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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)

PROFIT WARNING

This announcement is made by The Hong Kong Building and Loan Agency Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on a preliminary assessment of the unaudited consolidated management accounts of the Group and the information currently available to the Board, the Group is expected to record a more than 80% reduced loss attributable to equity shareholders of the Company for the six months ended 30 June 2016 as compared to the corresponding period in 2015.

The expected reduction in loss for the Company for the six months ended 30 June 2016 was mainly attributable to (1) a gain on disposal of a subsidiary of approximately HK\$41 million for the six months ended 30 June 2016 compared to a loss on disposal of a subsidiary of approximately HK\$81 million in the corresponding period in 2015; (2) an increase in gross profit of approximately HK\$5 million; and (3) a decrease in administrative and operating expenses of approximately HK\$13 million.

As the information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Group for the six months ended 30 June 2016 prepared by the management of the Company and the information currently available, and hence may or may not be accurate. Shareholders and potential investors of the Company are advised to read carefully the Company's interim results announcement for the six months ended 30 June 2016, which is expected to be published on or around 19 August 2016.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 10 August 2016

As at the date of this announcement, the Board comprises Mr. So Yuen Chun, Dr. Li Ai Guo and Mr. Chong Kok Leong being executive directors of the Company; Mr. Lam Kwok Hing, Wilfred and Mr. Huang Lizhi being non-executive directors of the Company; and Mr. Yeung Wai Hung, Peter, Ms. Yuen Wai Man, Mrs. Chu Ho Miu Hing and Mr. Choy Hiu Fai, Eric being independent non-executive directors of the Company.