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**MERCURIUS PARTNERS  
INVESTMENTS LIMITED**

*(Incorporated in the British Virgin  
Islands with limited liability)*

**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)**

**CLOSE OF THE MANDATORY  
UNCONDITIONAL CASH OFFER BY  
SOMERLEY LIMITED**

on behalf of

**MERCURIUS PARTNERS INVESTMENTS LIMITED  
FOR ALL THE ISSUED SHARES IN THE  
HONG KONG BUILDING AND LOAN AGENCY LIMITED**  
(other than those already owned by Mercurius Partners  
Investments Limited and parties acting in concert with it)

**CHANGES OF DIRECTORS, COMPANY SECRETARY,  
QUALIFIED ACCOUNTANT, AND  
AUTHORISED REPRESENTATIVES**

**FINANCIAL ADVISERS TO MERCURIUS PARTNERS INVESTMENTS LIMITED**



**SOMERLEY LIMITED**

The Offer has been closed on 3 July 2007.

Up to 4:00 p.m. on 3 July 2007, being the latest time and date for acceptance of the Offer, valid acceptances have been received in respect of a total of 10,215 HKBLA Shares (representing approximately 0.0045% of the entire issued share capital of the Company). Immediately following the close of the Offer (and assuming completion of transfers of all the HKBLA Shares tendered for acceptance under the Offer), the Offeror, through holding Island New Finance Limited and parties acting in concert with it, owned an aggregate of 168,758,228 HKBLA Shares, representing approximately 75.0037% of the entire issued capital of the Company. As at the date of this announcement (and assuming completion of transfers of all the HKBLA Shares tendered for acceptance under the Offer), there were 56,241,772 HKBLA Shares in the hands of the public, representing approximately 24.9963% of the entire issued share capital of the Company. Each of the Company and the Offeror has undertaken to the Stock Exchange that it shall use all reasonable endeavours to take appropriate steps to ensure restoration of the minimum percentage of HKBLA Shares to public hands within one month from the date of this announcement.

**CHANGES OF DIRECTORS, COMPANY SECRETARY, QUALIFIED ACCOUNTANT  
AND AUTHORISED REPRESENTATIVES**

The Board wishes to announce that, with effect from 4:00 p.m. on 3 July 2007, being the Closing Date, Mr. Akihiro Nagahara resigned as the Chairman of the Company, an executive Director, a member of the Executive Committee and an authorised representative of the Company; Mr. Stephen Lo Kam Fai resigned as the Chief Executive, an executive Director, a member of the Executive Committee, the company secretary and an authorised representative of the Company; and Mr. Poon Mo Yiu resigned as an executive Director, a member of the Executive Committee and an alternate authorised representative of the Company. The Board also wishes to announce that Mr. Chan Bo Ching, Mr. Li Chak Hung and Mr. Yuen Wai Ho resigned as independent non-executive Directors and members of the Nomination Committee, the Remuneration Committee and the Audit Committee of the Board, in particular, resigned as the Chairman of the Remuneration Committee, the Chairman of the Audit Committee and the Chairman of the Nomination Committee respectively with effect from 4:00 p.m. on 3 July 2007.

The Board is pleased to announce that Mr. John Zwaanstra, Mr. John Pridjian, Mr. Todd David Zwaanstra and Mr. Jonathon Jarrod Lawless have been appointed as executive Directors; and Mr. Alan Howard Smith, JP, Mr. King Chang-Min Stephen and Mr. Patrick Smulders have been appointed as independent non-executive Directors, all such appointments have taken effect from 4:00 p.m. on 3 July 2007.

The Board wishes to announce that Mr. John Zwannstra has been appointed as the Chairman of the Board, and Mr. John Pridjian has been appointed as the Chief Executive of the Company. Mr. Todd David Zwaanstra and Mr. Ho Chi Yuen Brian have been appointed as the authorized representatives of the Company. The Board also wishes to announce the new composition of the Executive Committee, Audit Committee, Nomination Committee and Remuneration Committee.

The Board also wishes to announce that Mr. Eddie Wong Tak Fai resigned as the qualified accountant and an alternate authorised representative of the Company with effect from 4:00 p.m. on 3 July 2007. Mr. Ho Chi Yuen Brian has been appointed as the company secretary and the qualified accountant of the Company with effect from 4:00 p.m. on 3 July 2007.

Reference is made to the announcement dated 14 May 2007 (the “Announcement”) and the offer document dated 4 June 2007 (the “Offer Document”) issued by the Mercurius Partners Investments Limited (the “Offeror”) in relation to the mandatory unconditional cash offer for all the issued shares in The Hong Kong Building and Loan Agency Limited (the “Company”) other than those already owned by the Offeror and parties acting in concert with it (“the Offer”). Unless otherwise defined, terms defined in the Offer Document shall have the same meanings when used in this announcement.

## **ACCEPTANCES UNDER THE OFFER**

Up to 4:00 p.m. on 3 July 2007, being the latest time and date for acceptance of the Offer, valid acceptances have been received in respect of a total of 10,215 HKBLA Shares (representing approximately 0.0045% of the entire issued share capital of the Company).

Save for the 168,748,013 HKBLA Shares (representing approximately 74.99% of the entire issued capital of the Company) acquired by the Offeror pursuant to the Acquisition, no other HKBLA Shares or options, warrants or other securities convertible into HKBLA Shares are held, controlled or directed by the Offeror and parties acting in concert with it before date of the Announcement. Save for the acceptances of the HKBLA Shares under the Offer, none of the Offeror or parties acting in concert with it has acquired or agreed to acquire any HKBLA Shares during the period from the date of the Announcement and up to the date of this announcement. As a result, the Offeror and parties acting in concert with it, through holding Island New Finance Limited, are interested in 168,758,228 HKBLA Shares (representing approximately 75.0037% of the entire issued capital of the Company) immediately following the close of the Offer (and assuming completion of transfers of all the HKBLA Shares tendered for acceptance under the Offer). The Offeror and parties acting in concert with it have not dealt in value of the HKBLA Shares since the commencement of the period beginning six months prior to the date of the Announcement and up to the date of this announcement.

As at the date of this announcement (and assuming completion of transfers of all the HKBLA Shares tendered for acceptance under the Offer), to the best of the knowledge, information and belief of the directors of the Offeror and having made all reasonable enquiries, there were 56,241,772 HKBLA Shares in the hands of the public, representing approximately 24.9963% of the entire issued share capital of the Company. The Company has made an application to the Stock Exchange for a waiver from the strict compliance of Rule 8.08 of the Listing Rules. Each of the Company and

the Offeror has undertaken to the Stock Exchange that it shall use all reasonable endeavours to take appropriate steps to ensure restoration of the minimum percentage of HKBLA Shares to public hands within one month from the date of this announcement.

The Stock Exchange has stated that if, among other things less than 25% of the Shares are held by the public or if the Stock Exchange believes that a false market exists or may exist in the trading the HKBLA Shares; or that there are insufficient too few HKBLA Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend dealings in the HKBLA Shares until a sufficient public float is attained.

## **SETTLEMENT**

The amounts due to each of the HKBLA Shareholders who have accepted the Offer as referred to above, less the relevant seller's ad valorem duty payable by them in respect of the HKBLA Shares tendered by them under the Offer, will be paid by the Offeror to such HKBLA Shareholders as soon as possible but in any event within 10 days of the date on which the relevant documents of title are received by the Registrar to render such acceptance complete and valid.

## **RESIGNATION OF DIRECTORS**

The board of directors (the "Board") of the Company wishes to announce that, with effect from 4:00 p.m. on 3 July 2007, the Closing Date:

1. Mr. Akihiro Nagahara resigned as the Chairman of the Board, an executive Director, a member of the executive committee of the Company (the "Executive Committee") and an authorised representative of the Company;
2. Mr. Stephen Lo Kam Fai resigned as the Chief Executive, an executive Director, a member of the Executive Committee, the company secretary and an authorised representative of the Company;
3. Mr. Poon Mo Yiu resigned as an executive Director, a member of the Executive Committee and an alternate authorised representative of the Company; and
4. Mr. Chan Bo Ching, Mr. Li Chak Hung and Mr. Yuen Wai Ho resigned as independent non-executive Directors, members of the nomination committee (the "Nomination Committee"), the remuneration committee (the "Remuneration Committee") and the audit committee (the "Audit Committee") of the Board, in particular, resigned as the Chairman of the Remuneration Committee, the Chairman of the Audit Committee and the Chairman of the Nomination Committee respectively;

Each of Mr. Akihiro Nagahara, Mr. Stephen Lo Kam Fai, Mr. Poon Mo Yiu, Mr. Chan Bo Ching, Mr. Li Chak Hung and Mr. Yuen Wai Ho has confirmed that he has no disagreement with the Board and there are no matters that need to be brought to the attention of the HKBLA Shareholders in relation to his resignation.

The Board takes this opportunity to thank Mr. Akihiro Nagahara, Mr. Stephen Lo Kam Fai, Mr. Poon Mo Yiu, Mr. Chan Bo Ching, Mr. Li Chak Hung and Mr. Yuen Wai Ho for their valuable contributions to the Company during their tenure of office.

## **APPOINTMENT OF DIRECTORS**

The Board is pleased to announce that Mr. John Zwaanstra, Mr. John Pridjian, Mr. Todd David Zwaanstra and Mr. Jonathon Jarrod Lawless have been appointed as executive Directors; and Mr. Alan Howard Smith, JP, Mr. King Chang-Min Stephen and Mr. Patrick Smulders have been appointed as independent non-executive Directors. The Board is also pleased to announce that Mr. John

Zwaanstra has been appointed as the Chairman of the Board, and Mr. John Pridjian has been appointed as the Chief Executive of the Company. All such appointments have taken effect from 4:00 p.m. on 3 July 2007.

The Executive Committee of the Board currently consists of Mr. John Pridjian (Chairman), Mr. John Zwaanstra, Mr. Todd David Zwaanstra and Mr. Jonathon Jarrod Lawless.

The Audit Committee of the Board currently consists of Mr. Alan Howard Smith, J.P. (Chairman), Mr. King Chang-Min Stephen and Mr. Patrick Smulders.

The Nomination Committee of the Board currently consists of Mr. Jonathon Jarrod Lawless (Chairman), Mr. Todd David Zwaanstra, Mr. Alan Howard Smith, J.P., Mr. King Chang-Min Stephen and Mr. Patrick Smulders.

The Remuneration Committee of the Board currently consists of Mr. Todd David Zwaanstra (Chairman), Mr. John Pridjian, Mr. Alan Howard Smith, J.P., Mr. King Chang-Min Stephen and Mr. Patrick Smulders.

Set out below are the biographical details of the newly appointed Directors (together, the “Appointed Directors”):

#### **Mr. John Zwaanstra**

Mr. Zwaanstra, aged 41, is a professional investor who has extensive experience in investment management and securities analysis. John Zwaanstra is the Chief Investment Officer and the sole owner of Penta Investment Advisers Ltd. (“Penta”), which he founded in 1998. Prior to establishing Penta, he was a Managing Director at Soros Fund Management for four years in Tokyo. Mr. Zwaanstra received a Bachelor of Arts degree magna cum laude from Harvard University. The Offeror, now being the controlling shareholder of the Company, is a wholly-owned subsidiary of Mercurius Partners, LLP. Mercurius Partners, LLP is in turn wholly and beneficially owned by family members of Mr. Zwaanstra and Mercurius Partners Trust and the sole initial beneficiary thereof is wholly and beneficially owned by Mr. Zwaanstra. Mr. Zwaanstra is also a director of the Offeror.

#### **Mr. John Pridjian**

Mr. Pridjian, aged 42, has served as the Chief Financial Officer of Penta since 2004. Prior to joining Penta, Mr. Pridjian was a tax principal for two years with Deloitte & Touche LLP in Los Angeles, and was also a member firm partner approximately for one year with the Arthur Andersen LLP tax practice acquired by Deloitte. Prior to this time, from 1993 to 2001, Mr. Pridjian practiced law with Sidley Austin LLP in Los Angeles where he was a partner. Mr. Pridjian’s practice focused on advising private equity and multinational corporate clients on cross-border mergers, acquisitions and investment transactions. Mr. Pridjian received his degree of Master of Business Administration from the University of Chicago. He received his Juris Doctor and Bachelor of Science degrees from the University of Illinois. He is registered as a Certified Public Accountant in the State of Illinois. He is a member of the State Bar of California and has written several law review articles. Mr. Pridjian is also a director of the Offeror.

#### **Mr. Todd David Zwaanstra**

Mr. Zwaanstra, aged 34, is a Senior Trader for Penta. Prior to joining Penta in 2006, Mr. Zwaanstra worked for Goldman, Sachs & Co. in San Francisco for over nine years as a Vice President of Global Equity Derivative Sales. He was responsible for advising hedge funds, investment managers, and pension funds. His role involved the execution, analysis and marketing of the Equity Derivative

Products. Mr. Zwaanstra received a Bachelor of Arts degree in Economics from the University of California at Los Angeles. Mr. Todd David Zwaanstra is the younger brother of Mr. John Zwaanstra and he is a trustee of the Mercurius Partners Trust as referred to above.

#### **Mr. Jonathon Jarrod Lawless**

Mr. Lawless, aged 30, is an Analyst for Penta. Prior to joining Penta in 2006, Mr. Lawless worked for over eight years with Colonial First State in Australia. Mr. Lawless was a Portfolio Manager of Hedge Funds in the Fund of Hedge Funds team, and strategy specialist covering idea generation, manager due diligence and monitoring across equity hedge fund strategies globally. Mr. Lawless holds a Bachelor's degree in Commerce, from the University of Melbourne, and completed the Financial Services Institute of Australasia Graduate Diploma in Applied Finance and Investment.

#### **Mr. Alan Howard Smith, JP**

Mr. Smith, JP, aged 63, graduated with a LLB (Honours) degree from Bristol University, England in 1964 and was admitted as a solicitor in England in 1967 and in Hong Kong in 1970. Mr. Smith has over 28 years of investment banking experience in Asia. He was elected a council member of The Stock Exchange of Hong Kong Limited on two occasions. He was a member of the Hong Kong Special Administrative Region Government's Economic Advisory Committee, and was for 10 years a member of the Hong Kong Government's Standing Committee on Company Law Reform. Mr. Smith is also a director of a number of other listed companies including Frasers Property (China) Limited, Lei Shing Hong Limited, Star Cruises Limited and VXL Capital Limited which are listed on the Stock Exchange. Mr. Smith was a director of The Jardine Fleming Group Limited ("JF") from 1975 to 1996. In 1984, the Monetary Authority of Singapore withdrew approval for a Singapore subsidiary of JF to operate as a merchant bank; and in 1996, the Securities and Futures Commission (the "SFC") issued a public reprimand to a subsidiary of JF for breaches of the Code of Conduct issued by the SFC. In neither case was Mr. Smith personally censured or reprimanded by the SFC. Mr. Smith, JP, is one of the beneficiaries of a retirement benefit fund, which is a trust ("Trust"). The trustee of the Trust, through its wholly-owned subsidiary holds approximately 0.36% of the total issued share capital of Penta Japan Fund Limited, a connected person of the Company by virtue of being an associate (as defined under the Listing Rules) of Mercurius Partners, LLP which is a substantial shareholder (as defined under the Listing Rules) of the Company. Owing to its small size, such interest in Penta Japan Fund Limited is considered de minimis and not material.

#### **Mr. King, Chang-Min Stephen**

Mr. King, aged 41, is a Partner and member of the Investment Committee of CCMP Capital Asia (formerly known as J.P. Morgan Partners Asia) based in Hong Kong and currently oversees the firm's activities in Australia and New Zealand. Mr. King is currently Chairman of Waco International and additionally serves on the boards of Independent Liquor, Godfreys, Air International Thermal, Metalform, and Sanda Kan and previously served on the board of Yellow Pages Singapore. Prior to joining the firm in 2001, Mr. King spent more than eight years with J.P. Morgan & Co. in New York and Hong Kong where he held numerous positions in capital markets and mergers and acquisitions, including serving as Vice President of J.P. Morgan Capital Corporation and J.P. Morgan Securities Ltd.. Mr. King holds a Bachelor of Arts degree cum laude from Harvard University. MPL(I) Limited, an investment holding company incorporated in Mauritius of which Mr. King is one of the directors, was put into receivership on 3 November 2006 by its secured lenders as a result of unpaid debts of US\$82.4 million, and is currently the subject of a court controlled sale process.

## **Mr. Patrick Smulders**

Mr. Smulders, aged 41, is a Senior Managing Director and member of the Investment Committee in the London office of TowerBrook. Prior to the formation of TowerBrook, Mr. Smulders was a Senior Managing Director and an Investment Committee Member at Soros Private Equity. He was also a Deal Principal and a co-founder of Dought Hanson & Co from 1993 to 2003. Mr. Smulders earned his Bachelor of Arts degree from Harvard University and received his Master of Business Administration from Harvard Business School. Mr. Patrick Smulders was a director of Ionica PLC (“Ionica”), the shares of which were once listed on the London Stock Exchange. Ionica went into administration in October 1998 when Patrick Smulders was a director. Ionica has been fully liquidated with no outstanding claims.

To the best knowledge of the Directors, save as disclosed above, none of the Appointed Directors is interested or deemed to be interested in any shares or underlying shares of the Company pursuant to Part XV of the Security and Futures Ordinance (“SFO”).

The newly appointed independent non-executive Directors, being Mr. Alan Howard Smith, JP, Mr. King Chang-Min Stephen and Mr. Patrick Smulders, have been appointed for a fixed term of 3 years. At present, there is neither any proposed length of service with the Company in respect of directorship nor any service contract between the Company and any of the newly appointed executive Directors.

The amount of directors’ emoluments of each of the Appointed Directors will be determined by the Board with reference to their duties and responsibilities in the Company and prevailing market conditions.

Save as disclosed above, there is no other information concerning each of the Appointed Directors needed to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

The Board would like to take this opportunity to welcome Mr. John Zwaanstra, Mr. John Pridjian, Mr. Todd David Zwaanstra, Mr. Jonathon Jarrod Lawless, Mr. Alan Howard Smith, JP, Mr. King Chang-Min Stephen and Mr. Patrick Smulders for joining the Board.

## **CHANGE OF AUTHORISED REPRESENTATIVES, COMPANY SECRETARY AND QUALIFIED ACCOUNTANT**

The Board wishes to announce that Mr. Todd David Zwaanstra and Mr. Ho Chi Yuen Brian have been appointed as the authorized representatives of the Company. The Board also wishes to announce that Mr. Eddie Wong Tak Fai resigned as the qualified accountant and an alternate authorised representative of the Company with effect from 4:00 p.m. on 3 July 2007. The Board is pleased to announce that Mr. Ho Chi Yuen Brian has been appointed as the company secretary and qualified accountant of the Company with effect from 4:00 p.m. on 3 July 2007. Mr. Ho is a member of the Hong Kong Institute of Certified Public Accountant (CPA) and a fellow member of The Association of Chartered Certified Accountants (FCCA) in the United Kingdom.

By Order of the board of directors of  
**Mercurius Partners Investments Limited**  
**John Pridjian**  
*Director*

By Order of the board of directors of  
**The Hong Kong Building  
and Loan Agency Limited**  
**John Pridjian**  
*Executive Director*

Hong Kong, 3 July 2007

*As at the date of this announcement, the directors of the Mercurius Partners Investments Limited are Mr. John Zwaanstra and Mr. John Pridjian .The directors of Mercurius Partners Investments Limited jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the HKBLA Group), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the HKBLA Group) have been arrived at after due and careful consideration and there are no other facts (other than those relating to the HKBLA Group) not contained in this announcement, the omission of which would make any statement (other than that relating to the HKBLA Group) in this announcement misleading.*

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. John Zwaanstra, Mr. John Pridjian, Mr. Todd David Zwaanstra and Mr. Jonathon Jarrod Lawless being executive Directors; and Mr. Alan Howard Smith, JP, Mr. King Chang-Min Stephen and Mr. Patrick Smulders being independent non-executive Directors. The directors of The Hong Kong Building and Loan Agency Limited jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Offeror), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts (other than those relating to the Offeror) not contained in this announcement, the omission of which would make any statement (other than that relating to the Offeror) in this announcement misleading.*