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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)

**COURT SANCTION OF
THE PROPOSED CAPITAL REDUCTION
AND
PROGRESS OF
THE PROPOSED CAPITAL REORGANISATION**

The Board is pleased to announce that the Court has granted an order confirming the proposed Capital Reduction in the hearing of the Petition held on 17 December 2012. Upon registration of the Confirming Order and Minute with the Companies Registrar (which is expected to be after 4:00 p.m. on 19 December 2012), all the conditions precedent to the proposed Capital Reorganisation will have been fulfilled, and the proposed Capital Reorganisation will become effective.

Dealings in the Adjusted Shares will commence at 9:00 a.m. on 20 December 2012. The attention of the Shareholders and the investors is drawn to the arrangements set out below regarding the exchange of share certificates for the Adjusted Shares and trading arrangements.

Reference is made to the circular (the “Circular”) dated 29 May 2012 and announcements of the Company dated 19 April 2012, 27 April 2012, 9 May 2012, 21 June 2012, 18 July 2012, 14 August 2012, 14 September 2012, 6 November 2012, 21 November 2012 and 29 November 2012 (collectively, the “Announcements”) in relation to, among other matters, the proposed Capital Reorganisation. Unless otherwise defined, capitalized terms used herein shall have the same meanings as defined in the Circular and the Announcements.

THE PROPOSED CAPITAL REDUCTION AND CAPITAL REORGANISATION

The Board is pleased to announce that the Court has granted an order confirming the proposed Capital Reduction in the hearing of the Petition held on 17 December 2012. Upon registration of the Confirming Order and Minute with the Companies Registrar (which is expected to be after 4:00 p.m. on 19 December 2012), all the conditions precedent to the proposed Capital Reorganisation will have been fulfilled, and the proposed Capital Reorganisation will become effective.

PROGRESS OF THE PROPOSED CAPITAL REDUCTION AND CAPITAL REORGANISATION

Subject to the proposed Capital Reduction and Capital Reorganisation becoming effective, dealings in the Adjusted Shares will commence at 9:00 a.m. on 20 December 2012, and the Shareholders may submit their existing certificates for the Shares (which are green in color) in exchange for certificates for the Adjusted Shares (which are yellow in color) free of charge to the share registrar of the Company, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong during business hours from 20 December 2012 to 30 January 2013 (both dates inclusive). After the expiry of such period, certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as allowed by the Stock Exchange from time to time) for each certificate issued or cancelled, whichever is higher.

Accordingly, the subsequent dates with regard to the share certificates exchange and trading arrangements are set out below:

Registration of the Confirming Order and
the Minute thereof with the Companies Registrar on or before Wednesday,
19 December 2012

Effective date of the Capital Reduction and
Capital Reorganisation after 4:00 p.m.,
Wednesday, 19 December 2012

First day of free exchange of
the existing Share certificates
for the Adjusted Share certificates Thursday, 20 December 2012

Dealing in the Adjusted Shares commences 9:00 a.m.,
Thursday, 20 December 2012

Original counter for trading in Shares
in board lots of 8,000 Shares
(in the form of existing share certificates) closes 9:00 a.m.,
Thursday, 20 December 2012

Temporary counter for trading in
the Adjusted Shares in board lots of
800 Adjusted Shares (in the form of
existing share certificates) opens 9:00 a.m.,
Thursday, 20 December 2012

First day for designated broker to stand
in the market to provide matching service
for selling and buying of odd lots of
the Adjusted Shares 9:00 a.m.,
Tuesday, 8 January 2013

Original counter for trading in the Adjusted Shares
in board lots of 8,000 Adjusted Shares
(in the form of new share certificates) re-opens 9:00 a.m.,
Tuesday, 8 January 2013

Parallel trading in the Adjusted Shares
(in the form of new and existing share
certifications) commences 9:00 a.m.,
Tuesday, 8 January 2013

Latest time for designated broker to
stand in the market to provide matching service
for selling and buying of odd lots of
the Adjusted Shares 4:00 p.m.,
Monday, 28 January 2013

Temporary counter for trading in
the Adjusted Shares in board lots of
800 Adjusted Shares (in the form of
existing share certificates) removed 4:00 p.m.,
Monday, 28 January 2013

Parallel trading in the Adjusted Shares
(in the form of new and
existing share certificates) ends 4:00 p.m.,
Monday, 28 January 2013

Last day of free exchange of
the existing Share certificates
for the Adjusted Share certificates Wednesday, 30 January 2013

All times in this timetable refer to Hong Kong time.

Unless there is any material change to the above expected timetable, no further announcement will be made in connection with the proposed Capital Reduction and Capital Reorganisation.

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

Hong Kong, 18 December 2012

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.