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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)**

### **PROPOSED SHARE CONSOLIDATION**

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The Board proposes to implement the Share Consolidation on the basis that every ten (10) Existing Shares in the share capital of the Company be consolidated into one (1) Consolidated Share. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the EGM.

The existing board lot of 8,000 Shares will remain unchanged upon the Share Consolidation becoming effective.

#### **GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. The Circular containing, among other things, (i) further details of the Share Consolidation; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Monday, 3 August 2020.

**Shareholders and potential investors should be aware of and take note that the Share Consolidation is conditional upon satisfaction of the conditions set out in the paragraph headed “Conditions and expected effective date of the Share Consolidation” in the main text below of this announcement. Accordingly, the Share Consolidation may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.**

## **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every ten (10) Existing Shares in the share capital of the Company be consolidated into one (1) Consolidated Share.

### **Effects of the Share Consolidation**

As at the date of this announcement, there are 3,724,981,811 Existing Shares in issue which are fully paid or credited as fully paid. Assuming that no further Shares are issued or repurchased from the date of this announcement until the effective date of the Share Consolidation, immediately after the Share Consolidation becoming effective, there will be 372,498,181 whole Consolidated Shares in issue which are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled and the necessary professional expenses for the implementation of the Share Consolidation.

### **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of existing share certificates held by such holder.

## **Conditions and expected effective date of the Share Consolidation**

The Share Consolidation is conditional upon the following conditions being satisfied:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the Hong Kong laws (where applicable) and the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be Friday, 21 August 2020, being the second Business Day immediately after the EGM. As at the date of this announcement, none of the conditions above had been fulfilled.

## **Application for listing of the Consolidated Shares**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

## **Board lot size**

The existing board lot of 8,000 Shares will remain unchanged upon the Share Consolidation becoming effective. The value of the current board lot, based on the closing price of HK\$0.028 per Existing Share at the date of this announcement, was HK\$224. Upon the Share Consolidation becoming effective, the expected value of each board lot of 8,000 Consolidated Shares, based solely on the closing price of HK\$0.028 per Existing Share (equivalent to the theoretical closing price of HK\$0.28 per Consolidated Share) as at the date of this announcement, is expected to be HK\$2,240.

## **Arrangement on odd lots trading and matching services**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, a designated broker will be appointed by the Company to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the matching service will be provided in the Circular to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lots trading arrangement, is recommended to consult his/her/its own professional advisers.

**Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.**

## **Exchange of share certificates**

Subject to the Share Consolidation having become effective, Shareholders may during the specified period submit share certificates for Shares to the Company's share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for exchange for share certificates in brown colour for the Consolidated Shares at the expense of the Company.

Thereafter, certificates for Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may be allowed by the Stock Exchange from time to time) by the Shareholders for each share certificate for Shares cancelled or each new share certificate issued for Consolidated Shares, whichever number of certificates cancelled/issued is higher.

Subject to the Share Consolidation becoming effective, after 4:10 p.m. on Thursday, 24 September 2020, trading will only be in Consolidated Shares which share certificates will be issued in brown colour. Existing share certificates in yellow colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

### **Reasons for and Benefits of the Share Consolidation**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 has further stated that (i) market price of the Shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

For the past twelve months, the share price of the Company has been trading at or below HK\$0.10, and the closing price of the Existing Shares on the date of this announcement was HK\$0.028. The existing board lot value has been less than HK\$2,000. The Directors consider that the proposed Share Consolidation will increase the share price of the Company, over HK\$0.1, and the board lot value, over HK\$2,000, of the Existing Shares and would bring about a corresponding upward adjustment in the expected value per board lot. As such, it would enable the Company to comply with the trading requirements under the Listing Rules. Further, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the shares of the Company as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade. It is believed that the adjusted share price as a result of the Share Consolidation would maintain the trading amount for each board lot at a reasonable level and will enhance the corporate image of the Company so as to make investing in the Shares more attractive to a broader range of institutional and professional investors and thus help to further broaden the shareholder base of the Company. The Directors also believe that the Share Consolidation will provide greater opportunity for and more flexibility in the Company’s possible equity fund raising in the future.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation, and the Company does not have any concrete plan to conduct any fundraising activities in the next 12 months save for the placing of new shares under general mandate of the Company as set out in the announcement of the

Company dated 13 July 2020. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders.

## **EXPECTED TIMETABLE**

The expected timetable for the implementation of the proposed Share Consolidation is set out below. The expected timetable is subject to the satisfaction of all the conditions of the Share Consolidation and is therefore for indicative purpose only. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

<b>Event</b>	<b>Time and Date</b>
Despatch date of the Circular with notice of the EGM .....	Monday, 3 August 2020
Latest date and time for lodging transfers of shares in order to qualify for attendance and voting at the EGM .....	4:30 p.m. on Thursday, 13 August 2020
Closure of register of members for the entitlement to attend and vote at the EGM (both days inclusive) .....	Friday, 14 August 2020 – Wednesday, 19 August 2020
Record date for attendance and voting at the EGM .....	Wednesday, 19 August 2020
Latest date and time for lodging forms of proxy for the EGM .....	11:45 a.m. on Monday, 17 August 2020
Date and time of the EGM .....	11:45 a.m. on Wednesday, 19 August 2020

Publication of the announcement of the  
voting results of the EGM ..... Wednesday, 19 August 2020

**The following events are conditional on the fulfillment of the conditions for the  
implementation of the Share Consolidation as set out in this announcement.**

Effective date of the Share Consolidation ..... Friday, 21 August 2020

First day of free exchange of existing share  
certificates for new share certificates  
for the Consolidated Shares ..... Friday, 21 August 2020

Dealing in the Consolidated Shares  
commences ..... 9:00 a.m. on Friday,  
21 August 2020

Original counter for trading in the Existing Shares  
in board lots of 8,000 Existing Shares (in the form of  
existing share certificates) temporarily closes ..... 9:00 a.m. on Friday,  
21 August 2020

Temporary counter for trading in the Consolidated Shares  
in board lots of 800 Consolidated Shares  
(in the form of existing share certificates) opens ..... 9:00 a.m. on Friday,  
21 August 2020

Original counter for trading in the Consolidated Shares  
in board lots of 8,000 Consolidated Shares  
(in the form of new share certificates for the  
Consolidated Shares) re-opens ..... 9:00 a.m. on Friday,  
4 September 2020

Parallel trading in the Consolidated Shares (in the form  
of new share certificates for the Consolidated Shares  
and existing share certificates) commences ..... 9:00 a.m. on Friday,  
4 September 2020

Designated broker starts to stand in the market to  
provide matching services for odd lots of  
the Consolidated Shares ..... 9:00 a.m. on Friday,  
4 September 2020

Temporary counter for trading in the Consolidated Shares  
in board lots of 800 Consolidated Shares (in the  
form of existing share certificates) closes . . . . . 4:10 p.m. on Thursday,  
24 September 2020

Parallel trading in the Consolidated Shares (in the form  
of new share certificates for the Consolidated Shares  
and existing share certificates) ends . . . . . 4:10 p.m. on Thursday,  
24 September 2020

Designated broker ceases to stand in the market to  
provide matching services for odd lots of the  
Consolidated Shares . . . . . 4:10 p.m. on Thursday,  
24 September 2020

Last day for free exchange of existing share certificates  
for new share certificates for the Consolidated Shares . . . . . Monday, 28 September 2020

**WARNING**

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**GENERAL**

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## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	The board of Directors
“Business Day(s)”	a day on which banks are open for business in Hong Kong (excluding Saturdays, Sundays or public holidays)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company to be despatched to the Shareholders to provide, among other things, further details regarding the Share Consolidation
“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: 0145)
“Consolidated Share(s)”	Share(s) of the Company immediately following the Share Consolidation becoming effective
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Consolidation
“Existing Share(s)”	ordinary share(s) of the Company before the Share Consolidation becomes effective
“Group”	the Company and its subsidiaries (from time to time)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) Existing Shares in the share capital of the Company into one (1) Consolidated Share
“Shareholder(s)”	the holder(s) of the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board  
**The Hong Kong Building and Loan Agency Limited**  
**Chong Kok Leong**  
*Executive Director*

Hong Kong, 22 July 2020

*As at the date of this announcement, the Board comprises Mr. Chong Kok Leong and Mr. Zhuang Miaozhong being the executive Directors; and Mr. Choy Hiu Fai, Eric, Mr. Huang Lizhi and Mr. Ng Kay Kwok being the independent non-executive Directors.*