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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 (the "Company"), you should at once hand this circular together with the enclosed form of proxy and the 2011 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.

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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)**

### **PROPOSAL FOR RE-ELECTION OF RETIRING DIRECTORS, GRANT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES, EXTEND GENERAL MANDATE TO ISSUE SHARES, AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND THE ADOPTION OF NEW M&A AND NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of the Company to be held at Falcon Room I, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 28 June 2012 at 11:00 a.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 Company's registered office of Unit F, 7/F., China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for the meeting 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 meeting or any adjournment thereof (as the case may be) if you so wish.

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## DEFINITION

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

“AGM”	the annual general meeting of the Company to be held at Falcon Room I, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 28 June 2012 at 11:00 a.m., the notice of which is set out on pages 19 to 27 of this circular; or only adjournment thereof
“AGM Notice”	the notice for convening the AGM as set out on pages 19 to 27 of this circular
“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 issued Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to the effect that the Issue Mandate shall be extended by the addition of the aggregate nominal amount of the shares of the Company repurchased under the Repurchase Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to allot, issue and otherwise deal with shares of the Company up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution at the AGM

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## DEFINITION

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“Latest Practicable Date”	23 May 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to repurchase shares of the Company of an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution at the AGM
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“2011 Annual Report”	the annual report of the Company for the year ended 31 December 2011
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. So Yuen Chun

Mr. Yeung Kwok Leung

*Non-executive Director:*

Mr. Lam Kwok Hing, Wilfred

*Independent Non-executive Directors:*

Mr. Ng Cheuk Fan, Keith

Mr. Yeung Wai Hung, Peter

Mr. Lam Raymond Shiu Cheung

*Registered Office:*

Unit F, 7/F

China Overseas Building

139 Hennessy Road

Wanchai

Hong Kong

29 May 2012

*To the Shareholders*

Dear Sir or Madam,

**PROPOSAL FOR RE-ELECTION OF RETIRING DIRECTORS,  
GRANT OF GENERAL MANDATES  
TO ISSUE AND REPURCHASE SHARES,  
EXTEND GENERAL MANDATE TO ISSUE SHARES,  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
AND THE ADOPTION OF NEW M&A  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with the information regarding the resolutions to be proposed at the AGM relating to, among others, (i) the re-election of retiring Directors; (ii) the Issue Mandate; (iii) the Repurchase Mandate; (iv) the Extension Mandate; (v) the amendments to the Articles; and (vi) the adoption of the New M&A. The AGM Notice is set out on pages 19 to 27 of this circular.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

The Board currently consists of six Directors; namely, Messrs. So Yuen Chun, Yeung Kwok Leung, Lam Kwok Hing, Wilfred, Ng Cheuk Fan, Keith, Yeung Wai Hung, Peter and Lam Raymond Shiu Cheung.

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. A Director retiring at an annual general meeting shall retain office until the close or adjournment of the relevant annual general meeting.

Pursuant to Article 120 of the Articles, Messrs. So Yuen Chun and Ng Cheuk Fan, Keith shall retire by rotation and, each being eligible, offer himself for re-election as Director at the AGM.

Brief biographical details of the retiring Directors are set out in Appendix I to this circular.

### GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on 17 May 2011, the Shareholders passed the ordinary resolutions on granting the existing general mandates to the Directors to allot, issue and deal with Shares and to repurchase Shares. Such mandates will expire at the conclusion of the AGM. At the AGM, ordinary resolutions will be proposed to grant the Issue Mandate, the Repurchase Mandate and the Extension Mandate.

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## LETTER FROM THE BOARD

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### **The Issue Mandate**

At the AGM, an ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, approve the Issue Mandate which will enable the Directors to exercise the powers of the Company to allot, issue and otherwise deal with new shares of the Company not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue at the date of the passing of such resolution.

As at the Latest Practicable Date, the share capital of the Company in issue comprised 4,351,488,667 Shares. Assuming that there is no change in the issued share capital of the Company during the period from the Latest Practicable Date to the date of passing the resolution approving the Issue Mandate, the maximum number of Shares which may be issued pursuant to the Issue Mandate will be 870,297,733 Shares.

### **The Repurchase Mandate**

At the AGM, an ordinary resolution will be proposed for the Shareholders to consider and, if though fit, approve the Repurchase Mandate which will enable the Directors to exercise the powers of the Company to repurchase shares of the Company up to 10% of the aggregate nominal value of share capital of the Company in issue as at the date of passing of such resolution. The Company's authority is restricted to repurchase shares in the market in accordance with the Listing Rules.

As at the Latest Practicable Date, the share capital of the Company in issue comprised 4,351,488,667 Shares. Assuming that there is no change in the issued share capital of the Company during the period from the Latest Practicable Date to the date of passing the resolution approving the Repurchase Mandate, the maximum number of Shares which may be repurchased pursuant to the Repurchase Mandate will be 435,148,866 Shares.

Pursuant to the Listing Rules, an explanatory statement containing all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the ordinary resolution to approve the Repurchase Mandate is set out in Appendix I to this circular.

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## LETTER FROM THE BOARD

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Both of the Issue Mandate and the Repurchase Mandate will expire at the earliest of:

- (a) the conclusion of the next annual general meeting of the Company; or
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable law to be held; or
- (c) when revoked or varied by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

The Directors consider that the grant of the Issue Mandate and the Repurchase Mandate shall increase the flexibility in the Company's affairs and are in the interests of the Company and the Shareholders as a whole, and that the same shall continue to be adopted by the Company.

### **General Extension Mandate to Issue Shares**

An ordinary resolution will be proposed at the AGM to extend the Issue Mandate by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company that repurchased by the Company pursuant to the Repurchase Mandate, provided that such extended amount shall not exceed 10% of the aggregate of the total nominal value of the issued share capital of the Company on the date of passing that resolution.

### **AMENDMENTS TO ARTICLES AND THE ADOPTION OF NEW M&A**

The current Articles have been in effect since 2009 and have not been amended since then. The Stock Exchange has amended the Listing Rules relating to, among others, the articles of association or equivalent constitutional document of listed issuers, and certain such amendments came into effect on 1 January 2012 or will come into effect on 1 April 2012. In order to bring the Articles in line with these amendments, the Directors propose to seek the approval of the Shareholders by way of a special resolution for the proposed amendments to the Articles as set out in the AGM Notice set out on pages 19 to 27 of this circular (the "**Proposed Amendments**").



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## LETTER FROM THE BOARD

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The Proposed Amendments include mainly the following:

- to require a physical board meeting in lieu of written resolutions where a Director or substantial Shareholder has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material;
- to no longer permit a Director to disregard 5% interests when considering whether the Director has a material interest which would prevent him from forming part of the quorum or voting at board meetings; and
- to allow the chairman at a general meeting to exempt procedural and administrative matters from voting by poll;

The legal advisers to the Company as to Hong Kong laws have confirmed that the Proposed Amendments comply with the requirements of the Listing Rules and the laws of Hong Kong. The Board confirms that there is nothing unusual about the Proposed Amendments for a company listed on the Stock Exchange.

Furthermore, the Directors propose to the adoption of a new memorandum and articles of associations of the Company that incorporating all of the Proposed Amendments and all previous amendments made pursuant to resolutions passed by the Shareholders (the “**New M&A**”). The New M&A shall in English only, its Chinese translation, including the Proposed Amendments set out in the AGM Notice in Chinese, is for reference only. In case of any conflicts, the English version shall prevail.

### **AGM**

The AGM Notice is set out on pages 19 to 27 of this circular. A form of proxy for use at the AGM is enclosed with this circular.

At the AGM, resolutions will be proposed to approve, among others, the re-election of retiring Directors, the grant of the Issue Mandate, the Repurchase Mandate, the Extension Mandate, the Proposed Amendments and the adoption of the New M&A.

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## LETTER FROM THE BOARD

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Pursuant to Rule 13.39(4) of the Listing Rules, the proposed resolutions as set out in the AGM Notice will be taken by way of poll at the AGM. Further announcement on the results of the poll will be made by the Company after the AGM.

Whether or not you are able to attend the AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's registered office of Unit F, 7/F., China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong as soon as possible, and in any event not later than 48 hours before the time appointed for holding the AGM 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 AGM or any adjournment thereof (as the case may be) should you so wish.

### RECOMMENDATION

The Board considers that the proposed ordinary and special resolutions as set out in the AGM Notice are in the interests of the Company and the Shareholders as a whole and therefore recommend the 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, 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 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.

Your attention is drawn to the additional information set out in the appendices to this circular and the AGM Notice. In case of any conflicts, the English version of this circular shall prevail over its Chinese version.

Yours faithfully

By order of the Board

**The Hong Kong Building and Loan Agency Limited**

**So Yuen Chun**

*Executive Director*

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## APPENDIX I                      DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

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*As at the Latest Practicable Date, the biographical details of the Directors who will retire and, being eligible, will offer themselves for re-election at the AGM pursuant to the Articles and the Listing Rules, are as follows:*

**Mr. So Yuen Chun**, aged 40, was appointed as an independent non-executive Director on 15 January 2010 and re-designated as an executive Director on 1 December 2010. He was appointed as the company secretary of the Company on 26 March 2011. Mr. So is also a director of certain subsidiaries of the Group. He served as a member of the audit committee, remuneration committee and nomination committee of the Company while being an independent non-executive Director. Mr. So is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He possesses more than 17 years of experience in the fields of auditing, accounting and finance. He is currently an executive director of Chinese Global Investors Group Limited (stock code: 5CJ.SI), a company listed on the Catalyst board of the Singapore Exchange Securities Trading Limited and a shareholder of the Company.

Save for disclosed above, Mr. So has not previously held any position with the Company or any of its subsidiaries, has not been a director in any other listed public companies in the last three years, does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company (as defined in the Listing Rules) and does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Mr. So has entered into a service contract with the Company for a fixed term of one year with effect from 1 December 2011, subject to the retirement by rotation at the annual general meetings of the Company in accordance with the Articles. Mr. So is entitled to receive a director fee of HK\$260,000 per annum which was determined by reference to his duties, experience and responsibilities in the Company as well as the market conditions.

Insofar as Rule 13.51(2)(1) of the Listing Rules is concerned, further information on Mr. So is as follows:

On 20 April 2012, a winding-up petition filed in the High Court of Hong Kong was served by a creditor against FT Securities Limited (the “**Respondent**”), in which Mr. So serves as a director. In the petition, the creditor alleged that the Respondent is indebted to them in a sum of HK\$201,189.15, being outstanding legal fees together with interest. The Respondent has been disputing the creditor’s legal fees on the grounds of excessiveness and had on the same day; that is, 20 April 2012, commenced a miscellaneous proceedings against the creditor for leave to tax the bills issued by the creditor to the Respondent. The Respondent indicated that it is confident that the matters surrounding the said claim will be settled amicably and that the petition will eventually

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## APPENDIX I                      DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

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be withdrawn, stayed or set aside. The Respondent is a company incorporated in Hong Kong with limited liability and is licensed to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). As at the Latest Practical Date, this petition is still ongoing.

Save for disclosed above, Mr. So confirmed that he is not aware of any information in relation to his re-election as a Director to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save for disclosed above, the Board is not aware of any other matters relating to Mr. So's re-election that need to be brought to the attention of the Shareholders.

**Mr. Ng Cheuk Fan**, Keith, aged 50, was appointed as an independent non-executive Director on 15 January 2010. He is the chairman of the audit committee, the remuneration committee and nomination committee of the Company. Mr. Ng is a Certified Public Accountant in Australia and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Ng graduated from the University of Alberta, Canada, with a Bachelor's degree in Commerce, majoring in Accounting. He also obtained a Master of Commerce degree in Professional Accounting from the University of New South Wales, Australia. Mr. Ng possesses over 21 years experience in corporate development, corporate re-structuring, accounting and management. He is currently an executive director of U-Right International Holdings Limited (stock code: 627) and an executive director and the managing director of China Fortune Group Limited (stock code: 290) ("**China Fortune**"), both companies are listed on the Main Board of the Stock Exchange. Mr. Ng was an executive director of New Environmental Energy Holdings Limited (stock code: 3989) during the period from August 2010 to May 2011 and an executive director of Hao Tian Resources Group Limited (stock code: 474) during the period from September 2009 to September 2011, both companies are listed on the Main Board of the Stock Exchange.

Save for disclosed above, Mr. Ng has not previously held any position with the Company or any of its subsidiaries, has not been a director in any other listed public companies in the last three years, does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company (as defined in the Listing Rules) and does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Ng has entered into a service contract with the Company for a fixed term of three years with effect from 15 January 2011, subject to retirement by rotation at the annual general meetings of the Company in accordance with the articles of association of the Company. Mr. Ng is entitled to receive a director fee of HK\$100,000 per annum which was determined by reference to his experience, and duties and responsibilities in the Company as well as the market conditions.

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## APPENDIX I                      DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

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Insofar as Rule 13.51(2)(1) of the Listing Rules is concerned, further information on Mr. Ng is as follows:

Mr. Ng was a director of Yew Sang Hong Limited (“**YSH**”), a former wholly-owned subsidiary of China Fortune, which was incorporated in Hong Kong and was then principally engaged in the electrical engineering contracting business. He resigned as a director of YSH on 6 August 2009. On 17 August 2009, a winding-up petition was filed with the High Court of Hong Kong against YSH by the Hong Kong Housing Authority (“**HAHK**”) demanding repayment of unpaid legal fees and the interests accrued thereon. YSH finally reached an amicable settlement with HAHK and the High Court of Hong Kong granted an order directing the withdrawal of the winding-up petition against YSH on 19 October 2009, thereby the winding up proceedings discontinued.

From April 1996, Mr. Ng served as an executive director to Fujian Group Limited (now known as Fujian Holdings Limited) (“**Fujian**”), a company incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange and was then principally engaged in property investment and development, hotel operation and investment holding. Mr. Ng resigned as director of Fujian on 27 July 2001. After his resignation, a winding up petition dated 21 January 2002 was served on Fujian by six former employees involving redundancy payments of HK\$489,425.20. This petition was later dismissed by the High Court of Hong Kong on 29 July 2002 upon satisfactory payment of the claim.

From May 1999, Mr. Ng served as a director to Fu Hui Holdings Limited (now known as Shougang Fushan Resources Group Limited) (“**Fu Hui**”), a company incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange and was then engaged in the business of investment holdings and sale and marketing of jewellery products. Fu Hui underwent a corporate restructuring involving subscription of new shares, bank compromise, whitewash waiver and change of company name. The corporate restructuring commenced on 20 July 2001 and the amount involved for subscription of new shares was HK\$100,000,000.00 and for bank compromise was HK\$95,474,962.94. The corporate restructuring was completed on 14 September 2001 and the name of Fu Hui was changed to Fushan International Energy Group Limited with effect from 3 October 2001. Mr. Ng resigned as director of Fu Hui on 14 September 2001.

Mr. Ng confirmed that, save for disclosed above, he is not aware of any information in relation to his re-election as a Director to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save for disclosed above, the Board is not aware of any other matters relating to Mr. Ng’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 Repurchase Mandate.*

## **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company was HK\$435,148,866.70 divided into 4,351,488,667 Shares.

Subject to the passing of the resolution granting the proposed Repurchase Mandate 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 435,148,866 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 the Articles or the applicable law or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

## **2. 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 as a whole.

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 interests of the Company and the Shareholders as a whole 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 statement of financial position of the Company as at 31 December 2011, being the date to which the latest published audited consolidated financial statements of the Company were made up, the Directors consider that if the Repurchase Mandate were to be exercised in full during the proposed repurchase period, it may have a material adverse impact on the working capital and gearing position of the Company. The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital of the Company as compared with the position disclosed in the latest published audited consolidated financial statements or the gearing position which, in the opinion of the Directors, are from time to time appropriate for the Company.

### 3. FUNDING OF REPURCHASES

Repurchases to be made pursuant to the proposed Repurchase Mandate would be financed out of funds legally available for the purpose in accordance with the memorandum of association of the Company and the Articles, the applicable laws of Hong Kong and the Listing Rules. Such funds including, but not limited to, profits available for distribution.

### 4. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Shares Price	
	Highest HK\$	Lowest HK\$
<b>2011</b>		
April	0.2330	0.1950
May	0.2150	0.1790
June	0.2010	0.1590
July	0.1670	0.1140
August	0.1730	0.1220
September	0.1350	0.0850
October	0.0890	0.0570
November	0.0810	0.0580
December ( <i>Note 1</i> )	0.0620	0.0480
<b>2012</b>		
January ( <i>Note 1</i> )	–	–
February ( <i>Note 1</i> )	–	–
March ( <i>Note 1</i> )	0.0620	0.0400
April ( <i>Note 2</i> )	0.0480	0.0250
May (up to the Latest Practicable Date)	0.0470	0.0300

*Notes:*

- (1) Trading in the Shares has been suspended with effect from 9:00 a.m. on 23 December 2011 and resumed with effect from 9:00 a.m. on 23 March 2012.
- (2) Trading in the Shares has been suspended with effect from 9:00 a.m. on 17 April 2012 and resumed with effect from 9:00 a.m. on 20 April 2012.

## 5. EFFECT OF THE TAKEOVERS CODE

A repurchase of Shares by the Company may result in an increase in the proportionate interests of Shareholder(s) in the voting rights of the Company, which may give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. As at the Latest Practicable Date, as per register required to be kept by the Company under section 336 of the SFO, to the best of the directors' knowledge, having made reasonable enquiry, the following persons were directly or indirectly interested in 10% or more of the nominal value of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholder	Number of Shares and Underlying Shares interested <i>(Note 2)</i>	Approximate percentage of shareholding in the Company	
		As at the Latest Practicable Date <i>(Note 1)</i>	Upon exercise in full of the Share Repurchase Mandate
Newmargin Partners Ltd. (" <b>Newmargin</b> ") <i>(Note 3)</i>	1,406,250,000 (a)	32.32%	35.91%
Zhuang Yan <i>(Note 3)</i>	1,406,250,000 (b)	32.32%	35.91%
Cross Cone Holdings Limited (" <b>Cross Cone</b> ") <i>(Note 4)</i>	703,125,000 (a)	16.16%	17.95%
Xu Ye Dong <i>(Note 4)</i>	703,125,000 (b)	16.16%	17.95%
SV Technology Company Limited (" <b>SV Technology</b> ") <i>(Note 5)</i>	5,906,250,000 (a)	135.73%	150.81%
JCW Technology Company Limited <i>(Note 5 &amp; 6)</i>	5,906,250,000 (b)	135.73%	150.81%
Wu Gang <i>(Note 5)</i>	5,906,250,000 (b)	135.73%	150.81%
Wong Ho Yuen <i>(Note 5 &amp; 6)</i>	5,906,250,000 (b)	135.73%	150.81%
Chong Yan Ling <i>(Note 5 &amp; 6)</i>	5,906,250,000 (b)	135.73%	150.81%
Smart Promise Limited (" <b>Smart Promise</b> ") <i>(Note 7)</i>	3,234,375,000 (a)	74.33%	82.59%
Cheng Lut Tim <i>(Note 7)</i>	3,234,375,000 (b)	74.33%	82.59%
Carbon Reserve Investments Limited (" <b>Carbon Reserve</b> ") <i>(Note 8)</i>	2,109,375,000 (a)	48.47%	53.86%
China Energy Conservation & Environmental Protection (Hong Kong) Investment Co., Limited <i>(Note 8)</i>	2,109,375,000 (b)	48.47%	53.86%



Name of Shareholder	Number of Shares and Underlying Shares interested (Note 2)	Approximate percentage of shareholding in the Company	
		As at the Latest Practicable Date (Note 1)	Upon exercise in full of the Share Repurchase Mandate
China Energy Conservation and Environmental Protection Group (Note 8)	2,109,375,000 (b)	48.47%	53.86%
Season Best Investments Limited ("Season Best") (Note 9)	703,125,000 (a)	16.16%	17.95%
CCB International Asset Management Limited (Note 9)	703,125,000 (b)	16.16%	17.95%
CCB International (Holdings) Limited (Note 9)	703,125,000 (b)	16.16%	17.95%
CCB Financial Holdings Limited (Note 9)	703,125,000 (b)	16.16%	17.95%
CCB International Group Holdings Limited (Note 9)	703,125,000 (b)	16.16%	17.95%
China Construction Bank Corporation (Note 9)	703,125,000 (b)	16.16%	17.95%
Central Huijin Investment Limited (Note 9)	703,125,000 (b)	16.16%	17.95%

(a) denotes shareholder held shares in the capacity of beneficial owner pursuant to the SFO

(b) denotes the shares represented interest of corporation controlled by the shareholder pursuant to the SFO

*Notes:*

(1) Based on the number of 4,351,488,667 shares of the Company in issue as at the Latest Practicable Date.

(2) The "Consideration Shares", "Conversion Shares" and "Convertible Notes" referred to in the notes to the above table were originally contemplated to be issued by the Company to the vendors with respect of the very substantial acquisition of the entire issued share capital in Weldtech Technology Co. Limited (the "VSA") pursuant to the sale and purchase agreement dated 23 February 2011 (as amended) (collectively, the "Sale and Purchase Agreement"). The Sale and Purchase Agreement lapsed on 29 February 2012; as such, as at the Latest Practical Date, the parties referred to in the first column of the above table were not Shareholders.

On 29 February 2012, the parties to the Sale and Purchase Agreement reached an understanding with respect to their discussion on the way to proceed with the VSA, including doing so in or under an optimal and/or revised structure (the “**Revised Structure**”). In the event that an agreement is entered into, the VSA, under the Revised Structure, may proceed. For details, please refer to the Company’s announcements dated 20 July 2011, 30 September 2011, 6 October 2011, 9 January 2012, 12 January 2012 and 22 March 2012, respectively, and the Company’s circular dated 31 May 2011.

- (3) These 1,406,250,000 Shares comprise (i) 375,000,000 Consideration Shares representing approximately 8.62% of the total issued capital of the Company and (ii) the Convertible Notes in the aggregate principal amount of HK\$165,000,000 that may be converted into a maximum of 1,031,250,000 Conversion Shares representing approximately 23.70% of the total issued capital of the Company, that may be issued to Newmargin by the Company pursuant to the Sale and Purchase Agreement. Newmargin is wholly-owned by Zhuang Yan. Accordingly, Zhuang Yan is taken to be interested in the Shares in which Newmargin was interested. As at the Latest Practicable Date, Newmargin was not a Shareholder as explained under note (2) above.
- (4) These 703,125,000 Shares comprise (i) 187,500,000 Consideration Shares representing approximately 4.31% of the total issued capital of the Company and (ii) the Convertible Notes in the aggregate principal amount of HK\$82,500,000 that may be converted into a maximum of 515,625,000 Conversion Shares representing approximately 11.85% of the total issued capital of the Company, that may be issued to Cross Cone by the Company pursuant to the Sale and Purchase Agreement. Cross Cone is wholly-owned by Xu Ye Dong. Accordingly, Xu Ye Dong is taken to be interested in the Shares in which Cross Cone was interested. As at the Latest Practicable Date, Cross Cone was not a Shareholder as explained under note (2) above.
- (5) These 5,906,250,000 Shares comprise (i) 1,575,000,000 Consideration Shares representing approximately 36.19% of the total issued capital of the Company and (ii) the Convertible Notes in the aggregate principal amount of HK\$693,000,000 that may be converted into a maximum of 4,331,250,000 Conversion Shares representing approximately 99.53% of the total issued capital of the Company, that may be issued to SV Technology by the Company pursuant to the Sale and Purchase Agreement. SV Technology is owned as to 52.5% by JCW Technology Company Limited and 30.5% by Wu Gang. Accordingly, each of JCW Technology Company Limited and Wu Gang is taken to be interested in the Shares in which SV Technology was interested. As at the Latest Practicable Date, SV Technology was not a Shareholder as explained under note (2) above.
- (6) JCW Technology Company Limited is owned as to 60% Wong Ho Yuen and 40% by Chong Yan Ling. Accordingly, each of Wong Ho Yuen and Chong Yan Ling is taken to be interested in the Shares in which JCW Technology Company Limited was interested. As at the Latest Practicable Date, JCW Technology Company Limited was not a Shareholder as explained under note (2) above.

- (7) These 3,234,375,000 Shares comprise (i) 862,500,000 Consideration Shares representing approximately 19.82% of the total issued capital of the Company and (ii) the Convertible Notes in the aggregate principal amount of HK\$379,500,000 that may be converted into a maximum of 2,371,875,000 Conversion Shares representing approximately 54.51% of the total issued capital of the Company, that may be issued to Smart Promise pursuant to the Sale and Purchase Agreement. Smart Promise is owned as to 60.88% by Cheng Lut Tim. Accordingly, Cheng Lut Tim is taken to be interested in the Shares in which Smart Promise was interested. As at the Latest Practicable Date, Smart Promise was not a Shareholder as explained under note (2) above.
- (8) These 2,109,375,000 Shares comprise (i) 562,500,000 Consideration Shares representing approximately 12.93% of the total issued capital of the Company and (ii) the Convertible Notes in the aggregate principal amount of HK\$247,500,000 that may be converted into a maximum of 1,546,875,000 Conversion Shares representing approximately 35.55% of the total issued capital of the Company, that may be issued to Carbon Reserve pursuant to the Sale and Purchase Agreement. Carbon Reserve is wholly-owned by China Energy Conservation & Environmental Protection (Hong Kong) Investment Co., Limited which is in turn wholly-owned by China Energy Conservation and Environmental Protection Group. Accordingly, each of China Energy Conservation & Environmental Protection (Hong Kong) Investment Co., Limited and China Energy Conservation and Environmental Protection Group is taken to be interested in the Shares in which Carbon Reserve was interested. As at the Latest Practicable Date, Carbon Reserve was not a Shareholder as explained under note (2) above.
- (9) These 703,125,000 Shares comprise (i) 187,500,000 Consideration Shares representing approximately 4.31% of the total issued capital of the Company and (ii) the Convertible Notes in the aggregate principal amount of HK\$82,500,000 that may be converted into a maximum of 515,625,000 Conversion Shares representing approximately 11.85% of the total issued capital of the Company, that may be issued to Season Best pursuant to the Sale and Purchase. Season Best is wholly-owned by CCB International Asset Management Limited which is in turn wholly-owned by CCB International (Holdings) Limited which is in turn wholly-owned by CCB Financial Holdings Limited which is in turn wholly-owned by CCB International Group Holdings Limited which is in turn wholly-owned by China Construction Bank Corporation which is in turn owned as to approximately 57.09% by Central Huijin Investment Limited. Accordingly, each of CCB International Asset Management Limited, CCB International (Holdings) Limited, CCB Financial Holdings Limited, CCB International Group Holdings Limited, China Construction Bank Corporation and Central Huijin Investment Limited is taken to be interested in the Shares in which Season Best was interested. As at the Latest Practicable Date, Season Best was not a Shareholder as explained under note (2) above.

On the basis that no Shares are issued or repurchased prior to the AGM, the Directors are not aware of any consequence that would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code nor an exercise of the Repurchase Mandate whether in whole or in part will result in less than 25% of the Shares being held by the public. Nonetheless, the Directors do not intend to exercise the Repurchase Mandate to such extent as would, in the circumstances, trigger any potential consequences under the Takeovers Code. In any event, the Directors will not exercise the Repurchase Mandate (if granted) to an extent as may result in a public shareholding of less than 25%.

**6. 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.

**7. GENERAL**

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

No connected persons of the Company (as defined in the Listing Rules) have notified the Company that he or she has a present intention to sell any Shares to the Company, nor any of them has 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 only exercise the Repurchase Mandate (if granted) to repurchase Shares in accordance with the memorandum of association of the Company, the Articles, the applicable laws of Hong Kong and the Listing Rules.



**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 (the “**Meeting**”) of The Hong Kong Building and Loan Agency Limited (the “**Company**”) will be held at Falcon Room I, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 28 June 2012 at 11:00 a.m., for the following purposes:

1. to receive and consider the audited consolidated financial statements and the reports of the directors and of the auditors of the Company for the year ended 31 December 2011.
2.
  - (a) to re-elect Mr. So Yuen Chun as an executive director.
  - (b) to re-elect Mr. Ng Cheuk Fan, Keith as an independent non-executive director.
  - (c) to authorise the board of directors to fix the directors’ remuneration.
3. To re-appoint Messrs. ZHONGLEI (HK) CPA Company Limited as the auditors of the Company and authorise the board of directors to fix their remuneration.

As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

**ORDINARY RESOLUTIONS**

4. **“THAT:**

- a. subject to paragraph (c) of this resolution, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period of all the powers of the Company to allot, issue or otherwise deal with additional shares in the capital of the Company (the “**Shares**”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares or such convertible securities, and to make or grant offers, agreements and options which would or 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 authorize the Directors during the Relevant Period to make or grant offers, agreements and options which would or 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;
  - ii. the exercise of option under any share option scheme or similar arrangement adopted by the Company from time to time; or

- iii. any scrip dividend or similar arrangement providing for the allotment and issuance 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;
- 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).”

## 5. “THAT:

- a. subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period of all the powers of the Company to repurchase Shares on The Stock Exchange of Hong Kong Limited (the “**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.”



6. “**THAT** conditional upon the passing of the resolutions number 4 and 5 set out 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 number 4 set out 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 number 5 set out 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.”

As special business, to consider and, if thought fit, pass the following resolutions as special resolutions:

**SPECIAL RESOLUTIONS**

7. “**THAT** the articles of association of the Company (the “**Articles**”) be amended in the following manner:

- (a) By adding the following new definition of “substantial shareholder” in the existing Article 2 after the definition of “Stock Exchange”:

“substantial shareholder” shall have the meaning ascribed to it under the Listing Rules from time to time.”

- (b) By deleting the existing Article 3(A) in its entirety and substituting therefor the following new article 3(A):

“3. (A) The authorized share capital of the Company is HK\$3,000,000,000 divided into 30,000,000,000 ordinary shares of HK\$0.10 each.”

- (c) By adding the following words after the words “way of poll” in the second line of the existing Article 86:

“save that and without prejudice to other provisions of these Articles, the Chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. For purposes of this Article, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its Members; and (ii) relate to the Chairman’s duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all Members present a reasonable opportunity to express their views.”

- (e) Adding into Article 87 as follows:

“87. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:

- (a) by at least three Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (b) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (c) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by the Member. The demand for a poll may be withdrawn.”

- (f) Adding into Article 88 as follows:

“88. Where a resolution is voted on by poll, the result of the poll shall be deemed to be the resolution of the meeting at which the poll was required or demanded. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”

- (g) Adding into Article 89 as follows:

“89. Where a resolution is voted on by a show of hands, a declaration by the Chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minutes book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution.”

- (h) By deleting the existing Article 90 in its entirety and substituting therefor the following new Article 90:

“90. In the case of an equality of votes, either on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.”

- (i) By adding the following as a new paragraph immediately after the one existing paragraph of Article 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 or in accordance with these Articles, 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 vote of the meeting on a show of hands, have one vote. Without prejudice to Article 107, where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

- (j) By adding the following words after the word “Member” in the last sentence of the existing Article 107:

“in respect of the number and class of shares specified in the relevant authorisation including, where a show of hands is allowed, the right to vote individually on a show of hands”

- (k) Article 118(D)(v)

By deleting paragraph (D)(v) of Article 118 in its entirety and replaced with the words “INTENTIONALLY DELETED”

- (l) By adding a new sentence “Notwithstanding the foregoing, a resolution in writing shall not be passed in lieu of a meeting of the Board for the purposes of considering any matter or business in which a substantial shareholder of the Company or a Director has a conflict of interest and the Board has determined that such conflict of interest to be material.” after the last sentence of the existing Article 150.”
8. “**THAT** conditional on the passing of the resolution number 7 set out in the notice convening the Meeting, the memorandum and articles of association of the Company in the form of the document marked “A” and produced to this meeting and for the purpose of identification signed by the chairman of this meeting, which consolidates all of the proposed amendments referred to in Resolution 7 above and all previous amendments made pursuant to resolutions passed by the shareholders of the Company be approved and adopted as the new memorandum and articles of association of the Company in substitution for and to the exclusion of the existing memorandum and articles of association of the Company with immediate effect.”

By order of the Board

**The Hong Kong Building and Loan Agency Limited**

**So Yuen Chun**

*Executive Director*

Hong Kong, 29 May 2012

*Notes:*

1. A member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his or her proxy to attend and vote instead of him or her. 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 notorially certified copy of such power or authority, must be deposited at the Company's registered office of Unit F, 7/F., China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong, not less than 48 hours before the time fixed for the Meeting or any adjournment thereof (as the case may be).
4. Where there are joint holders of any share of the Company, any one of such joint holders may vote at the Meeting, either personally or by proxy, in respect of such share of the Company as if he or 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 in respect of such share shall alone be entitled to vote in respect of such share of the Company.

*As at the date hereof, the board of directors of the Company comprises Mr. So Yuen Chun and Mr. Yeung Kwok Leung being executive Directors; Mr. Lam Kwok Hing, Wilfred being non-executive Director; and Mr. Ng Cheuk Fan, Keith, Mr. Yeung Wai Hung, Peter and Mr. Lam Raymond Shiu Cheung being independent non-executive Directors.*