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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

MEMORANDUM OF UNDERSTANDING IN RELATION TO A POSSIBLE ACQUISITION

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong).

The Company is pleased to announce that on 30 June 2015 (after trading hours), the Company entered into the non-legally binding MOU with the Target Shareholders in relation to the Possible Acquisition. Pursuant to the MOU, the Company intends to purchase, and the Target Shareholders intend to assist the Company to purchase, certain equity interest in the Target Company, a company listed on the Taiwan Stock Exchange.

As the Possible Acquisition may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The Company is pleased to announce that on 30 June 2015 (after trading hours), the Company entered into the non-legally binding MOU with the Target Shareholders in relation to the Possible Acquisition.

THE MEMORANDUM OF UNDERSTANDING

The principal terms of the MOU are set out below:

Date

30 June 2015 (after trading hours)

Parties

Target Shareholders: three shareholders of the Target Company, who own an aggregate of approximately 28% of the entire equity interest in the Target Company as at the date of this announcement

Purchaser: the Company

(collectively, the “**Parties**”)

Pursuant to the MOU, the Company intends to purchase, and the Target Shareholders intend to assist the Company to purchase, certain equity interest in the Target Company. The assistance to be provided by the Target Shareholders includes (but is not limited to) communicating with other shareholders of the Target Company and facilitating such other shareholders to sell their Target Shares to the Company or its subsidiaries.

Consideration

Pursuant to the MOU, the Company and the Target Shareholders will further negotiate the purchase price for the Target Shares, and it is expected that the purchase price for the Target Shares will not be at a discount or a premium of more than 20% of the average closing price of the Target Shares for the 5 trading days prior to and including the date of the MOU. It is expected that the consideration for the Possible Acquisition will be settled by the issue of Consideration Securities and/or in cash, provided that none of the sellers (including the Target Shareholders) and their concert parties shall, at any time, be entitled to exercise or control the exercise of 30% (or any amount specified in the Takeovers Code as the level for triggering a mandatory general offer) or more of the voting power at any general meeting of the company.

Subject to compliance with the Listing Rules and the laws and regulations of Hong Kong and Taiwan, the Company and the Target Shareholders will further negotiate the issue price and the conversion price (as the case may be) of the Consideration Securities, and it is expected that such issue price or conversion price (as the case may be) shall not be at a discount or a premium of more than 20% of the average closing price of the Shares for the 5 trading days prior to and including the date of the MOU. The Company's issue of the Consideration Securities shall be in compliance with requirements of the Listing Rules and the laws and regulations of Hong Kong and Taiwan, including but not limited to the obtaining of the Shareholders' approval for such issue if required.

Exclusivity

Pursuant to the MOU, the Target Shareholders have granted a six-month (or such longer period as the parties may agree in writing) exclusive negotiation period, during which, the Target Shareholders shall not, and shall procure that the other shareholders of the Target Company with whom any of the Target Shareholders have communicated in connection with the Possible Acquisition will not, directly or indirectly, whether by themselves or through their associated companies or the respective directors, officers, employees, shareholders, agents or representatives, discuss, negotiate, or enter into any contract or agreement with or give any undertaking in favor of any third party which may result in frustrating or impeding the furtherance of the transactions contemplated under the MOU.

Due diligence

The Parties agree that the Company and its authorized representatives shall be entitled to conduct a due diligence review on the Target Company and its subsidiaries and the Target Shareholders shall liaise with the Target Company to provide all necessary assistance to the relevant due diligence review.

Other terms

The MOU shall remain in effect for a term of one year from the date of the MOU. If no formal agreement in relation to the Possible Acquisition is entered into within one year, the MOU shall be terminated and cease to have effect.

Save for the provisions in relation to exclusivity, confidentiality, binding effect, governing law and expenses, the MOU is not legally binding.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in Taiwan with limited liability, whose shares are listed on Taiwan Stock Exchange. It is engaged in the trading business and its customers are located in Taiwan, South-East Asia and Japan. Moreover, it is engaged in the provision of LED lighting solutions. The LED business is undergoing the expansion stage and the Target Company has completed the development of LED products and begun production.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

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

The Company's operations are focused in the PRC and Hong Kong. The Company has identified the Target Company as an ideal platform to expand the Group's presence to Taiwan and cover the Greater China region. The Possible Acquisition opens up a new geographical market for the Group's business, particularly the provision of energy saving solutions. Moreover, the Possible Acquisition expands the product spectrum of the Group and the Group may leverage on the Target Company's LED capability to develop the PRC market. The Directors are of the view that the entering into the MOU and the proceeding with the Possible Acquisition are in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

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| “Board” | the board of Directors |
| “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 (stock code: 145) |
| “Consideration” | the consideration payable by the Company in respect of the Possible Acquisition |
| “Consideration Securities” | new Shares and/or convertible bonds to be issued by the Company in settlement of the Consideration or any part thereof |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “MOU” | the memorandum of understanding dated 30 June 2015 entered into between the Company and the Target Shareholders in relation to the Possible Acquisition |

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| “Possible Acquisition” | the possible acquisition of certain equity interest in the Target Company pursuant to the MOU |
| “PRC” | the People’s Republic of China and, for the purpose of this announcement only, excluding Hong Kong and Taiwan |
| “Share(s)” | the ordinary share(s) of the Company |
| “Shareholder(s)” | the holder(s) of issued Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Taiwan Stock Exchange” | The Taiwan Stock Exchange Corporation |
| “Takeovers Code” | the Code on Takeovers and Mergers issued by the Securities and Futures Commission |
| “Target Company” | a company established in Taiwan with limited liability, whose shares are listed on Taiwan Stock Exchange |
| “Target Shares” | the shares of the Target Company |
| “Target Shareholders” | three shareholders of the Target Company who own an aggregate of approximately 28% of the entire equity interest in the Target Company |

By Order of the Board

The Hong Kong Building and Loan Agency Limited

Diana Liu He

Executive Director

Hong Kong, 30 June 2015

As at the date hereof, the board of directors of the Company comprises Mr. So Yuen Chun, Ms. Diana Liu He, Dr. Li Ai Guo and Mr. Cai Wen Wei being executive Directors; 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.