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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)

SUPPLEMENTAL MEMORANDUM OF UNDERSTANDING

On 18 December 2009, BLAA and the Proposed Vendor entered into the Supplemental MOU to supplement the Memorandum signed on 9 November 2009, pursuant to which, the Earnest Deposit paid under the Memorandum will be refunded in full to BLAA within 3 Business Days upon the signing of the Supplemental MOU and the exclusive rights of BLAA to carry out the DD Review during the Exclusivity Period on the Target Company shall be waived and extinguished. Notwithstanding, BLAA shall continue to possess the rights to carry out due diligence exercise upon the Target Company, albeit on a non-exclusive basis.

Shareholders and investors should exercise caution when dealing in the Shares of the Company.

This announcement is made by the Company pursuant to the general disclosure obligations under Rule 13.09 of the Listing Rules.

Reference is made to the announcement made by the Company dated 9 November 2009 (the “Announcement”) in relation to, among other matters, the Proposed Investment in the Target Company, which is a partner of a credit guarantee joint venture in the PRC. Unless defined otherwise, terms used herein shall have the same meaning as those defined in the Announcement.

Following the execution of the Memorandum, the Company commenced a due diligence exercise on the affairs of the Target Company as well as analyzing the general atmosphere and environment of the credit guarantee industry in the PRC. Taking into account the fierce competition in the industry within which the Target Company operates as well as the fragile and volatile market conditions, the Board considers that it is more appropriate to request for a refund of the Earnest Deposit paid, but continue to proceed with the due diligence review on the Target Company, albeit on a non-exclusive basis.

On 18 December 2009, BLAA and the Proposed Vendor entered into a supplemental memorandum of understanding (the “Supplemental MOU”) to supplement the Memorandum signed on 9 November 2009, pursuant to which, the Earnest Deposit paid under the Memorandum will be refunded in full to BLAA within 3 Business Days upon the signing of the Supplemental MOU and the exclusive rights of BLAA to carry out the DD Review during the Exclusivity Period on the Target Company shall be waived and extinguished. Notwithstanding, BLAA shall continue to possess the rights to carry out due diligence exercise upon the Target Company, albeit on a non-exclusive basis. The Supplemental MOU supersedes the Memorandum, all previous agreements, letter of intent or contracts, whether written or verbal, if any.

The Directors consider that such an arrangement will reduce the risk to the Company while at the same time, maintain a strategic relationship with the senior management of the Proposed Vendor and/or the Target Company. The Directors consider such arrangement to be fair and reasonable and in the best interests of the Shareholders and the Company as a whole.

By order of the Board
The Hong Kong Building and Loan Agency Limited
Au Tin Fung
Executive Director

Hong Kong, 18 December 2009

As at the date of this announcement, the Board comprises Mr. Lau Yu Fung, Wilson, Mr. Chan Chun Wai and Mr. Au Tin Fung being executive Directors; Mr. Tang Yu Ming, Nelson (Chairman) being non-executive Director; and Mr. Chan Chi Yuen being independent non-executive Director.