
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in The Hong Kong Building and Loan Agency Limited, you should at once hand this circular, the accompanying form of proxy and the 2008 Annual Report to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this circular.

**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)*

**PROPOSAL FOR RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE SECURITIES AND REPURCHASE SHARES,
PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION,
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of The Hong Kong Building and Loan Agency Limited to be held at Tian, 7/F The Landmark Mandarin Oriental Hotel, 15 Queen's Road Central, The Landmark, Central, Hong Kong on Thursday, 7th May, 2009 at 5 p.m., is set out in Appendix III to this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the registered office of The Hong Kong Building and Loan Agency Limited at 27th Floor, Entertainment Building, 30 Queen's Road Central, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the meeting or any adjournment thereof if they so wish.

3rd April, 2009

CONTENTS

	<i>Page</i>
DEFINITIONS	1
 LETTER FROM THE BOARD	
Introduction	3
Re-election of Directors	3
General mandates to issue securities and repurchase Shares	4
Proposed amendments to Articles	5
AGM	9
Recommendation	10
General information	10
 APPENDIX I – DIRECTORS PROPOSED TO BE RE-ELECTED	 11
 APPENDIX II – EXPLANATORY STATEMENT	 13
 APPENDIX III – NOTICE OF ANNUAL GENERAL MEETING	 16

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company to be held on Thursday, 7th May, 2009 at 5 p.m.
“Articles”	the articles of association adopted by the Company from time to time
“Board”	the board of Directors
“Company”	The Hong Kong Building and Loan Agency Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	31st March, 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock market operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market
“Repurchase Code”	Hong Kong Code on Share Repurchases
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“2008 Annual Report”	annual report of the Company for the year ended 31st December, 2008
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

John Zwaanstra (*Chairman*)
John Pridjian (*Chief Executive*)
Todd David Zwaanstra
Jonathon Jarrod Lawless

Registered Office:

27th Floor
Entertainment Building
30 Queen's Road Central
Hong Kong

Independent Non-Executive Directors:

Alan Howard Smith, J.P.
Stephen King Chang-Min
Patrick Smulders

3rd April, 2009

To the Shareholders,

Dear Sir or Madam,

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM relating to (i) the re-election of Directors; (ii) the granting to the Directors of general mandates to issue securities and repurchase Shares representing up to, respectively, 20% and 10% of the aggregate nominal amount of the Company's issued share capital as at the date of passing of such resolutions; and (iii) the amendments to the Articles. A notice of the AGM is set out on pages 16 to 24 of the circular.

RE-ELECTION OF DIRECTORS

The Board currently consists of seven Directors, namely Messrs. John Zwaanstra, John Pridjian, Todd David Zwaanstra, Jonathon Jarrod Lawless, Alan Howard Smith, J.P., Stephen King Chang-Min and Patrick Smulders.

LETTER FROM THE BOARD

Article 120 of the Articles provides that subject to the manner of retirement by rotation of Directors as from time to time prescribed under the Listing Rules, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office such that each Director (including those appointed for a specific term) will be subject to retirement by rotation at least once every three years at the annual general meeting.

Pursuant to Article 120 of the Articles, Messrs. John Pridjian, Jonathon Jarrod Lawless and Stephen King Chang-Min shall retire by rotation and, being eligible, offer themselves for re-election at the AGM.

Article 123 of the Articles provides that no person other than a retiring Director shall, unless recommended by the Directors for election, be eligible for the office of a Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been given to the Company in each case, during the period (being a period of at least seven days) commencing on the day after the despatch of the notice of the general meeting at which elections to the office of Director are to be considered and ending on the day that falls seven days before the date of the general meeting (both days inclusive).

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director at the AGM, notice of his intention to propose such person for election as a Director and the notice executed by the nominee of his willingness to be elected must be validly served at the registered office of the Company at 27th Floor, Entertainment Building, 30 Queen's Road Central, Hong Kong on or before 30th April, 2009.

Brief biographical details of the retiring Directors are set out in Appendix I to this circular. If a valid notice from a Shareholder to propose a person to stand for election as a Director at the AGM is received after the printing of this circular, the Company will issue a supplementary circular to inform Shareholders of the details of the additional candidate proposed.

GENERAL MANDATES TO ISSUE SECURITIES AND REPURCHASE SHARES

At the annual general meeting of the Company held on 22nd May, 2008, ordinary resolutions were passed for the granting of general mandates to the Directors (i) to allot, issue and deal with additional securities of the Company representing up to 20% of the aggregate nominal amount of the share capital of the Company in issue at that date ("Existing Issue Mandate"); and (ii) to repurchase Shares representing up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at that date ("Existing Repurchase Mandate").

The Existing Issue Mandate and the Existing Repurchase Mandate will expire upon the conclusion of the AGM. The Directors consider that the Existing Issue Mandate and the Existing Repurchase Mandate increase the flexibility in the Company's affairs and are in the interests of the Shareholders, and that the same shall continue to be adopted by the Company.

LETTER FROM THE BOARD

New general mandates to allot, issue and deal with additional securities of the Company representing up to 20% of the issued share capital of the Company (“Issue Mandate”) and to repurchase Shares representing up to 10% of the issued share capital of the Company as at the date of passing of the resolutions (“Share Repurchase Mandate”) as set out in Resolutions 4(A) and 4(B) respectively of the notice of the AGM will be proposed at the AGM. A resolution authorising the extension of the Issue Mandate to include the aggregate nominal amount of the Shares repurchased (if any) under the Share Repurchase Mandate is set out as Resolution 4(C) at the AGM.

With reference to the proposed new general mandates, the Directors wish to state that they have no immediate plans to issue any new securities or repurchase any Shares pursuant to the relevant mandates.

An explanatory statement containing the particulars required by the Listing Rules to enable the Shareholders to take an informed view on whether to vote for or against Resolution 4(B) to be proposed at the AGM in relation to the proposed Share Repurchase Mandate are set out in Appendix II to this circular.

PROPOSED AMENDMENTS TO ARTICLES

In light of the recent amendments to the Listing Rules, the Directors propose to amend the Articles in respect of the minimum notice period for and the manner of voting in general meetings. The proposed amendments are set out as below.

(a) Article 2

By deleting the definition of “capital” in its entirety and substituting therefor the following:

“capital” shall mean the share capital of the Company from time to time;

(b) Article 3

By deleting paragraph (B) of Article 3 in its entirety and substituting therefor the following:

“(B) If at any time the capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Companies Ordinance, be varied, modified or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class (but not otherwise). Such rights may be so varied, modified or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum at such

LETTER FROM THE BOARD

meeting (other than at an adjourned meeting) shall be not less than two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of that class. The holders of shares of the class shall on a poll have one vote in respect of each share of the class held by them respectively. At any adjourned meeting of such holders two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum.”;

(c) Article 78

By deleting Article 78 in its entirety and substituting therefor the following:

“78. An annual general meeting shall be called by notice in writing of not less than a period which is the longer of twenty-one clear days and twenty clear Business Days, any extraordinary general meeting called for the passing of a Special Resolution shall be called by notice in writing of not less than a period which is the longer of twenty-one clear days and ten clear Business Days, and any other extraordinary general meeting shall be called by notice in writing of not less than a period which is the longer of fourteen clear days and ten clear Business Days. The notice shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business, and shall be given in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these Articles, entitled to receive such notices from the Company, provided that subject to the provisions of the Companies Ordinance and the Listing Rules, a meeting of the Company notwithstanding that it is called by shorter notice than that specified in this Article shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the Members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. in nominal value of the shares giving that right.”;

(d) By deleting paragraph (E) of Article 80 in its entirety and substituting therefor the following:

“(E) For the purposes of this regulation, the right of a Member to participate in the business of any general meeting shall include, without limitation, the right to speak; vote on any poll; be represented by proxy; and have access to all documents which are required by the Companies Ordinance and these presents to be made available at the meeting.”;

LETTER FROM THE BOARD

- (e) Article 86

By deleting Article 86 in its entirety and substituting therefor the following:

“86. At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll.”;

- (f) Article 87

By deleting Article 87 in its entirety;

- (g) Article 88

By deleting Article 88 in its entirety;

- (h) Article 89

By deleting Article 89 in its entirety;

- (i) Article 90

By deleting Article 90 in its entirety and substituting therefor the following:

“90. In the case of an equality of votes, the Chairman of the general meeting shall be entitled to a second or casting vote.”;

- (j) Article 95

By deleting Article 95 in its entirety and substituting therefor the following:

“95. Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares or stipulated in the terms of issue of any shares, at any general meeting every Member present in person or by proxy or being a corporation is present by a duly authorized representative or by proxy shall, in respect of any resolution put to the vote of the meeting by poll, have one vote for every share of which he is the holder which is fully paid up or credited as fully paid up. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.”;

- (k) Article 98

By deleting Article 98 in its entirety and substituting therefor the following:

“98. A mentally incapacitated Member in respect of whom an order has been issued by any court or official having jurisdiction on the ground that he is or may be suffering from mental incapacity or is otherwise incapable of managing his affairs may vote by his committee, receiver, curator bonis or other persons in the nature of a committee,

LETTER FROM THE BOARD

receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other person may vote either personally or by proxy provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the registered office of the Company not less than forty-eight hours before the time for holding the meeting, or adjourned meeting, as the case may be.”;

(l) Article 100

By deleting Article 100 in its entirety and substituting therefor the following:

“100. Any Member of the Company entitled to attend and vote at a general meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Member of the Company. A Member may appoint more than one proxy to attend on the same occasion. Votes may be given either personally or by proxy.”;

(m) Article 102

By deleting Article 102 in its entirety and substituting therefor the following:

“102. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company or at such other place as is specified in the notice of meeting or in the instrument of proxy issued by the Company not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, and in default the person so named shall not be entitled to vote in respect thereof. No instrument appointing a proxy shall be valid after expiration of twelve months from the date of its execution, except at an adjourned meeting in cases where the meeting was originally held within twelve months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the general meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.”;

(n) Article 104

By deleting Article 104 in its entirety and substituting therefor the following:

“104. The instrument appointing a proxy to vote at a general meeting shall:

- (i) be deemed to confer authority to speak and to vote on any resolution (or amendment thereto) put to the general meeting for which it is given as the proxy thinks fit provided that any form issued to a Member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the Member,

LETTER FROM THE BOARD

according to his intention, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business; and

- (ii) unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the general meeting to which it relates.”; and
- (o) Article 107

By deleting Article 107 in its entirety and substituting therefor the following:

“107. If a recognised Clearing House (or its nominee) is a Member it may appoint such person or persons as it thinks fit to act as its proxy or proxies or as its corporate representative or representatives to the extent permitted by the Companies Ordinance at any general meeting of the Company or at any general meeting of any class of Members of the Company provided that, if more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such person is so appointed. A person so appointed under the provisions of this Article shall be entitled to exercise the same powers on behalf of the recognised Clearing House (or its nominee) which he represents as that Clearing House (or its nominee) could exercise as if it were an individual Member.”

AGM

Notice of the AGM to be held at Tian, 7/F The Landmark Mandarin Oriental Hotel, 15 Queen’s Road Central, Landmark, Central, Hong Kong on Thursday, 7th May, 2009 at 5 p.m. is set out in Appendix III to this circular. A copy of the 2008 Annual Report of the Company is being despatched to the Shareholders together with this circular. Ordinary resolutions in respect of the re-election of the Directors and the general mandates to issue securities and repurchase Shares, and a special resolution in respect of the amendment to the Articles, will be proposed at the AGM.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s registered office, at 27th Floor, Entertainment Building, 30 Queen’s Road Central, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude the Shareholders from attending and voting in person at the AGM or any adjournment thereof if they so wish.

In compliance with the relevant requirements under the Listing Rules as recently amended, the Chairman of the Board would direct that each of the resolutions set out in the notice of the AGM be voted on by poll. An announcement on the poll vote results will be made by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the proposed ordinary resolutions and special resolution as set out in the notice of the AGM are each in the best interests of the Company and the Shareholders as a whole, and accordingly, recommend all Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

GENERAL INFORMATION

This circular, for which the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Copies of the Company's memorandum of association and the Articles are available for inspection at the registered office of the Company in Hong Kong at 27th Floor, Entertainment Building, 30 Queen's Road Central, Hong Kong during normal business hours from the date of this circular up to and including the date of the AGM.

Your attention is drawn to the additional information set out in the Appendices to this circular. The English text of this circular shall prevail over the Chinese text.

Yours faithfully,
For and on behalf of the Board
**THE HONG KONG BUILDING AND
LOAN AGENCY LIMITED**
John Zwaanstra
Chairman

The biographical details of the Directors proposed to be re-elected at the forthcoming AGM are set out as follows:

John Pridjian, aged 44, has been appointed as the Chief Executive and an Executive Director of the Company since July, 2007. He served as the Chief Financial Officer of Penta Investment Advisers Ltd. (“Penta”) since 2004 and its director since February 2009. Prior to joining Penta, Mr. Pridjian was a tax principal for two years with Deloitte & Touche LLP (“Deloitte”), and was also a member firm partner approximately for one year with the Arthur Andersen LLP tax practice acquired by Deloitte. Prior to this time, from 1993 to 2001, Mr. Pridjian practiced law with Sidley Austin LLP in Los Angeles where he was a partner. Mr. Pridjian’s practice focused on advising private equity and multinational corporate clients and hedge funds on cross-border mergers, acquisitions and investment transactions. Mr. Pridjian received his degree of Master of Business Administration from the University of Chicago. He received his Juris Doctor and Bachelor of Science degrees from the University of Illinois. He is registered as a Certified Public Accountant in the State of Illinois. He is a member of the State Bar of California and has written several law review articles. Mr. Pridjian did not hold any other directorships in listed public companies during the past three years.

Mr. Pridjian has not entered into any service contract with the Company. In accordance with the Articles, he shall retire as a Director at the AGM and, being eligible, offer himself for re-election as Director. Mr. Pridjian receives no emoluments from the Group currently. Mr. Pridjian does not have any relationship with any Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company, nor does he have any interest in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules, there is no other information in relation to Mr. Pridjian to be disclosed.

Save as disclosed above, there are no other matters relating to Mr. Pridjian’s re-election that need to be brought to the attention of the Shareholders.

Jonathon Jarrod Lawless, aged 32, has been appointed as an Executive Director of the Company since July, 2007. He is an analyst for Penta. Prior to joining Penta, Mr. Lawless worked for over eight years with Colonial First State in Australia, where he was a Portfolio Manager of hedge funds in the Fund of Hedge Funds team, and a strategy specialist covering idea generation, manager due diligence and monitoring across equity hedge fund strategies globally. Mr. Lawless holds a Bachelor’s degree in Commerce from the University of Melbourne, and completed the Financial Services Institute of Australasia Graduate Diploma in Applied Finance and Investment. Mr. Lawless did not hold any other directorships in listed public companies during the past three years.

Mr. Lawless has not entered into any service contract with the Company. In accordance with the Articles, Mr. Lawless shall retire as a Director at the AGM and, being eligible, offer himself for re-election as Director. Mr. Lawless receives no emoluments from the Group currently. Mr. Lawless does not have any relationship with any Directors, senior management or substantial or controlling shareholder (as defined in the Listing Rules) of the Company, nor does he have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules, there is no other information in relation to Mr. Lawless to be disclosed.

Save as disclosed above, there are no other matters relating to Mr. Lawless's re-election that need to be brought to the attention of the Shareholders.

Stephen King Chang-Min, aged 42, has been appointed as an Independent Non-Executive Director of the Company since July, 2007. Mr. King is a Partner and member of the Investment Committee of Uitas Capital (formerly known as CCMP Capital Asia and J.P. Morgan Partners Asia) based in Hong Kong and oversees the firm's activities in Australia and New Zealand. Mr. King is currently Chairman of Waco International and Repco Corporation. He additionally serves on the boards of Independent Liquor, Godfreys, Air International Thermal and Yellow Pages Group (New Zealand). Mr. King is also the Treasurer of The Hong Kong Venture Capital Association and serves on its Executive Committee. Prior to joining Uitas Capital in 2001, Mr. King spent more than eight years with J.P. Morgan & Co. in New York and Hong Kong. Mr. King holds a Bachelor of Arts degree cum laude from Harvard University. Mr. King was a director of Yellow Pages (Singapore) Pte Ltd. from June 2003 to January 2007, a company with its shares listed on the Singapore Stock Exchange. Save as disclosed herein, Mr. King did not hold any other directorships in listed public companies during the past three years.

Mr. King has entered into a service contract with the Company with a term of three years commencing from 3rd July, 2007. In accordance with the Articles, Mr. King shall retire as a Director at the AGM and, being eligible, offer himself for re-election as Director. Mr. King receives a director's fee of HK\$100,000 per annum which is determined by the Board with reference to his duties and responsibilities and market conditions. Mr. King does not have any relationship with any Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company, nor does he have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as at the Latest Practicable Date.

MPL(I) Limited, an investment holding company incorporated in Mauritius of which Mr. King is one of the directors, was put into receivership on 3rd November, 2006 by its secured lenders as a result of unpaid debts of US\$82.4 million, and is currently the subject of a court-controlled sale process.

Save as disclosed herein, there is no other information in relation to Mr. King to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

Save as disclosed above, there are no other matters relating to Mr. King's re-election that need to be brought to the attention of the Shareholders.

This Appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the AGM in relation to the proposed Share Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$225,000,000 divided into 225,000,000 Shares.

Subject to the passing of the resolution granting the proposed mandate to repurchase Shares and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 22,500,000 Shares during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares on the Stock Exchange. Such repurchases may, depending on market conditions, and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company and the Shareholders and in circumstances where they consider that the Shares can be repurchased on the terms favourable to the Company. On the basis of the consolidated financial position of the Company as at 31st December, 2008, being the date to which the latest published audited financial statements of the Company were made up, the Directors consider that if the general mandate to repurchase Shares were to be exercised in full at the currently prevailing market value, it may have a material adverse impact on the working capital position and gearing level of the Company. The Directors do not propose to exercise the mandate to repurchase Shares to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company as compared with the position disclosed in the latest published audited financial statements or the gearing level which, in the opinion of the Directors, are from time to time appropriate for the Company.

FUNDING OF REPURCHASES

Repurchases to be made pursuant to the proposed mandate to repurchase Shares would be financed out of funds legally available for the purpose in accordance with the Company's memorandum of association and the Articles and the applicable laws of Hong Kong and the Listing Rules. Such funds include, but are not limited to, profits available for distribution.

EFFECT OF THE TAKEOVERS CODE AND REPURCHASE CODE

Upon the exercise of the power to repurchase Shares pursuant to the Share Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code and Rule 6 of the Repurchase Code. Accordingly, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and, depending on the level of increase of the Shareholders' interest, may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Mercurius Partners Investments Limited, by itself and through its wholly-owned subsidiary, held 168,750,000 Shares according to the register maintained under section 336(1) of the SFO, representing approximately 75% of the issued share capital of the Company. Based on such interest and in the event that the Directors exercise in full the power to repurchase Shares under the Share Repurchase Mandate, the interest of Mercurius Partners Investments Limited would be increased to approximately 83.333% of the issued share capital of the Company. The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases of Shares made under the Share Repurchase Mandate. In the event that the Share Repurchase Mandate is exercised in full, the number of Shares of the Company held by the public would fall below 25% of the total number of Shares in issue. The Directors have no present intention to repurchase Shares to such an extent which will result in the number of the Shares held by the public being reduced to less than 25%.

PRICE OF THE SHARES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the past twelve months:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2008		
April	1.650	1.500
May	2.580	1.660
June	2.290	1.510
July	1.970	1.750
August	1.630	1.450
September	1.300	1.100
October	1.830	0.790
November	0.890	0.460
December	0.470	0.385
2009		
January	0.770	0.475
February	0.600	0.550
March	0.650	0.500

REPURCHASE OF SHARES

No Shares have been repurchased by the Company or any of its subsidiaries during the six months immediately preceding the Latest Practicable Date.

GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company or its subsidiaries if the Share Repurchase Mandate is exercised by the Company.

No connected persons of the Company (as defined in the Listing Rules) have notified the Company that they have a present intention to sell any Shares to the Company, nor has he or she or it undertaken not to do so in the event that the Company is authorised to make repurchase of the Shares.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Share Repurchase Mandate to repurchase Shares in accordance with the Listing Rules and the applicable laws of Hong Kong.



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)

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“Meeting”) of The Hong Kong Building and Loan Agency Limited (香港建屋貸款有限公司) (“Company”) will be held at Tian, 7/F The Landmark Mandarin Oriental Hotel, 15 Queen’s Road Central, The Landmark, Central, Hong Kong on Thursday, 7th May, 2009 at 5 p.m. for the following purposes:

1. To receive and adopt the Audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31st December, 2008.
2. To re-elect each of the following individuals as a Director:
 - (A) Mr. John Pridjian
 - (B) Mr. Jonathon Jarrod Lawless
 - (C) Mr. Stephen King Chang-Min
3. To re-appoint Messrs. Deloitte Touche Tohmatsu as Auditors and authorise the Board of Directors to fix their remuneration.
4. As special business, to consider and, if thought fit, pass with or without amendments the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

- (A) **“THAT:**
 - (a) subject to paragraph (c) of this Resolution, the exercise by the directors of the Company (“Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares of HK\$1.00 each in the capital of the Company (“Shares”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements and options which might require the exercise of such powers, be and is hereby generally and unconditionally approved;
 - (b) the approval given in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval given in paragraph (a) of this Resolution, otherwise than pursuant to:

- (i) a Rights Issue (as hereinafter defined);
- (ii) the exercise of any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares; or
- (iii) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares pursuant to the articles of association of the Company from time to time,

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution and the said approval shall be limited accordingly; and

- (d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares whose names stand on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares at that date (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

(B) “THAT:

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchases, subject to and in accordance with all applicable laws and regulations, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the Shares which may be repurchased by the Company pursuant to paragraph (a) of this Resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution, and the approval granted under paragraph (a) of this Resolution shall be limited accordingly; and
- (c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

- (C) “**THAT** conditional upon the passing of the resolutions set out as Resolutions 4(A) and 4(B) in the notice convening this Meeting, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with additional securities of the Company pursuant to the resolution set out as Resolution 4(A) in the notice convening this Meeting be and is hereby extended by the addition thereto an amount representing the aggregate nominal amount of the Shares repurchased by the Company under the authority granted pursuant to the resolution set out as Resolution 4(B) in the notice convening this Meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution.”
5. As special business, to consider and, if thought fit, pass with or without amendments the following resolution as a Special Resolution:

SPECIAL RESOLUTION

“**THAT** the articles of association of the Company be amended as follows:

- (a) Article 2

By deleting the definition of “capital” in its entirety and substituting therefor the following:

“capital” shall mean the share capital of the Company from time to time;

- (b) Article 3

By deleting paragraph (B) of Article 3 in its entirety and substituting therefor the following:

“(B) If at any time the capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Companies Ordinance, be varied, modified or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class (but not otherwise). Such rights may be so varied, modified or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum at such meeting (other than at an adjourned meeting) shall be not less than two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of that class. The holders of shares of the class shall on a poll have one vote in respect of each share of the class held by them respectively. At any adjourned meeting of such holders two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum.”;

(c) Article 78

By deleting Article 78 in its entirety and substituting therefor the following:

“78. An annual general meeting shall be called by notice in writing of not less than a period which is the longer of twenty-one clear days and twenty clear Business Days, any extraordinary general meeting called for the passing of a Special Resolution shall be called by notice in writing of not less than a period which is the longer of twenty-one clear days and ten clear Business Days, and any other extraordinary general meeting shall be called by notice in writing of not less than a period which is the longer of fourteen clear days and ten clear Business Days. The notice shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business, and shall be given in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these Articles, entitled to receive such notices from the Company, provided that subject to the provisions of the Companies Ordinance and the Listing Rules, a meeting of the Company notwithstanding that it is called by shorter notice than that specified in this Article shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the Members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. in nominal value of the shares giving that right.”;

(d) By deleting paragraph (E) of Article 80 in its entirety and substituting therefor the following:

“(E) For the purposes of this regulation, the right of a Member to participate in the business of any general meeting shall include, without limitation, the right to speak; vote on any poll; be represented by proxy; and have access to all documents which are required by the Companies Ordinance and these presents to be made available at the meeting.”;

(e) Article 86

By deleting Article 86 in its entirety and substituting therefor the following:

“86. At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll.”;

(f) Article 87

By deleting Article 87 in its entirety;

(g) Article 88

By deleting Article 88 in its entirety;

(h) Article 89

By deleting Article 89 in its entirety;

(i) Article 90

By deleting Article 90 in its entirety and substituting therefor the following:

“90. In the case of an equality of votes, the Chairman of the general meeting shall be entitled to a second or casting vote.”;

(j) Article 95

By deleting Article 95 in its entirety and substituting therefor the following:

“95. Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares or stipulated in the terms of issue of any shares, at any general meeting every Member present in person or by proxy or being a corporation is present by a duly authorized representative or by proxy shall, in respect of any resolution put to the vote of the meeting by poll, have one vote for every share of which he is the holder which is fully paid up or credited as fully paid up. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.”;

(k) Article 98

By deleting Article 98 in its entirety and substituting therefor the following:

“98. A mentally incapacitated Member in respect of whom an order has been issued by any court or official having jurisdiction on the ground that he is or may be suffering from mental incapacity or is otherwise incapable of managing his affairs may vote by his committee, receiver, curator bonis or other persons in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other person may vote either personally or by proxy provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the registered office of the Company not less than forty-eight hours before the time for holding the meeting, or adjourned meeting, as the case may be.”;

(l) Article 100

By deleting Article 100 in its entirety and substituting therefor the following:

“100. Any Member of the Company entitled to attend and vote at a general meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Member of the Company. A Member may appoint more than one proxy to attend on the same occasion. Votes may be given either personally or by proxy.”;

(m) Article 102

By deleting Article 102 in its entirety and substituting therefor the following:

“102. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company or at such other place as is specified in the notice of meeting or in the instrument of proxy issued by the Company not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, and in default the person so named shall not be entitled to vote in respect thereof. No instrument appointing a proxy shall be valid after expiration of twelve months from the date of its execution, except at an adjourned meeting in cases where the meeting was originally held within twelve months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the general meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.”;

(n) Article 104

By deleting Article 104 in its entirety and substituting therefor the following:

“104. The instrument appointing a proxy to vote at a general meeting shall:

- (i) be deemed to confer authority to speak and to vote on any resolution (or amendment thereto) put to the general meeting for which it is given as the proxy thinks fit provided that any form issued to a Member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the Member, according to his intention, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business; and
- (ii) unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the general meeting to which it relates.”; and

(o) Article 107

By deleting Article 107 in its entirety and substituting therefor the following:

“107. If a recognised Clearing House (or its nominee) is a Member it may appoint such person or persons as it thinks fit to act as its proxy or proxies or as its corporate representative or representatives to the extent permitted by the Companies Ordinance at any general meeting of the Company or at any general meeting of any class of Members of the Company provided that, if more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such person is so appointed. A person so appointed under the provisions of this Article shall be entitled to exercise the same powers on behalf of the recognised Clearing House (or its nominee) which he represents as that Clearing House (or its nominee) could exercise as if it were an individual Member.””

By Order of the Board
**THE HONG KONG BUILDING AND
LOAN AGENCY LIMITED**
Brian Ho Chi Yuen
Company Secretary

Hong Kong, 3rd April, 2009

Registered Office:

27th Floor
Entertainment Building
30 Queen's Road Central
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the Meeting will be entitled to appoint another person as his proxy to attend and vote in his stead. A proxy need not be a member of the Company. A member of the Company may appoint more than one proxy to attend the Meeting.
2. A form of proxy in respect of the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon.
3. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company's registered office at 27th Floor, Entertainment Building, 30 Queen's Road Central, Hong Kong, not less than 48 hours before the time fixed for the Meeting or any adjournment thereof.
4. Where there are joint holders of any Share, any one of such joint holders may vote at the Meeting either personally or by proxy in respect of such Share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of such joint holders so present whose name stands first on the register of members of the Company shall alone be entitled to vote in respect of such Share.

5. In respect of Resolution 4(A) above, the Directors wish to state that they have no immediate plans to issue any new securities of the Company under this mandate. Approval is being sought from members as a general mandate, in compliance with the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, in order to ensure flexibility and discretion to the Directors in the event that it becomes desirable to issue any securities of the Company up to 20% of the existing issued share capital at the date of the passing of the resolution.
6. The general purpose of the authority to be conferred on the Directors by Resolution 4(B) above is to increase flexibility and to provide discretion to the Directors in the event that it becomes desirable to repurchase on the Stock Exchange Shares representing up to a maximum of 10% of the issued share capital of the Company at the date of the passing of the resolution.