process of the Placing is being carried out by the Joint Placing Agents as of the date of this circular and the Placing EGM date and will continue to on or before the Long Stop Date. As such, the final Placing Price cannot be determined by the Company and the Joint Placing Agent as of the date of this circular. In any event the final Placing Price will not be lower than HK\$0.16 per Placing Share.

The Directors undertake to make further announcement(s) once the final Placing Price has been determined and will set out further details, including the comparison of the final Placing Price to the benchmark price and the total proceeds raised, as required under the Listing Rules. The Directors consider that, as the final Placing Price will be no less than HK\$0.16 per Placing Share, the final Placing Price determined by the Company and the Joint Placing Agents will be in the interests of the Company and the Shareholders as a whole as the Company would receive additional proceeds for the expansion of the Enlarged Group's business in the event that the final Placing Price is more than HK\$0.16 per Placing Share.

Specific Mandate

The Placing Shares will be allotted and issued pursuant to the Specific Mandate to be granted to the Directors by an ordinary resolution of the Shareholders passed at the Placing EGM.

LETTER FROM THE BOARD

Conditions of the Placing Agreement

Completion of the Placing, determined at after arm's length negotiations among the parties thereto, are conditional upon:

- (1) no breach of, or any event rendering untrue or inaccurate or misleading, any of the representations, warranties or undertakings of the Company under the Placing Agreement, having occurred (a) on the date of the Placing Agreement, (b) on the date of the circular to be issued in connection with the Placing, (c) on the date(s) of launch of the Placing and (d) on the date of completion of the Placing, with reference to the facts then subsisting;
- (2) the Stock Exchange granting approval for the listing of and permission to deal in the Placing Shares (and such approval and permission not subsequently revoked prior to completion of the Placing);
- (3) the Company having obtained the approval of its Shareholders at the Placing EGM approving the Placing including the issuance of the Placing Shares and such approvals not having been or proposed to be revoked;
- (4) the Sale and Purchase Agreement becoming wholly unconditional (save for the condition requiring the Placing to have become unconditional) without any condition waived other than with the prior written consent of the Joint Placing Agents and pending completion of the Placing in accordance with its terms;
- (5) save as set out in the previous announcements of the Company published in the past 12 months, there not having been any capital restructuring and capital reorganisation or redemptions or repurchase of any Shares or other securities (including any options, warrants or convertible securities) by the Company proposed, effected or completed after the date of the Placing Agreement;
- (6) there not having occurred any change or development involving a prospective change (whether or not permanent) including, but not limited to, a prospective change in the condition, financial or otherwise, or in the general affairs, management, shareholders' equity, earnings, operations or business affairs or in the financial or trading position or prospects of the Group or Weldtech Technology Co., Limited, which, in the sole and absolute opinion of the Joint Placing Agents: (a) is or is likely to be adverse to or materially or prejudicially affect, the business, financial or trading position, condition or prospects of the Group or Weldtech Technology Co., Limited; (b) has or is likely to have a material adverse effect on or impair the Placing or the marketing or distribution of the Placing Shares or dealings in the Placing Shares in the secondary market; or (c) makes it unfavourable or impracticable to proceed with the Placing in the manner contemplated by the Placing Agreement;
- (7) the Joint Placing Agents not becoming aware, after the date of the Placing Agreement, of any information or other matter (including any matter relating to financial models and underlying assumptions related to projections), other than any information contained in or matter referred to in the announcement of the Company dated 25 February 2011 or the previous announcements of the Company published in the past 12 months affecting the Group, the Acquisition or the Placing that (in the Joint Placing Agents' judgment) is inconsistent with any such information or other matter disclosed to the Joint Placing Agents and would reasonably be expected to impair the Placing or the Acquisition;

LETTER FROM THE BOARD

- (8) receipt by the Joint Placing Agents of: (a) a legal opinion from the Company's Hong Kong legal counsels opining on the Company's due incorporation and valid existence, corporate power and authority to enter into and perform the Placing Agreement and the legal and binding effect and enforceability of the Placing Agreement against the Company; (b) a legal opinion from the Placing Agents' legal counsels confirming that there are no registration requirements pursuant to the Securities Act of the United States of America in relation to the sale of the Placing Shares as contemplated by the Placing Agreement; (c) certified copies of the board minutes of the Company approving the Placing; and (d) the waivers, consents, authorisations, clearances and approvals which are required from relevant governmental and regulatory authorities which are necessary for the completion of the Acquisition and the Placing and the issue and allotment of the Placing Shares, and the implementation of other matters contemplated under the Placing Agreement, each in a form reasonably satisfactory to the Joint Placing Agents.

The Joint Placing Agents shall be entitled to waive the conditions set out in paragraphs (1), (4) to (8) above by notice in writing prior to the Long Stop Date. At present, the Joint Placing Agents have no intention to waive the condition set out in paragraph (1), (4) to (8) above.

If the above conditions are not fulfilled prior to the Long Stop Date, the Placing Agreement shall terminate and the Placing Agreement shall cease to have effect save as otherwise provided therein.

Termination and force majeure

The Joint Placing Agents shall be entitled, by written notice to the Company at any time prior to the date of completion of the Placing, to terminate the Placing Agreement with immediate effect in its absolute discretion, if there shall develop, occur, exist or come into effect:

- (1) trading generally having been suspended or limited on, or by, any of the Stock Exchange, the Shanghai Stock Exchange, the New York Stock Exchange or the London Stock Exchange, which in the sole and absolute opinion of the Joint Placing Agents is or is likely to prejudice the success of the Placing or distribution of the Placing Shares or dealings in the Placing Shares in the secondary market, or makes it unfavourable or impracticable to proceed with the Placing;
- (2) trading of any securities of the Company being suspended on the Stock Exchange for a period in excess of one trading day, other than in connection with the Acquisition or the Placing;
- (3) a disruption in securities settlement, payment or clearance services in the United States, the PRC or Hong Kong having occurred, which in the sole and absolute opinion of the Joint Placing Agents is or is likely to prejudice the success of the Placing or distribution of the Placing Shares or dealings in the Placing Shares in the secondary market, or makes it unfavourable or impracticable to proceed with the Placing;
- (4) any moratorium on commercial banking activities having been declared by any PRC, Federal or New York State or Hong Kong authorities, which in the sole and absolute opinion of the Joint Placing Agents is or is likely to prejudice the success of the Placing or distribution of the Placing Shares or dealings in the Placing Shares in the secondary market, or makes it unfavourable or impracticable to proceed with the Placing;

LETTER FROM THE BOARD

- (5) any event or series of events (whether or not permanent) in the nature of force majeure (including, without limitation, acts of government, labour disputes strikes, lock-outs, riots, public disorder, fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism, outbreak of diseases or epidemics, interruption or delay in transportation, economic sanction and any local, national, regional or international outbreak or escalation of hostilities, or other state of emergency or calamity or crisis), in each case, which in the sole and absolute opinion of the Joint Placing Agents are or are likely to prejudice the success of the Placing or distribution of the Placing Shares or dealings in the Placing Shares in the secondary market, or makes it unfavourable or impracticable to proceed with the Placing;
- (6) any new law or regulation or change in existing laws or regulations which in the sole and absolute opinion of the Joint Placing Agents has or may be or is likely to have a material adverse effect on the financial position of the Group taken as a whole, which in the sole and absolute opinion of the Joint Placing Agents is or is likely to prejudice the success of the Placing or distribution of the Placing Shares or dealings in the Placing Shares in the secondary market, or makes it unfavourable or impracticable to proceed with the Placing;
- (7) any change (whether or not permanent) in local, national or international financial, political, monetary or economic conditions, banking, capital markets, currency exchange rates, credit default swap prices, secondary bond prices, exchange controls, or the occurrence of any event or series of events outside of the Joint Placing Agents' control, in each case, which in the sole and absolute opinion of the Joint Placing Agents is or may be or is likely to prejudice the success of the Placing or distribution of the Placing Shares or dealings in the Placing Shares in the secondary market, or makes it unfavourable or impracticable to proceed with the Placing; or
- (8) there is any breach of any of the representations, warranties and undertakings by the Company in the Placing Agreement which comes to the knowledge of the Joint Placing Agents or any event occurring or any matter arising on or after the date of the Placing Agreement and prior to the date of completion of the Placing which, if it had occurred or arisen before the date of the Placing Agreement, would have rendered any of such representations, warranties and undertaking untrue or incorrect in such a manner as in the sole and absolute opinion of the Joint Placing Agents is or is likely to adversely affect the financial position or business of the Group as a whole.

Upon giving of notice pursuant to the paragraph above, the Joint Placing Agents shall not be bound to proceed with the Placing and the Placing Agreement shall cease to have effect save as otherwise provided therein.

To the best of their knowledge, the Directors are not aware of the occurrence of any of such events as at the Latest Practicable Date.

The Placing Agreement may also be terminated by a party thereto by notice to the other parties given at any time prior to completion of the Placing if there shall be any failure or refusal on the part of the other parties to comply with the terms of the Placing Agreement applicable to it where such failure or refusal is material in the context of the Placing.

LETTER FROM THE BOARD

Completion of the Placing

Completion of the Placing will take place on a date notified by the Joint Placing Agents to the Company after fulfillment (or waiver, as the case may be) of the conditions set out above, which shall be not later than the Long Stop Date, but in any event, shall be at least one business day prior to the date of completion of the Acquisition.

Restriction on further issue of Shares

The Company undertakes to the Joint Placing Agents that it will not, from the date of the Placing Agreement and on and prior to the date being 180 days after the completion of the Placing, without the prior written consent of the Joint Placing Agents, save for those set out in or made pursuant to transactions set out in previous announcements of the Company (published in the past 12 months):

- (a) allot, issue, offer to allot or issue, grant any option, right or warrant to subscribe, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share or any interests therein or any securities convertible into or exercisable or exchangeable for any such shares or interests; or
- (b) enter into any swap or similar agreement that transfers to another, in whole or in part, the economic risk of ownership of such Shares; and
- (c) announce any intention to enter into or effect any such transaction described in paragraphs (a) and (b) above, provided that the Company may issue the Placing Shares to the Placees and provided further that this restriction shall not apply to the share options which have been or may be granted under the Company's share option plans.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company was incorporated in Hong Kong with limited liability. The principal business activities of the Group are currently mortgage financing and treasury investments.

On 25 February 2011, the Company announced the Acquisition whereupon the Group will acquire the entire issued share capital of Weldtech Technology Co., Limited, which through its subsidiary is engaged in provision of, among others, energy saving solutions for commercial buildings and industrial buildings via its proprietary UPPC system. The total consideration for the Acquisition is HK\$2,800,000,000, of which HK\$231,000,000 is payable in cash. HK\$10,000,000 of the aforesaid cash consideration has been paid by the Company to SV Technology Company Limited (being one of the vendors of the Acquisition) as the refundable deposit and part payment of the consideration for the Acquisition.

As mentioned in the circular of the Company dated 31 May 2011, the Weldtech Group aims to increase its market share of the UPPC system which for the year ending 31 March 2012 (stage 1), it is expected to complete 75 projects and require approximately RMB167 million (equivalent to approximately HK\$200 million) of working capital. Further, for the period up to 31 March 2015 (stage 2), another 500 projects are expected to be completed and require approximately RMB1,017 million

LETTER FROM THE BOARD

(equivalent to approximately HK\$1,220 million) of working capital. The aggregated working capital required in stage 1 and stage 2, amounts to approximately HK\$1,420 million, will be substantially incurred as cost of building and launching the UPPC systems. The Directors and the management of the Weldtech Group intend to fund the aforementioned working capital requirement by the net proceeds from the Placing, internal resources of the Enlarged Group and/or other borrowings. As mentioned in the circular of the Company dated 31 May 2011, the Weldtech Group will generate revenue in two business models, namely outright sales or energy management contracts (“EMC”), and for the year ending 31 March 2012, 85% of the revenue is expected to be derived from EMC model and progressively decrease to 75% by 31 March 2015. As disclosed in the circular of the Company dated 31 May 2011, the sharing-based EMC model is unique in the market because it is easily acceptable to customers who intends to carry out energy saving projects without making a substantial capital commitment upfront. Not only does it save capital expenses, it also provides confidence in the energy saving results to clients. This type of EMC model also requests substantial working capital for the Weldtech Group while it will share a pre-determined percentage of the electricity expenses of the customers saved after the adoption of the UPPC system over a pre-determined period of time.

In addition, as mentioned in the paragraph headed “Restriction on further issue of Shares” above, the Company has undertaken to the Joint Placing Agents that it will not, from the date of the Placing Agreement and on and prior to the date being 180 days after the completion of the Placing issue any Shares. In view of the aforementioned, the Directors believe the working capital requirement for the Weldtech Group will remain to be intensive in the near future in view of the expansion of the Group and the business nature of the EMC business.

Assuming all Placing Shares are successfully placed, based on the minimum Placing Price, the gross proceeds from the Placing will be approximately HK\$1,000 million and the net proceeds from the Placing will amount to approximately HK\$958 million, which is intended to be used as to (i) HK\$221 million for settlement of the cash consideration for the Acquisition (being HK\$231 million, of which HK\$10 million had been paid as a refundable deposit as disclosed in the circular of the Company dated 31 May 2011); (ii) HK\$140 million for settlement of the referral fee pursuant to the Referral Agreement; (iii) approximately HK\$200 million working capital for the rollout of business of the Enlarged Group in stage 1 as mentioned above; (iv) approximately HK\$350 million earmarked for the rollout of business of the Enlarged Group in stage 2 as mentioned above; and (v) the remaining balance for general working capital of the Enlarged Group including, among other thing, administrative and daily operation expenditures. Based on the minimum Placing Price, the minimum net price per Placing Share will be approximately HK\$0.153.

In the event that the final Placing Price is fixed at a price higher than the minimum Placing Price of HK\$0.16 per Placing Share, the Directors will apply the entire additional proceeds as the working capital required for the rollout of business of the Enlarged Group in stage 2 as mentioned above. The Directors considered that such arrangement of the additional proceed is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Directors consider the terms of the Placing Agreement are fair and reasonable, and are in the best interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Date of announcement(s)	Event	Net proceeds	Intended use of proceeds as stated in the announcement(s)	Actual use of proceeds
13 August 2010, 24 December 2010, 28 December 2010	Placing of new Shares	Approximately HK\$121.45 million	To be used for general working capital and/or future potential investments of the Group	Fully applied to the Group's loan financing business
7 June 2010	Placing of non-listed warrants	Approximately HK\$5.3 million upon issue of the warrants, with additional proceeds of approximately HK\$82.6 million upon issue of new Shares upon exercise in full of the subscription rights attached to the warrants.	To be used as general working capital (as regards the net proceeds from the placing of warrants) and as funds for future development of the Group (as regards the additional proceeds from the issue of new Shares).	The net proceeds of approximately HK\$5.3 million (raised from the issuance of the warrants) and the further net proceeds of approximately HK\$1.47 million (raised to-date from the issuance of new Shares upon exercise of the subscription rights attached to the warrants) was applied to treasury investment and working capital of the Group.

Save as disclosed above, the Company had not conducted any fund raising exercise during the 12 months immediately preceding the Latest Practicable Date.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (assuming the 6,250,000,000 Placing Shares are placed in full and that there being no change in the number of issued Shares from the Latest Practicable Date until completion of Placing) are set out as below:

Shareholders	As at the Latest Practicable Date		Upon completion of the Placing (assuming 6,250,000,000 Placing Shares have been placed) but before completion of the Acquisition		Upon completion of the Placing and the Acquisition (but before exercise of any conversion rights attached to any convertible or exchangeable securities of the Company)		Upon completion of the Placing and the Acquisition (after exercise of all conversion rights attached to any convertible or exchangeable securities of the Company) (Note 1)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
CGI (HK) Limited	554,000,000	12.73	554,000,000	5.23	554,000,000	3.86	554,000,000	3.72
Vendors of the Acquisition	—	—	—	—	3,750,000,000	26.13	14,062,500,000	25.16
Placees (Note 2)	—	—	6,250,000,000	58.96	6,250,000,000	43.55	6,250,000,000	41.93
Other public Shareholders	3,796,604,007	82.27	3,796,604,007	35.81	3,796,604,007	26.46	4,350,275,867	29.19
Total	4,350,604,007	100.00	10,600,604,007	100.00	14,350,604,007	100.00	25,216,775,867	100.00

Notes:

- The shareholding structure set out in this column is shown for illustration purpose only. Pursuant to conversion restrictions under the terms and conditions of the Convertible Notes, no conversion right may be exercised to the extent that such exercise or issue of Conversion Shares (i) would result in the Company's non-compliance with the minimum public shareholding requirement of the Listing Rules; or (ii) would trigger a mandatory general offer under Rule 26 of the Takeovers Code.
- Under the Placing Agreement in relation to the Placing at the placing price of not less than HK\$0.16 per Placing Share with net proceeds of approximately HK\$958 million. The Company confirms that: (i) the placees shall be third parties independent of the Company, the Vendors and any of their respective associates and connected persons; and (ii) none of the placees shall become a substantial Shareholder.

LETTER FROM THE BOARD

GENERAL

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

The Placing EGM will be held to approve, among others, the Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate. To the best knowledge of the Company, none of the Shareholders have a material interest in the Placing and/or the transactions contemplated thereunder and will be required to abstain from voting at the Placing EGM in respect of the resolution relating to the Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate.

PLACING EGM

The Placing EGM will be held at Falcon Room 1, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong at 11:00 a.m. on 8 July 2011 for the purpose of considering and, if thought fit, approving the Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate. The notice convening the Placing EGM is set out on pages 14 to 15 of this circular. A form of proxy for use at the Placing EGM is also enclosed to this circular.

Whether or not you are able to attend the Placing EGM and/or vote at the Placing EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Placing EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Placing EGM or any adjournment thereof if you so wish.

RECOMMENDATION

The Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole and accordingly recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the Placing EGM to approve the Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting of The Hong Kong Building and Loan Agency Limited (the “**Company**”) will be held at Falcon Room 1, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on 8 July 2011 at 11:00 a.m. or any adjournment thereof (as the case may be) for the purpose of considering and, if thought fit, passing, with or without amendment or modification, the following resolution:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the placing agreement dated 9 June 2011 (the “**Placing Agreement**”) entered into between the Company as the issuer and Deutsche Bank AG, Hong Kong Branch, Piper Jaffray Asia Securities Limited, China Everbright Securities (HK) Ltd and China Merchants Securities (HK) Co., Limited as the joint placing agents in relation to the placing of up to 6,250,000,000 new shares (the “**Placing Shares**”) of HK\$0.10 each in the share capital of the Company on a best effort basis at the minimum placing price of HK\$0.16 per Placing Share (a copy of which is marked “A” and has been produced to the meeting and signed by the chairman of the meeting for purpose of identification) and all transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) conditional upon, among others, The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Placing Shares, the allotment and issue of the Placing Shares pursuant and subject to the terms and conditions of the Placing Agreement be and are hereby approved; and
- (c) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents, instruments, agreements and deeds and do all such acts, matters and things as he/she may in his/her absolute discretion consider necessary or desirable for the purpose of and in connection with the implementation of

NOTICE OF THE PLACING EGM

the Placing Agreement and the transactions contemplated thereunder, including the allotment and issue of the Placing Shares, and to agree to such variations of the terms of the Placing Agreement and the transactions contemplated thereunder as he/she may in his/her absolute discretion consider necessary or desirable.”

Yours faithfully,
By order of the Board
The Hong Kong Building and Loan Agency Limited
Au Tin Fung
Executive Director

Hong Kong, 22 June 2011

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him. A proxy needs not be a member of the Company.
2. A form of proxy for use at the meeting is enclosed.
3. To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.