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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)

**(1) PLACING OF NEW SHARES UNDER A SPECIFIC MANDATE;
(2) REFRESHMENT OF GENERAL MANDATE;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Placing Agent



KINGSTON SECURITIES LIMITED

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders of the Hong Kong Building and Loan Agency Limited**

VEDA | CAPITAL
智略資本

Terms used in this cover page, have the same meanings as defined in this circular.

A letter from the Board is set out on pages 4 to 15 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 16 to 17 of this circular. A letter from Veda Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 24 of this circular.

A notice convening the EGM to be held at Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong, at 11:00 a.m. on 24 September 2010 is set out on pages 25 to 28 of this circular. A form of proxy for use by the Shareholders at the EGM is enclosed herein. Whether or not you are able to attend the meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the head office and principal place of business of the Company in Hong Kong at Room 3501, 35th Floor, China Online Centre, No. 333 Lockhart Road, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

6 September 2010

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DEFINITIONS

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

“Announcement”	the announcement dated 13 August 2010 issued by the Company in relation to the Placing and refreshment of General Mandate
“AGM”	the annual general meeting of the Company held on 28 May 2010
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	The Hong Kong Building and Loan Agency Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the board of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for Shareholders to consider and, if thought fit, to approve, among others, the Placing, under the specific mandate to issue, allot the Placing Shares and the refreshment of General Mandate
“Existing Mandate”	the general mandate granted at the AGM to the Directors to allot, issue and deal with 562,500,000 new Shares, being 20% of the issued share capital of the company as at the date of AGM
“General Mandate”	the general mandate proposed to be granted to the Directors at the EGM to allot, issue and otherwise deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors of the Company to advise the Independent Shareholders in respect of the refreshment of General Mandate
“Independent Shareholder(s)”	any Shareholders other than controlling Shareholders of the Company and their associates or, if there are no controlling Shareholders, any Shareholders other than Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons (has the meaning ascribed to it in the Listing Rules)
“Last Trading Day”	12 August 2010, being the last trading day for the Shares prior to the date of the Announcement
“Latest Practicable Date”	1 September 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares by a maximum of four tranches (in which each tranche shall not be less than 300,000,000 Placing Shares, save for the last tranche), on a best effort basis, pursuant to the terms of the Placing Agreement
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 12 August 2010 in relation to the Placing
“Placing Price”	HK\$0.11 per Placing Share

DEFINITIONS

“Placing Share(s)”	A maximum of 1,135,000,000 new Shares to be placed pursuant to the Placing Agreement
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry out business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“PRC”	the People’s Republic of China
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Veda Capital”	Veda Capital Limited, a licensed corporation under the Securities and Futures Ordinance to conduct type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the refreshment of General Mandate
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	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:

Mr. Lau Yu Fung, Wilson

Mr. Chan Chun Wai

Mr. Au Tin Fung

Independent non-executive Directors:

Mr. Chan Chi Yuen

Mr. So Yuen Chun

Mr. Ng Cheuk Fan, Keith

Registered Office

Room 3501

35th Floor, China Online Centre

No. 333 Lockhart Road

Wanchai

Hong Kong

Principal place of business

in Hong Kong

Room 3501

35th Floor, China Online Centre

No. 333 Lockhart Road

Wanchai

Hong Kong

6 September 2010

To the Shareholders

Dear Sir or Madam,

**(1) PLACING OF NEW SHARES UNDER A SPECIFIC MANDATE;
(2) REFRESHMENT OF GENERAL MANDATE;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to the placing of up to 1,135,000,000 Placing Shares, by a maximum of four tranches (in which each tranche shall not be less than 300,000,000 Placing Shares, save for the last tranche), on a best effort basis, at the Placing Price of HK\$0.11 per Placing Share. The purpose of this circular is to provide you with, among others, further details of: (i) the Placing and refreshment of General Mandate; (ii) the recommendation from the Independent Board Committee regarding the refreshment of General Mandate; (iii) the recommendation from Veda Capital to the Independent Board Committee and the Independent Shareholders regarding the refreshment of General Mandate; and (iv) and the notice convening the EGM at which resolutions will be proposed to approve the Placing, the specific mandate to issue and allot the Placing Shares, and the refreshment of General Mandate.

LETTER FROM THE BOARD

THE PLACING AGREEMENT

Date

12 August 2010 (after trading hours)

Issuer

The Company

Placing Agent

The Placing Agent has conditionally agreed to place up to 1,135,000,000 Placing Shares, on a best effort basis, by a maximum of four tranches (in which each tranche shall not be less than 300,000,000 Placing Shares, save for the last tranche) to the Placees and will receive a placing commission of 2.5% on the gross proceeds of the actual number of Placing Shares placed. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market rate.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Shares will be placed to not less than six Placees, who and whose ultimate beneficial owners shall be Independent Third Parties. It is expected that none of the individual Placees will become a substantial Shareholder (as defined in the Listing Rules) immediately after completion of the relevant tranche of the Placing.

Number of Placing Shares

The 1,135,000,000 Placing Shares represent: (i) approximately 39.85% of the existing issued share capital of the Company of 2,848,486,358 Shares as at the Latest Practicable Date and; (ii) approximately 28.49% of the then issued share capital of 3,983,486,358 Shares as enlarged by the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$113,500,000.

LETTER FROM THE BOARD

Ranking of Placing Shares

The Placing Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issuance of the Placing Shares.

Placing Price

The Placing Price of HK\$0.11 represents:

- (i) a discount of approximately 17.91% to the closing price of HK\$0.134 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 17.29% to the average closing price of approximately HK\$0.133 per Share in the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 19.12% to the average closing price of approximately HK\$0.136 per Share in the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 9.84% to the closing price of HK\$0.122 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares under the relevant tranche of the Placing;
- (ii) the passing of a necessary resolution by the Shareholders to approve the allotment, and issuance of as well as dealing in the Placing Shares at the EGM; and
- (iii) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding *force majeure* events.

LETTER FROM THE BOARD

The Company and the Placing Agent agreed that the Placing will be completed in tranches by a maximum of four tranches provided that the aggregate number of the Placing Shares for each tranche shall not be less than 300,000,000 (save for the last tranche of the Placing where the number of the Placing Shares to be allotted and issued may be less than 300,000,000) and that the conditions precedent of the Placing shall apply to each of such partial completion.

If any of the above conditions are not fulfilled prior to 10:00 a.m. on the date falling on three months after the date of EGM or such later time or date as may be agreed between the Placing Agent and the Company, the Placing Agreement shall terminate and subject to terms of the Placing Agreement, neither party shall have any claim against the other for any costs or losses (save for any antecedent breaches of the Placing Agreement).

Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued pursuant to a specific mandate to be obtained at the EGM.

Termination and *force majeure*

- (i) **Unless otherwise agreed among between the Company and the Placing Agent, the Placing Agent's appointment shall terminate upon the earlier of (a) completion of the Placing; and (b) termination of the Placing by the Placing Agent in accordance with the terms and conditions of the Placing Agreement, whereby the Company will be formally notified by the Placing Agent in writing in accordance with the terms of the Placing Agreement.**
- (ii) **The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing prior to 10:00 a.m. on the date of completion of the Placing, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any *force majeure* events (as defined below).**

For this purpose, a "*force majeure* event" refers to

- (a) **the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group; or**

LETTER FROM THE BOARD

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
 - (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.
- (iii) If, at or prior to 10:00 a.m. on the date of completion of the Placing;
- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
 - (b) the trading of the Shares on the Stock Exchange has been suspended for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to the Placing Agreement or any announcements or circulars relating to the Placing; or
 - (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a

LETTER FROM THE BOARD

material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

The Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent hereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

The Directors are not aware of the occurrence of any such events as at the Latest Practicable Date.

Completion of the Placing

Completion of each tranche of the Placing will take place within four business days after the fulfillment of the conditions for each tranche set out in the Placing Agreement, but not later than the date falling on three months after the date of EGM or such later date as may be agreed between the Company and the Placing Agent.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The maximum gross proceeds from the Placing will be approximately HK\$124.85 million. The maximum net proceeds from the Placing will amount to approximately HK\$121.45 million which is intended to be used for general working capital and/or future potential investments of the Group. The net proceeds raised per Placing Share upon the completion of the Placing will be approximately HK\$0.107 per Placing Share. As at the Latest Practicable Date, no specific investment plan has been finalised by the Company. Notwithstanding the aforesaid, the Directors consider that the proceeds from the Placing will allow the Group to capture potential investment opportunities in a more timely manner.

LETTER FROM THE BOARD

As stated in the interim report of the Group for the six months ended 30 June 2010, in view of the booming real property market in Hong Kong, the Group would continue developing its mortgage financing business. Recently the Hong Kong Government has adopted different measures and has implemented new mortgage lending rules with an aim to dampen the overheated local property market. Nevertheless, with reference to the recent land bidding transaction records, the Directors remain confident to the future Hong Kong real property market in the long run and the conservative lending policy of local banks may increase the needs for second mortgage and lending. Hence, even though specific investment plan is yet to be finalised, the Company considers that it is vital to the Company's ability to continue to grow its business which is capital intensive in nature and any new lending or treasury investment may require substantial amount of cash.

The Directors consider that the Placing represents an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Notwithstanding that the completion of the Placing will result in a considerable dilution of the shareholding of the existing Shareholders, taking into account that (i) the possible enhancement of the profile of the Shareholders given that the Placees will be professional, institutional or other investors or any of their respective subsidiaries or associates; (ii) the long-term benefits that may be generated from the principal business and the investments to be made with the proceeds from the Placing which in turn will increase the value of the Shares; (iii) the proceeds from the Placing allow the Company to respond promptly when potential investment opportunities arise; (iv) with reference to the net cash flow used in operating activities and net cash flow from investing activities of the Group for the unaudited financial information of the Group for the six months ended 30 June 2010, the estimated working capital of the Group for the year ending 31 December 2010 is around HK\$143 million; and (v) the commercial operation of the Group is highly depending on the amount of working capital of the Group has on hand as the Group will be able to further enhance its business activities when more capital are raised, the Directors consider that the terms of the Placing to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board has also considered alternative fund raising methods, such as bank borrowings, rights issues and open offers. However, the Directors consider that bank financing of this scale is relatively costly to obtain and could be expected to incur substantial interest expenses for the Group, and after holding preliminary discussions with the Placing Agent, the Directors found that under the prevailing market conditions, it would be difficult to secure an underwriter to commit to a possible rights issue or open offer. In this respect, the Placing is a preferable method of fund raising as it is on a best effort basis. In view of the aforesaid and the relatively long timetable for rights issues and open offers, the Board has decided not to proceed with fund raising exercises of such nature. Further, the Directors are of the view that it is prudent to finance the Group's long-term growth by long-term funding, preferably in the form of equity which will not increase the Group's finance costs. Given that the net proceeds from the Placing would enhance the Company's capital base and would not incur any interest expense burden to the Group as compared with debt financing, the Directors consider that the Placing is a preferred means of fund raising for the Group.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS OF THE COMPANY

Apart from the fund raising activities mentioned below, the Company has not carried out other fund raising activities during the 12 months immediately preceding the Latest Practicable Date.

Date of initial announcement	Fund raising activity	Net proceeds	Intended use of net proceeds	Actual use of net proceeds
7 June 2010	Placing of warrants	Approximately HK\$5.3 million	For general working capital	Fully utilised as treasury investment
24 March 2010	Open offer of 562,000,000 offer shares at HK\$0.10 with a further option to subscribe for the convertible bonds with an aggregate principal amount of equal or not more than 80% of the aggregate value of the offer shares	Approximately HK\$54 million from the open offer	For general working capital and future development of the business	HK\$50 million has been utilised as loan financing; and the balance of HK\$4 million has been utilised as treasury investment

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (assuming the maximum number of 1,135,000,000 Placing Shares are placed in full) is set out as below:

	As at the Latest Practicable Date		Upon completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
<i>Substantial Shareholders:</i>				
Mr. Tang Yu Ming, Nelson (Note 1)	561,239,500	19.70	561,239,500	14.09
Ms. Liang Gui Lian (Note 2)	316,825,000	11.12	316,825,000	7.95
Mr. Ni Rong Kun	316,825,000	11.12	316,825,000	7.95
<i>Public:</i>				
Places	–	–	1,135,000,000	28.49
Other public Shareholders	1,653,596,858	58.06	1,653,596,858	41.52
Total	2,848,486,358	100.00	3,983,486,358	100.00

LETTER FROM THE BOARD

Notes:

1. Mr. Tang Yu Ming Nelson, a former chairman of the Company and a non-executive Director resigned from the aforesaid offices on 14 May 2010, is deemed to be interested in 561,239,500 Shares by virtue of his 100% beneficial holding in Hyde Park Group Limited (“**Hyde Park**”). Hyde Park’s interest in 561,239,500 Shares comprised of (i) its beneficial interest in 6,279,500 Shares; and (ii) its deemed interest in 554,960,000 Shares through its wholly-owned subsidiary, Island New Finance Limited.
2. Ms. Liang Gui Lian, is deemed to be interested in 316,825,000 Shares by virtue of her 100% beneficial holding in Best Leader Investment Limited (“**Best Leader**”). Best Leader is deemed to be interested in 316,825,000 Shares by virtue of its 80% beneficial holding in Express Advantage Limited.

REFRESHMENT OF GENERAL MANDATE

At the EGM, an ordinary resolution will be proposed to the Shareholders for approving the refreshment of General Mandate to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM. The General Mandate will continue in force until whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the revocation or variation of the authority given under the relevant resolution being passed by the Shareholders in general meeting; or (iii) 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 to be held.

On the basis of a total of 2,848,486,358 Shares in issue as at the Latest Practicable Date and assuming that no new Shares will be issued or repurchased whatsoever between the Latest Practicable Date and the EGM, the General Mandate (if granted) will empower the Directors to allot, issue and deal in up to a maximum of 569,697,271 new Shares, being 20% of the Shares in issue as at the Latest Practicable Date.

REASONS FOR AND BENEFITS OF THE NEW GENERAL MANDATE

At the AGM, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing Mandate under which the Directors were authorised to allot, issue and deal with up to 562,500,000 Shares, which is equivalent to the then 20% issued share capital of the Company as at the date of the said resolution was passed.

The Company has not refreshed its Existing Mandate since the AGM.

LETTER FROM THE BOARD

Pursuant to a warrant placing agreement dated 7 June 2010, the Company has, through a placing agent, placed out 562,000,000 warrants of the Company at the warrant issue price of HK\$0.01 each (“Warrant Placing”), conferring rights to holders thereof to subscribe for up to 562,000,000 Shares at HK\$0.147 each. The Existing Mandate will be utilised for the allotment and issue of such 562,000,000 Shares. Accordingly, upon the subscription rights attaching to the 562,000,000 warrants are exercised in full and 562,000,000 new Shares are issued, the remaining new Shares can be allotted and issued under the Existing Mandate is 500,000.

As set out under the paragraph headed “Fund raising activities in the past twelve months of the Company” in this circular, the net proceeds of approximately HK\$5.3 million from the Warrant Placing has been fully utilized for treasury investment. Any additional proceeds from the issue of new Shares of up to approximately HK\$82.6 million upon exercise of the subscription rights attaching to the 562,000,000 warrants will be used for future development of the Group as and when investment opportunities arise. As at the Latest Practicable Date, the Company has not finalised any specific investment plan.

Based on the exercise price of each warrant of HK\$0.147 and the closing price per Share as at the Latest Practicable Date of HK\$0.122, whether the full amount of the HK\$82.6 million proceeds arising from the exercise of the warrants could be raised prior to the expiry of the warrants is still uncertain. Nevertheless, the Existing Mandate has been earmarked for the new Shares to be issued arising from the exercise of the warrants, the Board considers that the General Mandate will provide the Company with flexibility and ability to capture any appropriate capital raising or investment or business opportunity when they arise. Furthermore, the Board considers that the General Mandate will empower the Directors to issue new Shares under the refreshed limit speedily as and when necessary, and without the need to seek further approval from the Shareholders. The Company will explore appropriate equity fund raising opportunities and/or investment opportunities which may or may not require the use of the General Mandate. As at the Latest Practicable Date, the Company did not have any specific plan which may utilise any part of the General Mandate. If the Company proposes to issue any new Shares for business acquisitions or equity fund raising using the General Mandate, it will make further announcement(s) as and when required. The Directors consider that the proposed refreshment of General Mandate is fair and reasonable and is in the interests and for the benefit of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

GENERAL

The Company was incorporated in Hong Kong with limited liability. The Group is principally engaged in mortgage financing and treasury investments.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Veda Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

EGM

The EGM will be held at Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on 24 September 2010 at 11:00 a.m., the notice of which is set out on pages 25 to 28 of this circular, to consider and, if thought fit, pass the resolutions to approve the grant of Specific Mandate and the refreshment of General Mandate.

A notice convening the EGM is set out on pages 25 to 28 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolutions set out therein.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the head office and principal place of business of the Company in Hong Kong at Room 3501, 35th Floor, China Online Centre, No. 333 Lockhart Road, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

In compliance with the Listing Rules, the resolutions will be taken by way of poll at the EGM. To the best knowledge of the Directors, none of the Shareholders has a material interest in the transactions contemplated under the Placing Agreement as at the Latest Practicable Date. Accordingly, none of the Shareholders will be required to abstain from voting at the EGM in respect of the resolution relating to the Placing and the specific mandate.

LETTER FROM THE BOARD

Pursuant to Rule 13.36(4) of the Listing Rules, the refreshment of General Mandate will be subject to the Independent Shareholders' approval by way of poll at the EGM. Any controlling Shareholders and their respective associates, or where there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution to approve the refreshment of General Mandate. As at the Latest Practicable Date, the Company does not have any controlling Shareholder, accordingly, the executive Directors and the chief executive of the Company and their respective associates (to the extent they hold any Share at the time of the EGM) are required to abstain from voting in favour at the EGM in respect of the refreshment of General Mandate. To the best of knowledge and information of the Directors, as at the Latest Practicable Date, none of the existing executive Directors and the chief executive of the Company and their respective associates hold any Shares.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 16 to 17 of this circular and the letter from Veda Capital containing its advice and the principal factors which it has considered in arriving at its advice with regard to the refreshment of General Mandate, as set out on pages 18 to 24 of this circular.

The Board considers that the Placing and the refreshment of General Mandate are in the interests of the Company and the Shareholders as a whole and accordingly recommends the Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Placing, the grant of the specific mandate to the Directors to allot and issue the Placing Shares and the refreshment of General Mandate at the EGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
By order of the Board
**THE HONG KONG BUILDING AND
LOAN AGENCY LIMITED**
Au Tin Fung
Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

6 September 2010

To the Independent Shareholders

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATE

We refer to the circular from the Company to the Shareholders 6 September 2010 (the “Circular”) of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as members to constitute the Independent Board Committee and to advise the Independent Shareholders in respect of the refreshment of General Mandate which will enable the Board to exercise the power of the Company to allot and issue Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the EGM.

Veda Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the refreshment of General Mandate is fair and reasonable as far as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Shareholders as a whole. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 18 to 24 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 15 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the refreshment of General Mandate and the advice of Veda Capital, we consider that the refreshment of General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and that the refreshment of General Mandate is in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the refreshment of General Mandate.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. Chan Chi Yuen
*Independent Non-Executive
Director*

Mr. So Yuen Chun
*Independent Non-Executive
Director*

Mr. Ng Cheuk Fan, Keith
*Independent Non-Executive
Director*

LETTER FROM VEDA CAPITAL

The following is the full text of the letter from Veda Capital setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the refreshment of General Mandate, which has been prepared for the purpose of inclusion in this circular.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Suite 3214, 32/F., COSCO Tower
183 Queen's Road Central
Hong Kong

6 September 2010

*To the Independent Board Committee and the Independent Shareholders of
The Hong Kong Building and Loan Agency Limited*

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

We refer to the circular dated 6 September 2010 issued by the Company to the Shareholders of which this letter forms part (the “**Circular**”) and our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the refreshment of General Mandate, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the Circular. Capitalised terms used in this letter, unless the context otherwise requires, shall have the same meanings ascribed to them in the Circular.

Pursuant to Rule 13.36(4) of the Listing Rules, the refreshment of General Mandate will be subject to the Independent Shareholders' approval by way of poll at the EGM. Any controlling Shareholders and their respective associates, or where there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution to approve the refreshment of General Mandate. As at the Latest Practicable Date, the Company does not have any controlling Shareholder, accordingly, the executive Directors and the chief executive of the company and their respective associates (to the extent they hold any Share at the time of the EGM) are required to abstain from voting in favour at the EGM in respect of the refreshment of General Mandate.

LETTER FROM VEDA CAPITAL

The Independent Board Committee (comprising all the independent non-executive Directors, namely Mr. Chan Chi Yuen, Mr. So Yuen Chun and Mr. Ng Cheuk Fan, Keith) has been established to advise the Independent Shareholders in respect of the refreshment of General Mandate.

BASIS OF OUR ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true at the date of the EGM.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed in the Circular, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other matters the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, or its subsidiaries or associated companies.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the refreshment of General Mandate, we have taken into consideration the following principal factors and reasons:

Background and reasons for the General Mandate

The Company was incorporated in Hong Kong with limited liability. The Group is principally engaged in loan financing and treasury investments.

At the AGM, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing Mandate under which the Directors were authorised to allot, issue and deal with up to 562,500,000 Shares, which is equivalent to the then 20% issued share capital of the Company as at the date of the said resolution was passed.

LETTER FROM VEDA CAPITAL

As set out in the Board Letter, pursuant to a warrant placing agreement dated 7 June 2010, the Company has, through a placing agent, placed out 562,000,000 warrants (the “**Warrants**”) of the Company at the Warrant issue price of HK\$0.01 each (the “**Warrant Placing**”), conferring rights to holders thereof to subscribe for up to 562,000,000 Shares at HK\$0.147 each. Accordingly, upon the subscription rights attaching to the Warrants are exercised in full and 562,000,000 new Shares are issued (representing approximately 99.91% of the Existing Mandate), the remaining new Shares can be allotted and issued under the Existing Mandate is 500,000 Shares (representing approximately 0.09% of the Existing Mandate).

As advised by the Company, in order to provide a flexible means for the Company to raise further funds for the Company’s future business development, the Board proposes to refresh the General Mandate. On the basis of a total of 2,848,486,358 Shares in issue as at the Latest Practicable Date and assuming that no new Shares will be issued or repurchased whatsoever between the Latest Practicable Date and the EGM, the General Mandate (if granted) will empower the Directors to allot, issue and deal in up to a maximum of 569,697,271 new Shares, being 20% of the Shares in issue as at the Latest Practicable Date. The Company has not refreshed its Existing Mandate since the AGM.

As set out under the section headed “Fund raising activities in the past twelve months of the Company” in the Board Letter, the net proceeds of approximately HK\$5.3 million from the Warrant Placing has been fully utilized as treasury investment. Any additional proceeds from the issue of new Shares of up to approximately HK\$82.6 million upon exercise of the subscription rights attaching to the Warrants will be used for future development of the Group as and when investment opportunities arise. As at the Latest Practicable Date, the Company has not finalised any specific investment plan. The Company has also conducted fund raising activities by way of open offer of 562,000,000 offer shares at HK\$0.10 (with a further option to subscribe for the convertible bonds with an aggregate principal amount of equal or not more than 80% of the aggregate value of the offer shares) during the 12 months immediately preceding the Latest Practicable Date. The net proceeds of such open offer amounted to approximately HK\$54 million, of which approximately HK\$50 million has been utilised as loan financing; and the balance of approximately HK\$4 million has been utilised as treasury investment.

As set out in the Board Letter, based on the exercise price of each Warrant of HK\$0.147 and the closing price per Share as at the Latest Practicable Date of HK\$0.122, whether the full amount of the HK\$82.6 million proceeds arising from the exercise of the Warrants could be raised prior to the expiry of the Warrants is still uncertain. Nevertheless, the Existing Mandate has been earmarked for the new Shares to be issued arising from the exercise of the Warrants, the Board considers that the General Mandate will provide the Company with flexibility and ability to capture any appropriate capital raising or investment or business opportunity when they arise. Furthermore, the Board considers that the General

LETTER FROM VEDA CAPITAL

Mandate will empower the Directors to issue new Shares under the refreshed limit speedily as and when necessary, and without the need to seek further approval from the Shareholders. The Company will explore appropriate equity fund raising opportunities and/or investment opportunities which may or may not require the use of the General Mandate. As at the Latest Practicable Date, the Company did not have any specific plan which may utilise any part of the General Mandate. If the Company proposes to issue any new Shares for business acquisitions or equity fund raising using the General Mandate, it will make further announcement(s) as and when required. The Directors consider that the proposed refreshment of General Mandate is fair and reasonable and is in the interests and for the benefit of the Company and the Shareholders as a whole.

We noted from the Company's announcement in respect of the interim results for the six months ended 30 June 2010 (the "**Interim Announcement**") that the Group has recorded bank balances of approximately HK\$15.67 million as at 30 June 2010. We also noted from the Board Letter, the maximum net proceeds from the Placing which is on a best-effort basis will amount to approximately HK\$121.45 million and is intended to be used for general working capital and/or future potential investments of the Group. As set out in the Board Letter, completion of each tranche of the Placing will take place not later than the date falling on three months after the date of EGM or such later date as may be agreed between the Company and the Placing Agent.

We also noted from the Interim Announcement that benefiting from the continuous economic recovery, Hong Kong's real property market has enjoyed a boom over the period for the six months ended 30 June 2010 which in turn has brought a remarkable increase in the prospect of the Group's mortgage finance businesses. The Group will continue developing this business while also striving towards strengthening its overall financial position and focusing on the treasury investments. The management will continue to explore business opportunities to maximise the return to the Shareholders. As set out in the Board Letter, recently the Hong Kong government has adopted different measures and has implemented new mortgage lending rules with an aim to dampen the overheated local property market. Nevertheless, with reference to the recent land bidding transaction records, the Directors remain confident on the future Hong Kong property market in the long run and the conservative lending policy of local banks may increase the needs for second mortgage and lending. Hence, even though specific investment plan is yet to be finalised, the Company considers that it is vital to the Company's ability to continue to grow its business which is capital intensive in nature and any new lending or treasury investment may require substantial amount of cash. As advised by the Company, given the nature of the Company's loan financing business of which cash is essential to carry out its business, increase in financial flexibility would have a positive impact to the operation and income of the Company.

LETTER FROM VEDA CAPITAL

We noted from the Interim Announcement, the Group recorded bank balances, total assets and net assets of approximately HK\$15.67 million approximately HK\$322.38 million and approximately HK\$321.09 million respectively as at 30 June 2010. Accordingly, the cash to total assets ratio and cash to net assets ratio were approximately 4.86% and approximately 4.88% respectively. Taking into account the maximum net proceeds of approximately HK\$121.45 million from the Placing, the bank balances, total assets and net assets have all been increased by such net proceeds and the cash to total assets ratio and the cash to net assets ratio have increased to approximately 30.89% and approximately 30.98% respectively.

We are aware that the cash level of the Group would be increased to approximately one-third of the total assets and net assets of the Group after taking into account the maximum net proceeds from the Placing, the frequent fundraising activities conducted by the Company in the past twelve months and the Company has not finalised any specific investment plan, however, having considered that (i) the nature of loan financing business of which cash is essential for it to carry out its business and the increase in financial flexibility would have a positive impact to the operation and income of the Company; (ii) the Existing Mandate will almost be fully utilized upon the subscription rights attaching to the Warrants are exercised in full and the General Mandate can enhance the financial flexibility necessary for the Group to raise funds by equity financing for future business development and to strengthen the capital base and financial position of the Company; and (iii) the net proceeds from the fundraisings in the past twelve months has been fully utilized and the Placing is on a best-effort basis and is subject to Shareholders' approval, we are of the view that the refreshment of General Mandate will provide a financial flexibility to the Company to raise capital. In addition, given that the management has been exploring business opportunities, there is no certainty that existing cash and facility resources will be adequate for any appropriate investment that may be identified by the Company in the future in particular any new lending or treasury investment may require substantial amount of cash, additional funding may still be needed in a timely manner when necessary for financing future investments should suitable investment opportunities arise given that investment decisions may have to be made immediately. As such, we consider the refreshment of General Mandate is fair and reasonable and is in the interests of the Company and the Independent Shareholders as a whole.

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Other financing alternatives

As debt financing may incur interest burden to the Group, the Directors consider that equity financing such as issuance of new Shares for cash or equity swaps may be appropriate means to fund the potential investments and/or acquisitions and provide additional working capital for the future development and expansion of the Group, given the Group's financial position, capital structure, cost of funding and the then financial market condition. The Directors will also consider other financing methods such as debt financing or internal cash resources to fund future business development of the Company, if appropriate, after taking into consideration the then financial position, capital structure and cost of funding of the Group as well as the then market condition.

Having considered that (i) debt financing may incur interest burden to the Group; (ii) rights issue or open offer may take a longer time to complete while fund raising exercise pursuant to general mandate provides the Company a simpler and less lead time process than other types of fund raising exercise and avoids the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner; and (iii) the refreshment of General Mandate will provide the Company with an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future development, including equity issuance, we are of the view that the refreshment of General Mandate will be in the interests of the Company and the Independent Shareholders as a whole.

Potential dilution to shareholdings of the Independent Shareholders

Set out below is a table showing the shareholdings of the Company as at the Latest Practicable Date, upon completion of the Placing (assuming the maximum number of Placing Shares are placed in full) and, for illustrative purpose, the potential dilution effect on the shareholdings upon full utilisation of the General Mandate (assuming no Shares are issued or repurchased during the period between the Latest Practicable Date and the date of the EGM):

	As at the Latest Practicable Date		Upon completion of the Placing		Immediately upon full utilisation of the General Mandate	
	<i>Number of</i>	<i>Approximate</i>	<i>Number of</i>	<i>Approximate</i>	<i>Number of</i>	<i>Approximate</i>
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Existing Independent						
Shareholders	2,848,486,358	100.00	2,848,486,358	71.51	2,848,486,358	62.56
Placées under the Placing	-	-	1,135,000,000	28.49	1,135,000,000	24.93
Additional Shareholders						
upon full utilization of						
the General Mandate	-	-	-	-	569,697,271	12.51
Total	2,848,486,358	100.00	3,983,486,358	100.00	4,553,183,629	100.00

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As illustrated in the table above, the existing aggregate shareholding of the Independent Shareholders will decrease from 100.00% as at the Latest Practicable Date to approximately 71.50% upon completion of the Placing (assuming the maximum number of Placing Shares are placed in full) and subsequent to approximately 62.56% upon full utilisation of the General Mandate (assuming no Shares are issued or repurchased during the period between the Latest Practicable Date and the date of the EGM). We are aware that the shareholding of the Independent Shareholders may further be diluted upon utilization of the proposed General Mandate, however, taking into account that (i) given the nature of loan financing business of which cash is essential for it to carry out its business, the General Mandate will provide an alternative to increase the amount of capital which may be raised under the General Mandate; (ii) the General Mandate will provide more options of financing to the Group for further development of its business as well as in other potential future investment and/or acquisitions as and when such opportunities arise; and (iii) the fact that the shareholdings of all Shareholders will be diluted proportionately to their respective shareholding upon any utilization of the General Mandate, we consider such dilution or potential dilution to shareholdings of the Independent Shareholders to be justifiable.

RECOMMENDATION

Having considered the factors and reasons as stated above, we are of the view that the refreshment of General Mandate is in the interest of the Company and the Independent Shareholders as a whole, and is fair and reasonable. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the refreshment of General Mandate to be proposed at the EGM. Independent Shareholders are however advised to take note of the possible dilution effect on their shareholding interests in the Company when and if the General Mandate is utilised.

Yours faithfully,

For and on behalf of

Veda Capital Limited

Hans Wong

Chairman

Julisa Fong

Managing Director

NOTICE OF THE EGM



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 OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of The Hong Kong Building and Loan Agency Limited (the “**Company**”) will be held at Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on 24 September 2010 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendment the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the placing agreement (the “**Placing Agreement**”) dated 12 August 2010 (a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) entered into between the Company as issuer and Kingston Securities Limited as placing agent in relation to the placing of up to 1,135,000,000 new shares (the “**Placing Shares**”) of HK\$0.10 each in the share capital of the Company at a placing price of HK\$0.11 per Placing Share and all transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon, among others, the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Placing Shares, the issue and allotment of the Placing Shares, pursuant to and subject to the terms and conditions of the Placing Agreement be and are hereby approved; and
- (c) any one director of the Company be and is hereby authorised to exercise all the powers of the Company and take all steps as might in his/her opinion be desirable, necessary or expedient in relation to the issue and allotment of the Placing Shares in connection with the implementation of the transactions contemplated under the Placing Agreement including without limitation to the execution, amendment, supplement, delivery, submission and implementation of any further documents or agreements.”

NOTICE OF THE EGM

2. “THAT:

- (a) subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to issue, allot and deal with additional shares of the Company, and to make or grant offers, agreements and options (including warrants, bonds, notes and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the directors of the Company be and are authorised during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds, notes and debentures convertible into shares of the Company) which would or might require the exercise of such power 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 of the Company pursuant to the approval in paragraphs (a) and (b) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of shares of the Company upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any bonds, notes, debentures and securities which are convertible into shares of the Company; or (iii) an issue of shares of the Company as scrip dividends pursuant to the articles of associations of the Company from time to time; or (iv) an issue of shares of the Company under any share option scheme or similar arrangement for the time being adopted for the grant or issue to eligible persons of shares of the Company or rights to acquire shares of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution, and the said approval shall be limited accordingly; and

NOTICE OF THE EGM

(d) for the purposes 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 of Hong Kong to be held; or
- (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.

“Rights Issue” means an offer of shares of the Company open for a period fixed by the directors of the Company to the holders of shares whose names appear on the Register of Members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to overseas shareholders or 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).”

Yours faithfully,
By order of the Board
**THE HONG KONG BUILDING AND
LOAN AGENCY LIMITED**
Au Tin Fung
Director

Hong Kong, 6 September 2010

NOTICE OF THE EGM

Head office and Principal place of business in Hong Kong:

Room 3501
35th Floor, China Online Centre
No. 333 Lockhart Road
Wanchai
Hong Kong

Registered Office:

Room 3501
35th Floor, China Online Centre
No. 333 Lockhart Road
Wanchai
Hong Kong

Notes:

1. A holder of the Share(s) (as defined below) of the Company (“**Shareholder**”) entitled to attend and vote at the EGM may appoint one or more than one proxy to attend and to vote in his stead. A proxy need not be a Shareholder.
2. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the office of the Company’s Hong Kong branch share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM.
3. As at the date of this notice, the Board comprises Mr. Lau Yu Fung, Wilson, Mr. Chan Chun Wai and Mr. Au Tin Fung being executive Directors; Mr. Chan Chi Yuen, Mr. So Yuen Chun and Mr. Ng Cheuk Fan, Keith being independent non-executive Directors