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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)

INSIDE INFORMATION IN RELATION TO A DEED OF SETTLEMENT

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 6 December 2013, and the circular of the Company dated 11 April 2014 (the “**Circular**”) in relation to, among others, the Acquisition and the announcement of the Company dated 16 June 2014 in relation to the completion of the Acquisition. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Circular.

The Company would like to inform the Shareholders that, after arm’s length negotiation among the relevant parties, on 19 November 2014 (after trading hours), the Company, as the assignor, The Building and Loan Agency (Asia) Limited, a wholly-owned subsidiary of the Company, as the assignee (the “**Assignee**”) and the relevant holder of the Promissory Note A (the “**Note Holder**”) entered into a deed of assignment (the “**Deed**”). The Note Holder is currently the sole legal and beneficial owner of Promissory Note A numbered 002 (the “**Relevant Promissory Note**”) in the principal amount of HK\$177,000,000 issued by the Company. Under and in accordance with the Relevant Promissory Note, the Company has unconditionally and irrevocably promised to pay to the Note Holder the sum of HK\$177,000,000 on final maturity thereof, being 31 December 2018 (“**Final Maturity**”).

Pursuant to the Deed, the Company is desirous of transferring, assigning and/or novating all the Company’s duties and obligations with respect to the principal amount of HK\$150,000,000 in and under the Relevant Promissory Note, including (but not limited to) the repayment of that said sum HK\$150,000,000, to the Assignee (collectively, the “**Assignment**”). Pursuant to the Deed, the Assignee is desirous of accepting the Assignment in accordance with the terms and conditions of the Deed, and the Note Holder has no objection to the Assignment; the Assignee shall repay HK\$150,000,000 in principal amount of the Relevant Promissory Note to the Note Holder in accordance with the terms of the Relevant Promissory Note, while the Company shall remain liable to repay HK\$27,000,000, being the remaining principal amount under the Relevant Promissory Note, to the Note Holder.

Pursuant to the Deed, the Company confirms, undertakes and guarantees that, amongst others, the Relevant Promissory Note be replaced by (i) the Note Holder surrendering to the Company the Relevant Promissory Note at completion of the Assignment (“**Completion**”), and (ii) the Company to issue a new promissory note to the Note Holder in the principal amount of HK\$27,000,000 (the “**New PN1**”) and the Assignee to issue new promissory note(s) to the Note Holder (or to any nominee of the Note Holder) in the principal amount of HK\$150,000,000 (the “**New PN2**”), collectively (the “**New PNs**”) as soon as practicable after Completion.

Pursuant to the Deed, the Assignee confirms, undertakes and guarantees that, amongst others, the Assignee and/or any of its wholly-owned subsidiary, assignee, transferee, nominee or successor-in-title may issue further and/or other promissory note(s) for replacement of, or in substitution of, the New PN2 provided that such further and/or other promissory note(s) shall mature on Final Maturity, and all other terms and conditions of such further and/or other promissory note(s) shall be identical to those of the New PN2 (save the issuer of the same) (collectively, the “**Further PN**”). The Note Holder confirms, undertakes and guarantees that, amongst others, that the Relevant Promissory Note shall cease to be valid, binding, effective or enforceable forthwith upon the Completion, and it shall surrender the Relevant Promissory Note to the Company at the Completion; and the Note Holder confirms and acknowledge that the Company shall only be liable to the extent of HK\$27,000,000 under the New PN1.

The consideration of the Assignment, which is in the sum of HK\$150,000,000 payable by the Company to the Assignee, shall be settled and discharged in entirety by off-setting against the money due and owing by the Assignee to the Company on a dollar-to-dollar basis at the Completion, which shall be forthwith upon the execution of the Deed.

Save and except for the above change, all other terms and provisions of the Sale and Purchase Agreement shall remain the same and unchanged, and the Sale and Purchase Agreement shall remain in full force and effect. As the Assignee is a wholly-owned subsidiary of the Company, the Board is of the view that the Assignment would not have any impact on the financial position of the Group (subject to audit), and is fair and reasonable, and to the best interests of the Company and Shareholders as a whole.

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

Hong Kong, 19 November 2014

As at the date of this announcement, the Board comprises Mr. So Yuen Chun, Ms. Diana Liu He, Dr. Li Ai Guo and Mr. Cai Wen Wei being executive Directors of the Company; Mr. Lam Kwok Hing, Wilfred and Mr. Huang Lizhi being non-executive Directors; and Mr. Yeung Wai Hung, Peter, Ms. Yuen Wai Man and Mrs. Chu Ho Miu Hing being independent non-executive Directors of the Company.