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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 CONVERTIBLE BONDS  
UNDER SPECIFIC MANDATE;  
AND  
RESUMPTION OF TRADING**

**THE PLACING AGREEMENT**

On 26 February 2013 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed to procure, the Placees to subscribe for no more than 120 Tranches (in which the principal amount of the Convertible Bonds placed in each Tranche shall be HK\$1,350,000 or any multiple thereof) of the Convertible Bonds of up to an aggregate principal amount of HK\$162,000,000 on a best-effort basis.

Based on the initial conversion price of HK\$0.135 per Conversion Share, up to a maximum of 1,200,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent approximately 275.77% of the existing issued share capital of the Company and approximately 73.39% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. The Conversion Shares will be allotted and issued under the Specific Mandate.

## **GENERAL**

An EGM will be held to consider and if thought fit, pass resolutions to approve the Placing Agreement and the transactions contemplated thereunder including the Placing and the issue of the Conversion Shares.

A circular containing, among other things, further details of the Placing Agreement together with the notice of the EGM will be despatched to the Shareholders as soon as practicable.

**Since completion of the Placing is subject to certain conditions to be fulfilled, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares has been halted from 9:00 a.m. on 27 February 2013 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on 1 March 2013.

## **THE PLACING AGREEMENT**

Date: 26 February 2013 (after trading hours)

### **Parties:**

- (a) The Company, as issuer; and
- (b) FT Securities Limited, as the Placing Agent

The Company has conditionally agreed to place and the Placing Agent has conditionally agreed to procure, on a best-effort basis, not less than six independent Placees to subscribe the Convertible Bonds in the principal amount of up to HK\$162,000,000 at the Conversion Price of HK\$0.135.

## **The Placing Agent**

The Placing Agent has conditionally agreed to procure the Placees to subscribe for no more than 120 Tranches (in which the principal amount of the Convertible Bonds placed in each Tranche shall be HK\$1,350,000 or any multiple thereof) of the Convertible Bonds of up to an aggregate principal amount of HK\$162,000,000 on a best-effort basis.

As at date of this announcement, the Placing Agent is 33% beneficially owned by CGI (HK) Limited. CGI (HK) Limited is a shareholder of the Company with approximately 6.36% equity interest. Mr. So Yuen Chun is a director of the Company, CGI (HK) Limited and the holding company of CGI (HK) Limited. He is also the company secretary of the Company. Mr. Yeung Kwok Leung is a director of the Company, the Placing Agent and the holding company of the Placing Agent. Save for the abovementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its respective ultimate beneficial owners are third parties independent of the Group and its connected persons (as defined in the Listing Rules).

## **Placees**

The Convertible Bonds will be placed to the Placee(s) who are independent institutional or private investor not connected with the Company and its connected persons (as defined in the Listing Rules). The Placing Agent shall use their reasonable endeavours to ensure that (a) it will not offer or place any of the Convertible Bonds to or with any person, firm or company which is a connected person (as defined in the Listing Rules) of the Company other than in the situation where consent from the Stock Exchange has been obtained and in compliance with the Listing Rules; and (b) the terms of the placing letter with the Placee(s) will not be in breach of the terms of the Placing Agreement.

## **Placing Commission**

The Placing Agent has been appointed to place the Convertible Bonds, no more than 120 Tranches, on a best-effort basis and will receive a placing commission for the Placing of 3% of the principal amount of the Convertible Bonds being successfully placed in the Tranche concerned. The placing commission for the Placing was determined after arm's length negotiations between the Company and the Placing Agent.

## Conditions Precedent

Completion of each Tranche in the Placing shall be conditional upon:

- (a) the Placing Agent having successfully procured the Placee(s) to subscribe the Convertible Bonds during the Placing Period (or such later time and date as the Placing Agent and the Company may otherwise agree in writing);
- (b) the Company's compliance with, and procurement for the compliance with, all conditions imposed by the Stock Exchange or by any other competent authority (in Hong Kong or elsewhere) for approval of the Placing, issuance of the Convertible Bonds and the listing of and permission to deal in the Conversion Shares to be issued and allotted on the conversion of the Convertible Bonds and ensure the continued compliance thereof (provided in each case that the Placee(s) complies with and satisfies all such conditions);
- (c) the Shareholders having approved the Placing and the issuance of the Convertible Bonds;  
and
- (d) the warranties in the Placing Agreement are, and shall remain, valid, binding and effective.

Apart from the conditions precedent set out in (d) above, none of the other conditions above can be waived by the Placing Agent.

If the conditions above are not, or cannot be, fulfilled prior to the Business Day immediately before the scheduled date of completion of a particular Tranche or the Business Day immediately before the Overall Completion Date (whichever shall be appropriate), completion of the Tranche concerned shall be postponed to a later Business Day as may be agreed between the Placing Agent and the Placee(s) concerned, but failing such agreement, completion of the Tranche concerned shall be cancelled without any recourse to the Company.

## **Completion of the Placing**

The Placing Agent may conduct the Placing in different Tranches provided that (i) the principal amount of the Convertible Bonds placed in each Tranche shall be HK\$1,350,000 or any multiple thereof, (ii) the Placing shall consist of no more than 120 Tranches in total; and (iii) all Tranches and the completion of each and every Tranche in the Placing shall take place on or before the Overall Completion Date, and (iv) the conditions above are satisfied or fulfilled for each and every Tranche.

Subject to termination of the Placing Agreement, completion of each Tranche in the Placing shall take place on the scheduled date of completion of the Tranche concerned or on the Overall Completion Date (whichever shall be appropriate) (unless otherwise agreed between the Placing Agent and the Company in writing) provided that the conditions precedent have been fulfilled on the Business Day immediately before the scheduled date of completion of the Tranche concerned or on the Business Day immediately before the Overall Completion Date (whichever shall be appropriate) (or such later date as may be agreed between the Company and the Placing Agent in writing).

## **Principal Terms of the Convertible Bonds**

<b>Issuer:</b>	The Company
<b>Principal amount:</b>	Up to HK\$162,000,000
<b>Principal amount of each Tranche:</b>	The principal amount of the Convertible Bonds placed in each Tranche shall be HK\$1,350,000 or any multiple thereof.
<b>Conversion Price:</b>	The Conversion Price of HK\$0.135 represents:  (i) a discount of approximately 49.06% to the closing price of HK\$0.265 per Share as quoted on the Stock Exchange on the Last Trading Day; and

- (ii) a discount of approximately 43.51% to the closing price of HK\$0.239 per Share as quoted on the Stock Exchange for the last five consecutive trading days including the Last Trading Day.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market prices and the liquidity of the Shares. The Directors are of the view that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Anti-dilution adjustments:**

The Conversion Price shall from time to time be subject to adjustment in accordance with the followings if, whilst any of the Convertible Bonds remains outstanding, any of the following events or circumstances in relation to the Shares shall occur:–

- (i) consolidation and subdivision;
- (ii) capitalisation of profits or reserves;
- (iii) capital distribution;
- (iv) issue of Shares by way of rights;
- (v) issue of other securities by way of rights;
- (vi) issue of Shares other than by way of rights;
- (vii) issue of Shares upon conversion or exchange;
- (viii) modification of rights of conversion or exchange;  
and
- (ix) offers for Shares.

**Conversion Shares:**

Assuming the Convertible Bonds in the principal amount of up to HK\$162,000,000 are converted at the Conversion Price of HK\$0.135, up to a maximum of 1,200,000,000 new Shares will be allotted and issued, representing (a) approximately 275.77% of the existing issued share capital of the Company as at the date of this announcement; and (b) approximately 73.39% of the issued share capital of the Company as enlarged by the Conversion Shares.

The Conversion Shares will be allotted and issued under the Specific Mandate.

**Interest:**

The Convertible Bonds shall not bear any interest.

**Maturity Date:**

31 December 2016

**Conversion Rights:**

Each Bondholder shall have the right, exercisable during the Conversion Period in the manner provided in the Bond Instrument, to convert the whole or any part (in multiples of HK\$1,350,000) of the outstanding principal amount of the Convertible Bonds held by such Bondholder into such number of Conversion Shares as will be determined by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the conversion date.

**Limitations on conversion of the Convertible Bonds:**

The Company shall not be required to issue any Conversion Shares, if, as a result of the relevant exercise of the conversion rights attached to the Convertible Bonds, less than 25% or the minimum prescribed percentage as set out in the Listing Rules of the Company's issued shares would be held by the public immediately after the relevant exercise of such conversion rights.

Further, the Company shall not be required to issue any Conversion Shares, if, as a result of the relevant exercise of such conversion rights, the Bondholder and/or parties acting in concert with it will be interested in 30% (or such amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) under the Takeovers Code.

**Redemption:**

***Redemption at maturity***

Any principal amount of the Convertible Bonds which has not been redeemed or converted in accordance with the conditions as set out in the Bond Instrument by the Maturity Date, shall, at the absolute discretion of the Company (and regardless of whether or not the Bondholders concerned have requested for conversion of any or all principal amount of the Convertible Bonds into Conversion Shares), either be redeemed by the Company on the Maturity Date at a redemption amount equal to 100% of the principal amount of the Convertible Bonds, or be converted into Conversion Shares.

### ***Redemption on default***

If any of the events (“**Events of Default**”) specified below occur, the Company shall forthwith give notice thereof to the Bondholders and each Bondholder may (without prejudice to any other rights and remedies available to the Bondholders), at its option, opt to convert the Convertible Bonds in its entirety or, alternatively, issue a notice of redemption to the Company in respect of part or all of the principal amount of the Convertible Bonds held by it, whereupon the Convertible Bonds shall become immediately due and payable at a redemption amount equal to 100% of the principal amount of the Convertible Bonds. The Events of Default are as follows:–

- (i) any failure to pay the principal of the Convertible Bonds when due and such failure continues for a period of seven Business Days;
- (ii) any default made by the Company in the performance or observance of any undertaking, warranty or representation given by it under these terms (other than the covenant to pay the principal amount of the Convertible Bonds) and such default is incapable of remedy (in which event no such notice as is referred to below shall be required), or if capable of remedy is not remedied within fifteen Business Days of service by any Bondholder on the Company of notice requiring such default to be remedied;

- (iii) any other present or future indebtedness of the Company or any of its subsidiaries (the “**Subsidiaries**”) for or in respect of any bond, debenture, note or similar instrument of indebtedness or any other monies borrowed or raised, becomes due and payable prior to its stated maturity otherwise than at the option (as the case may be) of the Company or the relevant Subsidiary, or any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or the Company or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any such indebtedness provided that the aggregate amount of indebtedness and guarantees and indemnities in respect of which one or more events mentioned above have occurred equals or exceeds HK\$200,000,000 or its equivalent in any other currency provided that the provisions of this paragraph (iii) shall not apply to any alleged default if the Company or the relevant Subsidiary, as the case may be, is contesting the matter in good faith;
  
- (iv) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction the terms of which shall have previously been approved in writing by a resolution of the Bondholders;

- (v) a resolution is passed or an order of a court of competent jurisdiction is made for the winding up or dissolution of any Subsidiary except (a) for the purposes of or pursuant to and followed by a consolidation or amalgamation with or merger into the Company or any other Subsidiary, (b) for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction (other than as described in (a) above) the terms of which shall have previously been approved by a resolution of the Bondholders, or (c) by way of a voluntary winding up or dissolution where there are surplus assets in such Subsidiary and such surplus assets attributable to the Company and/or any other Subsidiary are distributed to the Company and/or any such other Subsidiary;
  
- (vi) an encumbrancer takes possession or a receiver is appointed over the whole or a material part of the assets or undertaking of the Company or any Subsidiary;
  
- (vii) a distress, execution or seizure order before judgment is levied or enforced upon or sued out against the whole or a material part of the property, assets or revenues of the Company or any Subsidiary (as the case may be) and is not discharged or stayed within thirty Business Days or such longer period as the Bondholders, by a resolution of the Bondholders, may consider appropriate in relation to the event concerned;

- (viii) the Company or any of its Subsidiaries is insolvent or unable to pay its debts as and when they fall due or the Company or any of its Subsidiaries shall initiate or consent to proceedings relating to itself under any applicable administration, bankruptcy, composition or insolvency law or scheme of arrangement while insolvent (except, for the avoidance of doubt, for the purposes of a dissolution or winding-up permitted under paragraphs (iv) or (v) above) or makes a general assignment for the benefit of, or enters into any composition with, its creditors;
- (ix) proceedings shall have been initiated against the Company or any Subsidiary under any applicable bankruptcy, reorganisation or insolvency law, and such proceedings shall not have been discharged or stayed within fifteen Business Days thereafter (or such longer period as the Bondholder(s) by a resolution of the Bondholders may consider appropriate in relation to the jurisdiction concerned;
- (x) it is or becomes unlawful for the Company to perform or comply with any of its obligations under the Bond Instrument or any Convertible Bonds, or due to no fault on the part of any Bondholders any such obligation is not or ceases to be enforceable or is claimed by the Company not to be enforceable;

- (xi) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or substantially all or (other than on arm's length terms or with respect to a part of the relevant entity's business or operations which has not materially contributed to the consolidated operating profit of the Company and its Subsidiaries for at least three years prior to the day on which this paragraph operates) a material part of the assets of the Company or any of its Subsidiaries;
  
- (xii) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (a) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Convertible Bonds or the Bond Instrument, (b) to ensure that those obligations are legally binding and enforceable, and (c) to make the Convertible Bonds or the Bond Instrument admissible in evidence in the courts of Hong Kong, is not taken, fulfilled or done by the requisite time;
  
- (xiii) any breach of the representations, warranties and undertakings made by the Company to the Bondholder(s) in reliance of which the Bondholder(s) subscribes to the Convertible Bonds; or
  
- (xiv) any event occurs which has an analogous effect to any of the events referred to in paragraphs (i) to (xiii) above.

**Conversion Period:**

The period commencing from the initial date of issue of the Convertible Bonds and ending on the date which falls on the fifth Business Day before Maturity Date, both dates inclusive, provided that if the Company fails to redeem the Convertible Bonds on the redemption date in accordance with the terms of the Bond Instrument the period shall continue until redemption in full occurs.

**Ranking:**

Conversion Shares issued upon exercise of conversion rights attached to the Convertible Bonds shall rank pari passu in all respects with all other existing Shares outstanding at the conversion date and all Conversion Shares shall include rights to participate in all dividends and other distributions the record date of which falls on or after such conversion date.

**Transferability:**

The Convertible Bonds may be transferred to any person provided that where the Convertible Bond is intended to be transferred to a connected person (as defined in the Listing Rules) (other than the associates of the Bondholder), such transfer shall comply with the requirements under the Listing Rules and/or requirements imposed by the Stock Exchange, if any.

**Application for listing:**

No application shall be made to the Stock Exchange for the listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

## Termination of the Placing Agreement

If at any time prior to 10:00 a.m. on the Business Day immediately prior to the scheduled date of completion of the Tranche concerned or the Overall Completion Date (whichever shall be appropriate):

- (i) there develops, occurs or comes into force:
  - (a) any new law or regulation or any change in existing laws or regulations or the interpretation thereof which may in the opinion of the Placing Agent and in its absolute discretion may materially and adversely affect the business or financial condition or prospects of the Group as a whole; or
  - (b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date of the Placing Agreement) of a political, military, economic or other nature (whether or not *ejusdem generis* with the foregoing) which, in the sole opinion of the Placing Agent and in its absolute discretion will, or may be expected to, have a material adverse effect on the Placing or of the Tranche concerned; or
  - (c) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the sole opinion of the Placing Agent and in its absolute discretion has or may have a material adverse effect on the Placing or of the Tranche concerned; or
- (ii) any breach of any of the warranties in the Placing Agreement which in the sole opinion of the Placing Agent and in its absolute discretion is material in the context of the Placing or of the Tranche concerned, comes to the knowledge of the Placing Agent or there has been a breach by the Company of any other provision of the Placing Agreement which in the sole opinion of the Placing Agent and in its absolute discretion is material in the context of the Placing or of the Tranche concerned;

then and in any such case, the Placing Agent may, in its sole and absolute discretion, terminate, without liability to the Company or any other party, (i) the Placing of the Tranche concerned, (ii) the Placing of all remaining Tranches, and/or (iii) the Placing Agreement,

by giving notice in writing to the Company, which notice may be given at any time prior to the scheduled date of completion of the Tranche concerned or the Overall Completion Date (whichever shall be appropriate).

In the event that the Placing Agreement is terminated pursuant to the paragraph above, all obligations of each of the parties under the Placing Agreement shall cease and terminate and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for (i) any antecedent breach of the Placing Agreement, (ii) the Placing Agent's remittance of the net consideration to the Company, and (iii) the Company's settlement of the placing commission, the disbursements, the outgoings and the stamp duty. For any avoidance of doubt, any termination of the Placing Agreement shall not affect, and shall not have any impact on, such principal amount of the Convertible Bonds already placed by that juncture or the Placee(s)' rights and interest.

## FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds as stated in the announcement(s)</b>	<b>Actual use of proceeds</b>
24 July 2012 and 8 October 2012	Placing of options to subscribe for convertible bonds	Approximately HK\$653,000	To be used for general working capital of the Company	As intended
19 April 2012	Placing of options to subscribe for convertible bonds	Approximately HK\$500,000	To be used for general working capital of the Company	<i>(Note 1)</i>
18 October 2011, 30 November 2011, 9 January 2012, 12 January 2012 and 22 March 2012	Placing of new Shares under specific mandate	Approximately HK\$902,000,000	To be used for (i) settlement of the cash consideration for a very substantial acquisition and referral fees; (ii) the expansion of the market share of ultra performance plant control system; and (iii) as general working capital of the Group	<i>(Note 2)</i>

Notes:

- Such placing of options did not proceed and the relevant placing agreement lapsed on 11 July 2012.
- Such placing of new Shares did not proceed and the relevant placing agreement was terminated on 21 March 2012.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The following table shows the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon full conversion of the Convertible Bonds but before the exercise of any conversion rights attached to any convertible securities of the Company; and (iii) upon full conversion of the Convertible Bonds and the exercise of any conversion rights attached to any convertible securities of the Company (for illustration purposes only).

	(i) as at the date of this announcement		(ii) upon full conversion of the Convertible Bonds but before the exercise of any conversion rights attached to any convertible securities of the Company		(iii) upon full conversion of the Convertible Bonds and the exercise of any conversion rights attached to any convertible securities of the Company	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
CGI (HK) Limited (Note 1)	27,688,800	6.36%	27,688,800	1.69%	27,688,800	1.61%
Placees	–	–	1,200,000,000	73.39%	1,200,000,000	69.68%
Holder of the Options (Note 2)	–	–	–	–	87,000,000	5.05%
Other public Shareholders	407,460,066	93.64%	407,460,066	24.92%	407,460,066	23.66%
<b>Total</b>	<b>435,148,866</b>	<b>100%</b>	<b>1,635,148,866</b>	<b>100%</b>	<b>1,722,148,866</b>	<b>100%</b>

Note:

- CGI (HK) Limited is wholly-owned by CGI (Offshore) Limited which is in turn wholly-owned by Chinese Global Investors Group Limited.
- Reference is made to the announcements of the Company dated 24 July 2012 and 8 October 2012, the Company and the relevant placing agent entered into the second placing agreement in relation to the placing for up to 100 options (the “Options”). Upon exercise of the Options, the holders of Option(s) are entitled to subscribe for, in aggregate, the convertible bonds in the principal amount of up to HK\$15,660,000 which is convertible into 87,000,000 new Shares of the Company at the conversion price of HK\$0.18.

## **USE OF PROCEEDS**

Subject to the outcome of the Placing, the maximum gross and net proceeds from the Placing (after deducting related expenses) are estimated to be HK\$162,000,000 and approximately HK\$156,540,000, respectively, resulting in the net placing price of HK\$0.1305 for each Convertible Bond.

The Company intends to use the funds raised from the Placing for the general working capital of the Company.

## **REASONS FOR THE PLACING**

The Company is incorporated in Hong Kong with limited liability. The Group is principally engaged in investment holding, treasury investments and the provision of loan financing.

The Directors are of the view that the Placing represents a good opportunity to raise additional funds for the Company. The Placing will provide immediate funding without immediate dilution of the shareholding of the existing Shareholders, and, on exercise of the conversion rights attaching to the Convertible Bonds, benefit the long-term development of the Company by broadening the capital base of the Company.

As such, the Directors are of the view that the terms of the Placing Agreement, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

An EGM will be held to consider and if thought fit, pass resolutions to approve the Placing Agreement and the transactions contemplated thereunder including the Placing and the issue of the Conversion Shares.

A circular containing, among other things, further details of the Placing Agreement together with the notice of the EGM will be despatched to the Shareholders as soon as practicable.

**Since completion of the Placing is subject to certain conditions to be fulfilled, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares has been halted from 9:00 a.m. on 27 February 2013 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on 1 March 2013.

## **DEFINITION**

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meaning:

“Board”	the board of Directors
“Bond Instrument”	the instrument constituting the Convertible Bonds, executed by the Company by way of a deed
“Bondholder(s)”	the registered holder(s) of the Convertible Bonds
“Business Day(s)”	a day (excluding Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business
“Company”	The Hong Kong Building and Loan Agency Limited, a company incorporated under the laws of Hong Kong with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Convertible Bond(s)”	the convertible bonds in the aggregate principal amount of up to HK\$162,000,000 to be issued by the Company convertible up to a maximum of 1,200,000,000 Conversion Shares at the Conversion Price

“Conversion Period”	the period commencing from the initial date of issue and ending on the date which falls on the fifth Business Day before Maturity Date, both dates inclusive, provided that if the Company fails to redeem the Convertible Bonds on the redemption date in accordance with the terms of the Bond Instrument the period shall continue until redemption in full occurs
“Conversion Price”	HK\$0.135 per Conversion Share
“Conversion Share(s)”	up to a maximum of 1,200,000,000 new Shares to be issued and allotted upon conversion of the Convertible Bonds
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, passing the relevant resolution to approve the Placing Agreement and the transaction contemplated thereunder, including the Placing and the issue of the Conversion Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	26 February 2013, being the last trading day immediately prior to the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	31 December 2016

“Overall Completion Date”	any Business Day in the period commencing from the execution of the Placing Agreement and ending on the seventh Business Day of the expiration of the Placing Period
“Placee(s)”	any individuals, corporate, institutional investors or other investors procured by the Placing Agent to subscribe the Convertible Bond(s) pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Convertible Bonds in Tranche by the Placing Agent to the Placees pursuant to the Placing Agreement
“Placing Agent”	FT Securities Limited, a corporation licensed to carry out 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
“Placing Agreement”	the placing agreement in relation to the placing of Convertible Bonds dated 26 February 2013 and entered into among the Company and the Placing Agent in respect of the Placing
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating on 28 February 2014 (both days inclusive), unless terminated earlier pursuant to the terms of the Placing Agreement
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company

“Shareholder(s)”	shareholder(s) of the Company
“Specific Mandate”	the specific mandate to be sought from Shareholders at the EGM to authorise the Directors to allot and issue up to a maximum of 1,200,000,000 Conversion Shares under the Placing
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases published by the Securities and Futures Commission of Hong Kong
“Tranche”	each tranche in the Placing, and the principal amount of Convertible Bonds placed in each Tranche shall be HK\$1,350,000 or any multiple thereof
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 28 February 2013

*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, Mr. Lam Raymond Shiu Cheung and Ms. Yuen Wai Man being independent non-executive Directors.*