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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)

FURTHER ANNOUNCEMENT IN RELATION TO PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

SUPPLEMENTAL PLACING AGREEMENT

Reference is made to the announcement of the Company dated 28 February 2013 in relation to, among others, the Placing of Convertible Bonds under Specific Mandate.

The Company would like to inform the Shareholders that the supplemental placing agreement was entered into on 15 March 2013 in relation to the revised terms of the Placing Agreement.

RESUMPTION OF TRADING

Trading in the Shares remained suspended from 9:00 a.m. on 1 March 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 18 March 2013.

SUPPLEMENTAL PLACING AGREEMENT

Reference is made to the announcement of the Company dated 28 February 2013 (the “**Announcement**”) in relation to, among others, the Placing of Convertible Bonds under Specific Mandate. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Company would like to inform the Shareholders that the supplemental placing agreement was entered into on 15 March 2013 in relation to the revised terms of the Placing Agreement as set out as follows:

- (i) the total number of Tranches was changed from 120 to 5. The principal amount of the Convertible Bonds placed in each Tranche shall be not less than HK\$1,350,000 or any multiple thereof;
- (ii) the Placing Period was changed from the period of one year commencing upon the execution of the Placing Agreement i.e. 28 February 2014 to the period of three months commencing from the Business Day immediately after the EGM at which the Shareholders having approved the Placing and the issuance of Convertible Bonds (the “**Revised Placing Period**”); and
- (iii) the Overall Completion Date changed from 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 to any Business Day in the period commencing on the Business Day on which the Revised Placing Period commences and ending on the seventh Business Day of the expiration of the Revised Placing Period. In the event that the Company and the Placing Agent fail to deliver or procure to deliver the documents pursuant to the supplemental placing agreement to the Placess or the Placing Agent fails to settle the consideration of the Tranche concerned to the Company on the date of settlement, the Company or the Placing Agent shall, if required, defer the Overall Completion Date by not more than ten Business Days.

Save as disclosed above, there is no material change to the terms of the Placing Agreement and all terms and conditions of the Placing Agreement remain unchanged and in full force and effect. The terms of the supplemental placing agreement were arrived at after arm’s length negotiations between the Company and the Placing Agent, and the Directors believe that the terms of the supplemental placing agreement are fair and reasonable and are in the best interests of the Company and its Shareholders as a whole. The Company will comply with relevant Listing Rules, including the Shareholders’ approval requirement, in case there is any material change in the Placing, including any extension of the Revised Placing Period and change in the usage of the proceeds.

The Company would like to provide further information in relation to the Placing:

- (i) the Placing Agent confirmed to procure independent Placers for the Placing on a best-effort basis. The Company will comply with relevant Listing Rules in case less than six independent Placers are procured;
- (ii) the Company intended to allocate approximately HK\$20 million of the net proceeds to overhead expenses of the Company. The Company forecasts that the overhead expenses of the Company in 2013 will be approximately HK\$17 million, of which approximately HK\$6 million is expected to be utilised in staff cost and approximately HK\$11 million in administration expenses and legal and professional fee; and

Approximately HK\$45 million of the net proceeds would be used in treasury investment, which may consist of listed securities, treasury products and derivatives investment, while approximately HK\$91 million would fund the loan financing business of the Company, which are mainly mortgage services.

POSSIBLE ADJUSTMENT TO THE CONVERSION PRICE OF THE EXISTING CONVERTIBLE BONDS

Reference is made to the announcements of the Company dated 24 July 2012 in relation to placing of options to subscribe for convertible bonds (the “**Existing Convertible Bonds**”) and dated 8 October 2012 in relation to its completion. The conversion price of the Existing Convertible Bonds may be subject to adjustment as a result of the Placing. Upon such adjustment in the conversion price determined by an independent accountant, the conversion shares under the Existing Convertible Bonds may exceed the limit under the general mandate granted to the Directors at the annual general meeting of the Company held on 28 June 2012. With regard to the possible excess of conversion shares, the Company would seek Shareholders’ approval by way of application of specific mandate for the total number of conversion shares at the EGM. If Shareholders’ approval could not be obtained, the Company would consider cash settlement for the excess conversion shares.

Further details will be set out in the circular of the Placing if necessary.

RESUMPTION OF TRADING

Trading in the Shares remained suspended from 9:00 a.m. on 1 March 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 18 March 2013.

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

Hong Kong, 15 March 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.