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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 2017 annual report of the Company 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)

**PROPOSALS FOR RE-ELECTION OF RETIRING DIRECTORS,
GRANT OF GENERAL MANDATES
TO ISSUE AND BUY-BACK SHARES,
EXTEND GENERAL MANDATE TO ISSUE SHARES,
ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company (the “**AGM**”) to be held at 1804A, 18/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Friday, 25 May 2018 at 12:00 noon is set out in Appendix IV to this circular. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s share registrar of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for 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) if you so wish.

24 April 2018

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DEFINITIONS

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 1804A, 18/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Friday, 25 May 2018 at 12:00 noon, the notice of which is set out from pages 32 to 36 of this circular; or only adjournment thereof
“AGM Notice”	the notice for convening the AGM as set out from pages 32 to 36 of this circular
“Articles”	the articles of association adopted by the Company as may be amended from time to time and “Article” shall mean an article of the articles of association
“Board”	the board of Directors
“Buy-back Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to buy-back Shares of an aggregate number of Shares not exceeding 10% of the total number of the Shares in issue as at the date of passing of the relevant resolution at the AGM
“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 Exchange
“Director(s)”	the director(s) of the Company
“Exchange”	The Stock Exchange of Hong Kong Limited
“Existing Scheme”	the existing share option scheme of the Company adopted pursuant to a resolution passed by the then Shareholders on 22 May 2008
“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 shares of the Company bought back under the Buy-back Mandate

DEFINITIONS

“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 up to a maximum of 20% of the total number of Shares in issue as at the date of passing of the relevant resolution at the AGM
“Latest Practicable Date”	20 April 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Exchange
“New Scheme”	by the new share option scheme proposed to be adopted by the Company at the AGM for the benefit of the employees and directors of the Group and other eligible participants
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of issued Shares
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“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:

Dr. Li Ai Guo

Mr. Chong Kok Leong

Mr. Zhuang Miao Zhong

Independent Non-executive Directors:

Mr. Yeung Wai Hung, Peter

Mr. Choy Hiu Fai, Eric

Mr. Huang Lizhi

Registered Office:

Unit 2305, 23/F.

Convention Plaza Office Tower

1 Harbour Road

Wanchai

Hong Kong

24 April 2018

*To the Shareholders, and holders of convertible bonds of
the Company, for information only*

Dear Sirs or Madams,

**PROPOSALS FOR RE-ELECTION OF RETIRING DIRECTORS,
GRANT OF GENERAL MANDATES
TO ISSUE AND BUY-BACK SHARES,
EXTEND GENERAL MANDATE TO ISSUE SHARES,
ADOPTION OF NEW SHARE OPTION SCHEME
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 Buy-back Mandate; (iv) the Extension Mandate; and (v) the adoption of the New Scheme. The AGM Notice is set out from pages 32 to 36 of this circular.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

Article 110 of the Articles provides, among others, that the Directors shall have power from time to time and at any time to appoint any qualified person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election.

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, Mr. Chong Kok Leong and Mr. Yeung Wai Hung, Peter shall retire by rotation and, each being eligible, offer themselves for re-election as Directors at the AGM.

Particulars of the retiring Directors are set out in Appendix I to this circular.

GENERAL MANDATES TO ISSUE AND BUY-BACK SHARES

At the annual general meeting of the Company held on 23 June 2017, the Shareholders passed the ordinary resolutions on granting the existing general mandates to the Directors to allot, issue and deal with Shares and to buy-back 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 Buy-back Mandate and the Extension Mandate.

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 total number of Shares in issue at the date of passing of such resolution.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the number of Shares in issue comprised 2,306,502,816 Shares. Assuming that there is no change in the issued number of Shares 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 461,300,563 Shares.

The Buy-back Mandate

At the AGM, an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, approve the Buy-back Mandate which will enable the Directors to exercise the powers of the Company to buy-back Shares up to 10% of the aggregate number of Shares in issue as at the date of passing of such resolution. The Company's authority is restricted to buy-back Shares in the market in accordance with the Listing Rules.

As at the Latest Practicable Date, the number of Shares in issue comprised of 2,306,502,816 Shares. Assuming that there is no change in the issued number of Shares during the period from the Latest Practicable Date to the date of passing the resolution approving the Buy-back Mandate, the maximum number of Shares which may be bought back pursuant to the Buy-back Mandate will be 230,650,281 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 Buy-back Mandate is set out in Appendix II to this circular.

Both of the Issue Mandate and the Buy-back 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 of Hong Kong 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 Board considers that the grant of the Issue Mandate and Buy-back 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.

LETTER FROM THE BOARD

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 total number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate representing the total number of Shares that bought back by the Company pursuant to the Buy-back Mandate, provided that such extended amount shall not exceed 10% of the total number of issued Shares at the date of passing of that resolution.

ADOPTION OF NEW SCHEME

The New Scheme

The Existing Scheme allowing the Company to grant share options to the participants for the purpose of providing incentives or rewards to the participants for their contribution to the Group, is valid and effective for a period of 10 years commencing on 22 May 2008. Accordingly, the Existing Scheme will be expired on 22 May 2018. The Directors therefore consider to adopt the New Scheme so that the Company can continue to provide incentives and/or rewards to the participants, by way of granting options, after the expiry of the Existing Scheme.

Accordingly, an ordinary resolution will be proposed at the AGM to approve the adoption of the New Scheme.

Set out in Appendix III to this circular are the principal terms of the New Scheme. The rules of the New Scheme proposed to be adopted by the Company at the AGM will be available for inspection at the Company's registered office of Unit 2305, 23/F., Convention Plaza Office Tower, 1 Harbour Road, Wanchai, Hong Kong during normal business hours from the Latest Practicable Date up to and including the date of AGM.

LETTER FROM THE BOARD

Under the principal terms of the New Scheme, the scope of eligible participants includes:

- (a) any employee (whether full time or part time, including any executive directors but excluding any non-executive director) of the Company, or of any of its Subsidiaries or any entity (“**Invested Entity**”) in which any member of the Group holds any equity interest;
- (b) any non-executive Director (including independent non-executive Director) of the Company, any of its Subsidiaries or any Invested Entity;
- (c) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued or proposed to be issued by any member of the Group or any Invested Entity; or
- (d) any other person (including any consultant, adviser, distributor, contractor, supplier, agent, customer, business partner, joint venture business partner, promoter or service provider of any member of the Group) whom the Board considers, in its sole discretion, has contributed or will contribute to the Group;

The initial maximum number of Shares which may be allotted and issued upon exercise of all outstanding options granted under the New Scheme and any other share option schemes of the Company (including the Existing Scheme) may represent up to 10% of the Shares in issue on the date of approval of the New Scheme by the Shareholders at the AGM (the “**General Scheme Limit**”), which maximum number may however be refreshed as detailed in paragraph (3) of Appendix III to this circular.

On the basis of 2,306,502,816 Shares in issue as at the Latest Practicable Date and assuming that, prior to the AGM, no Shares are issued or repurchased by the Company, the General Scheme Limit will be 230,650,281 Shares.

The Company is not required to appoint any trustee for the purpose of administering the New Scheme. The New Scheme will be subject to administration of the Board. None of the Directors is or will be a trustee of the New Scheme or have a direct or indirect interest in any such trustee.

LETTER FROM THE BOARD

To the best knowledge of the Directors, as at the Latest Practicable Date, no Shareholders have a material interest in the New Scheme different to that of any other Shareholders and accordingly, no Shareholders will have to abstain from voting at the AGM on the resolution approving the adoption of the New Scheme.

Conditions of the adoption of the New Scheme

The adoption of the New Scheme is conditional upon (i) the approval of the New Scheme at the AGM and the allotment and issue of the Shares which may fall to be allotted and issued upon the exercise of the options granted under the New Scheme; and (ii) the Exchange granting approval of the listing of, and permission to deal in, the Shares which may fall to be allotted and issued upon the exercise of the options granted up to 10% of the Shares in issue as at the date of the AGM under the New Scheme.

Application will be made to the Exchange for the approval of the listing of, and permission to deal in, the Shares representing 10% of the issued share capital of the Company as at the date of the AGM which may fall to be allotted and issued upon the exercise of options to be granted under the New Scheme.

Reasons for the proposal

The Directors consider that the adoption of the New Scheme is in the interest of the Company and the Shareholders as a whole because it enables the Company to reward and provide incentives to, and strengthen the Group's business relationship with, the prescribed classes of participants who may contribute to the growth and development of the Group.

The Existing Scheme will be expired on 22 May 2018. The Directors consider that it is appropriate to adopt the New Scheme.

LETTER FROM THE BOARD

Values of all options that can be granted under the New Scheme

The Directors consider that it is not possible to state the value of all options that may be granted pursuant to the New Scheme as if they had been granted on the Latest Practicable Date, because the calculation of the value of the options is based on a number of variables such as the exercise price, exercise period, interest rate, expected volatility and other relevant variables.

As options have not been granted under the New Scheme, certain variables are not available for calculating the value of the options. The Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful to the Shareholders.

AGM

The AGM Notice is set out from pages 32 to 36 of this circular. A form of proxy for use at the AGM is enclosed with this circular.

At the AGM, ordinary resolutions will be proposed to approve, among others, the re-election of retiring Directors, the grant of the Issue Mandate, Buy-back Mandate, Extension Mandate and Adoption of the New Scheme.

Pursuant to Rule 13.39(4) of the Listing Rules, the proposed ordinary resolutions as set out in the AGM Notice will be taken by way of poll at the AGM. The results of the poll will be posted on the websites of the Exchange and the Company by way of an announcement.

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 share registrar of Level 22, Hopewell Centre, 183 Queen's Road East, 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.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the proposed ordinary resolutions as set out in the AGM Notice are in the interests of the Company and the Shareholders as a whole and therefore recommends the Shareholders to vote in favour of the re-election of retiring Directors, the grant of the Issue Mandate, Buy-back Mandate, Extension Mandate and Adoption of the New Scheme to be proposed at the AGM.

GENERAL INFORMATION

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.

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 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.

Yours faithfully

By Order of the Board

The Hong Kong Building and Loan Agency Limited

Chong Kok Leong

Executive Director

APPENDIX I PARTICULARS OF DIRECTORS PROPOSED TO BE RE-ELECTED

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. Chong Kok Leong (“**Mr. Chong**”), aged 54, was appointed as an executive director of the Company on 1 October 2015. Mr. Chong has also been appointed as a director of certain subsidiaries of the Company. Mr. Chong has over 23 years of senior management experience with multinational companies in the Asia Pacific Region, of which 13 years have been in China. The management expertise of Mr. Chong has been with sales & marketing and channel development at regional and country levels, with key responsibilities covering sales & marketing, business strategies and channel development. Prior to joining the Company, Mr. Chong has been the Managing Partner of a successful digital solution and media network company based in Shanghai. From June 2009 to April 2013, Mr. Chong was the Managing Director of PC-Ware (Beijing) Commercial Co., Ltd., where its parent company PC-Ware GmbH was the second largest software distribution and IT solution company in Europe. From February 2006 to April 2009, Mr. Chong worked as the General Manager (Software Division) and the Senior Business Development Director of China of Ingram Micro Asia Holdings Limited, a B2B technology company. From 1996 to 2006, Mr. Chong worked at Hewlett-Packard Asia Pacific, primarily responsible for its channel development in China and South & South East Asian markets. Mr. Chong graduated with a Bachelor’s Degree in Engineering (Mechanical) from the National University of Singapore in 1988, obtained a Master’s Degree in Business Administration from Monash University in Melbourne, Australia in 1993, and was admitted as member of the CPA Australia in 1995.

Save for disclosed above, Mr. Chong 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 Securities and Futures Ordinance.

Mr. Chong has entered into a service contract with the Company for a term of one year from 1 October 2017 to 30 September 2018, subject to retirement by rotation and re-election by shareholders at the annual general meetings of the Company in accordance with the Company’s articles of association. Mr. Chong is entitled to a director’s fee of HK\$50,000 per month, which was determined by the board of directors of the Company (the “**Board**”) with reference to his duties, experience and responsibilities in the Company as well as the market conditions.

APPENDIX I PARTICULARS OF DIRECTORS PROPOSED TO BE RE-ELECTED

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

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

Mr. Yeung Wai Hung, Peter (“**Mr. Yeung**”), aged 60, was appointed as an independent non-executive director of the Company on 1 February 2011. He was also appointed as a member of each of the audit, nomination and remuneration committees of the Company, all with effect from 1 February 2011. Mr. Yeung holds a bachelor of laws degree from the University of London and a postgraduate certificate in laws from The University of Hong Kong. He possesses experience in the areas of mergers and acquisition and commercial contracts. He is a solicitor of the High Court of Hong Kong. Mr. Yeung has been a practicing solicitor for over 29 years and a partner of Messrs. Hau, Lau, Li & Yeung, Solicitors & Notaries since 1992. Mr. Yeung is currently also an independent non-executive director of Chinese Food and Beverage Group Limited (stock code: 8272) and CircuTech International Holdings Limited (stock code: 8051), both companies are listed on GEM of the Exchange.

Save for disclosed above, Mr. Yeung 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 Securities and Futures Ordinance.

Mr. Yeung has entered into a service contract with the Company for a fixed term of 1 year from 1 February 2018 to 31 January 2019, subject to the retirement by rotation at the annual general meetings of the Company in accordance with the articles of association. Mr. Yeung is entitled to receive a director's fee of HK\$120,000 per annum which was determined by reference to his duties, experience and responsibilities in the Company as well as the market conditions.

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

Save for disclosed above, the Board is not aware of any other matters relating to Mr. Yeung'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 Buy-back Mandate.

1. NUMBER OF SHARES IN ISSUE

As at the Latest Practicable Date, the issued number of Shares was 2,306,502,816.

Subject to the passing of the ordinary resolution granting the proposed Buy-back Mandate and on the basis that no further Shares are issued or bought back before the AGM, the Company will be allowed to buy-back a maximum of 230,650,281 Shares, representing 10% of the issued number of 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 of Hong Kong or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

2. REASONS FOR BUY-BACK

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 buy-back Shares on the Exchange. Such buy-backs 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 buy-backs will benefit the Company and the Shareholders as a whole.

The Board has no present intention to buy-back any Shares and the power would only be exercised to buy-back in circumstances where it is considered to be in the interests of the Company and the Shareholders as a whole and in circumstances where the Shares can be bought back on the terms favourable to the Company. On the basis of the consolidated statement of financial position of the Company as at 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Company were made up, the Board considers that if the Buy-back Mandate were to be exercised in full during the proposed buy-back period, it may constitute a material adverse impact on the working capital or gearing position of the Company. The Board does not propose to exercise the Buy-back Mandate to such an extent as it would, in the circumstances, constitute 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 Board, are from time to time appropriate for the Company.

3. FUNDING OF BUY-BACKS

Buy-backs to be made pursuant to the proposed Buy-back Mandate would be financed out of funds legally available for the purpose in accordance with 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 Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Shares Price	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2017		
April	0.315	0.270
May	0.300	0.228
June	0.250	0.168
July	0.214	0.143
August	0.216	0.153
September	0.170	0.151
October	0.185	0.153
November	0.176	0.151
December	0.159	0.137
2018		
January	0.175	0.139
February	0.153	0.124
March	0.134	0.092
April (up to the Latest Practicable Date)	0.101	0.084

5. EFFECT OF THE TAKEOVERS CODE

A buy-back 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 Shareholders are interests in 10% or more of the issued Shares:

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Buy-back Mandate is exercise in full on the date of the AGM
State Energy HK Limited ("State Energy") <i>(Note)</i>	Beneficial owner	567,933,709 (L)	24.62%	27.36%

(L) denotes the long position held in the Shares

Note:

These shares comprise (i) 454,268,172 shares held by State Energy and (ii) 113,665,537 conversion shares to be allotted and issued to State Energy. Mr. Liu Quanhui and Ms. Niu Fang are interested in State Energy. By virtue of the SFO, Mr. Liu Quanhui and Ms. Niu Fang are deemed to be interested in the shares held by State Energy.

The Board does not intend to exercise the Buy-back Mandate to such extent as would, in the circumstances, trigger any potential consequences under the Takeovers Code. In any event, the Board will not exercise the Buy-back Mandate (if granted) to an extent that may result in a public shareholding of less than 25%.

6. BUY-BACK OF SHARES

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

7. GENERAL

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

No core connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she/it 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 buy-back of the Shares.

The Board has undertaken to the Exchange that, so far as the same may be applicable, it will only exercise the Buy-back Mandate (if granted) to buy-back Shares in accordance with the Articles, the applicable laws of Hong Kong and the Listing Rules.

The following is a summary of the principal terms of the Share Option Scheme to be adopted at the AGM. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

For the purpose of this Appendix only, unless the context otherwise requires, the following words shall have the following meanings:

“Adoption Date”	means 25 May 2018, the date on which this Scheme is conditionally adopted by the Company at a general meeting of the Shareholders;
“Associates”	has the meaning ascribed thereto in Rule 1.01 of the Listing Rules;
“Auditors”	means the auditors for the time being of the Company;
“Board”	means the board of Directors or a duly authorized committee thereof;
“Business Day”	means a day (other than Saturday and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general banking business;
“Company”	means The Hong Kong Building and Loan Agency Limited, a company incorporated in Hong Kong with limited liability and having its issued ordinary shares listed on the Main Board of The Stock Exchange of Hong Kong Limited;
“Connected Person”	has the meaning ascribed to it under Rule 1.01 of the Listing Rules;
“Control”	means, in relation to the Company, the power of a person, directly or indirectly, to secure;

- (i) by means of the holding of Shares entitling him to exercise, or control the exercise of, 30% (or such lower amount as may from time to time be specified in the Code on Takeovers and Mergers and Share Buy-Backs (issued and published by the Securities and Futures Commission as amended from time to time) as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the Company;
- (ii) by means of controlling the composition of a majority of the Board;
- (iii) by virtue of any powers conferred by the constitutional documents of the Company; or
- (iv) by reason of any of the aforesaid relationship with another company which itself has the same power over that company (or with a series of companies each of which has the same power over another company in the series and the last one of which has the same power over that company),

that the affairs of the Company are conducted in accordance with the wishes of such person;

“Director”

means a director of Board, and “**Directors**” shall be interpreted and construed accordingly;

“Eligible Participant”

means:

- (a) any employee (whether full time or part time, including any executive directors but excluding any non-executive director) of the Company, or of any of its Subsidiaries or Invested Entity in which any member of the Group holds any equity interest;

- (b) any non-executive director (including independent non-executive director) of the Company, any of its Subsidiaries or any Invested Entity;
- (c) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued or proposed to be issued by any member of the Group or any Invested Entity; or
- (d) any other person (including any consultant, adviser, distributor, contractor, supplier, agent, customer, business partner, joint venture business partner, promoter or service provider of any member of the Group) whom the Board considers, in its sole discretion, has contributed or will contribute to the Group;

“Exchange”

means The Stock Exchange of Hong Kong Limited;

“Grantee”

means any Eligible Participant who accepts the offer of the grant of any Option in accordance with the terms of this Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee;

“Group”

means the Company and its Subsidiaries from time to time and “member(s) of the Group” shall be interpreted and construed accordingly;

“Hong Kong”

means the Hong Kong Special Administrative Region of the People’s Republic of China;

“Invested Entity”

means any entity in which the Group holds any equity interest;

“Listing Rules”

means the Rules Governing the Listing of Securities on the Main Board of the Exchange (as amended from time to time);

“Main Board”	means the Main Board of the Exchange;
“Offer Date” or “date of grant”	means the date on which any Option is offered to an Eligible Participant;
“Option”	means an option to subscribe for Shares granted pursuant to this Scheme, and “ Options ” shall be interpreted and construed accordingly;
“Option Period”	means in respect of any particular Option (subject as otherwise provided under the terms of this Scheme, including without limitation to paragraph 7), such period during which the Option is exercisable as set out in the offer of the Option, which shall, at the discretion of the Directors, commence at any time on or after the date of the offer of the Option and expire no later than the tenth (10th) anniversary of the date of such offer, and in case the Option is offered on different occasions, the Option Period shall commence at any time on or after the date of the first offer;
“Scheme”	means this Scheme in its present or any revised, amended or supplemented form or content;
“Shares”	means ordinary shares (or such shares as shall result from any division, sub-division, consolidation, re-classification or re-construction of the ordinary shares or any portfolio thereof from time to time) in the Company;
“Shareholders”	means holders of the Shares from time to time;
“Subscription Price”	means the price per Share at which a Grantee may subscribe for certain portfolio of the Shares on the exercise of an Option as described in paragraph 5;
“Subsidiary”	means a company which is for the time being and/or from time to time a subsidiary of the Company, and “ Subsidiaries ” shall be interpreted and construed accordingly;

“Substantial Shareholder”	has the meaning ascribed thereto under Rule 1.01 of the Listing Rules;
“trading day”	means a day on which the Exchange is open for trading of securities;
“HK\$”	means Hong Kong Dollars, the lawful currency of Hong Kong.

1. PURPOSE

The purpose of this Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group and any Invested Entity.

2. WHO MAY JOIN

On and subject to the terms of the Scheme, the Board shall be entitled at any time and from time to time within ten (10) years after the Adoption Date to offer to grant to any Eligible Participant as the Board may in its absolute discretion select, and subject to such conditions as the Board may impose at its absolute discretion, an Option to subscribe for such number of Shares as the Board may determine at an exercise price determined as described under paragraph 5 below. An offer of the grant of an Option (the “Offer”) shall remain open for acceptance by the Eligible Participant concerned for a period of 7 days from the date of the offer and no such offer shall be open for acceptance after the tenth anniversary of the Adoption Date or after this Scheme has been terminated. An Option shall be deemed to have been granted and accepted (with retrospective effect from the offer date) when the duplicate letter comprising acceptance of the Option duly signed by the Grantee with the number of Shares in respect of which Offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company. Such remittance shall in no circumstances be refundable.

Any Offer may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of such number of Shares as represents a board lot for the time being for the purposes of trading on the Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within 7 days from the date of the Offer, it will be deemed to have been irrevocably declined and lapsed automatically.

3. MAXIMUM NUMBER OF SHARES

The total number of Shares in respect of which Options (including both exercised and outstanding Options) may be granted under the Scheme and any other share option schemes of our Company shall not in aggregate exceed 10 per cent. of the total number of Shares in issue at the time the Scheme is adopted by the Shareholders.

Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time up to 10% of the Shares in issue as at the date of the approval by the Shareholders in general meeting; and/or
- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular issued by the Company to the Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time.

No options shall be granted under any schemes of the Company (including the Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of the Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with paragraph 18 below whether by way of consolidation, capitalisation issue, rights issue, sub-division or reduction of the share capital of the Company but in no event shall exceed the limit prescribed in this paragraph.

4. MAXIMUM NUMBER OF OPTIONS TO ANY ONE INDIVIDUAL

- (a) Subject to paragraph 4(b), no Eligible Participant shall be granted an Option if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the Options granted to such Eligible Participant (including both exercised and outstanding Options) in any 12-month period exceeding 1% of the total number of Shares in issue.

- (b) Where any further grant of Options to a Eligible Participant, if exercised in full, would result in the total number of Shares already issued or to be issued upon exercise of all Options granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding Options) in any 12-month period up to and including the date of such further grant exceeding 1% of the total number of Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his Associates abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Options to be granted and Options previously granted to such Eligible Participant and the information required under Rule 17.02(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules. The number and terms (including the Subscription Price) of the Options to be granted to such Eligible Participant must be fixed before the Shareholders' approval and the date of the meeting of the Board for proposing such further grant of Option should be taken as the date of grant for the purpose of calculating the Subscription Price.

5. EXERCISE PRICE

The subscription price in respect of any Option granted under the Share Option Scheme shall be such price as determined by the Board in its absolute discretion but in any case shall not be lower than the higher of:

- (a) the closing price of the Shares as stated in the Exchange's daily quotation sheet on the date of grant, which must be a Business Day; and

- (b) the average closing price of the Shares as stated in the Exchange's daily quotations sheets for the 5 Business Days immediately preceding the date of grant.

6. GRANT OF OPTIONS TO CONNECTED PERSONS

Any grant of Options to a Director, chief executive (other than a proposed Director or a proposed chief executive of the Company) or substantial shareholder or any of their respective Associates, under the Scheme or any other share option scheme of the Company or any of its subsidiaries shall be subject to approval by the independent non-executive Directors (excluding independent non-executive Director who is a Grantee of the Options). In case of any change in the terms of Options granted to a substantial shareholder or an independent non-executive Director, or any of their respective Associates; or where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective Associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the relevant class of Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000,

such further grant of Options must be approved by the Shareholders and the Company shall send a circular to all Shareholders. All Connected Persons of the Company must abstain from voting in favour at such general meeting. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

7. RESTRICTIONS ON THE TIMES OF GRANT OF OPTIONS

No offer of grant of Options shall be made after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in accordance with rule 2.07C of the Listing Rules. In particular, no option may be granted during the period of one month immediately preceding the earlier of:

- (a) the date of the Board meeting (as such date is first notified to the Exchange in accordance with Rule 13.43 of the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for the Company to publish an announcement of its results for any year, halfyear, quarterly or other interim period (whether or not required under the Listing Rules)

and ending on the date of the results announcement.

8. RIGHTS ARE PERSONAL TO GRANTEE

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee.

9. EXERCISE OF OPTION

An Option may be exercised in whole or in part by the Grantee (or his legal representative(s)) within the option period, which shall be determined and notified by the Board to the Grantee during which the option may be exercised and in any event shall be not more than 10 years commencing on the date on which the offer in relation to such Option is deemed to have been accepted in accordance with paragraph 2 and expiring on the last day of such 10-year period subject to the provisions for early termination contained in paragraph 16, giving notice in writing stating that the Option is to be exercised and the number of Shares in respect of which it is exercised. Such notice must be accompanied by a remittance for the full amount of the price of the Shares in respect of which the notice is given. Within 30 days after receipt of the notice and (where appropriate) receipt of the independent financial advisor's or the Auditors' certificate under paragraph 18, the Company shall issue and allot the relevant Shares to the Grantee credited as fully paid and issue to the Grantee a share certificate in respect of the Shares so issued and allotted.

10. PERFORMANCE TARGET

There is no general requirement for any performance target to be achieved before options can be exercised under the Scheme although the Board has the discretion to require a particular Grantee to achieve certain performance targets specified at the time of grant before any Option granted under the Scheme can be exercised.

11. RIGHTS ON CEASING EMPLOYMENT OR DEATH

If the Grantee of an Option ceases to be an employee of the Company or any of its Subsidiaries:

- (a) by any reason other than death or termination of his employment on the grounds specified in paragraph 12 below, the Grantee may exercise the Option up to the entitlement of the Grantee as at the date of cessation (to the extent not already exercised) on or before the date of such cessation; or
- (b) by reason of death, the legal personal representative(s) of the Grantee may exercise the Option within a period of 12 months from such cessation,

which date shall be the actual last actual working day on which the Grantee was at work with the Company, or the relevant Subsidiary or Invested Entity, on which salary is paid whether in lieu of notice of not, or such longer period as the Board may determine.

12. RIGHTS ON DISMISSAL

If the Grantee is under employment with the Company and/or any of the Subsidiaries or the Invested Entity, the date on which the Grantee ceases to be an Eligible Participant by reason of the termination of his or her employment on the grounds that he or she has been guilty of misconduct or has been convicted of any criminal offence involving his or her integrity or honesty, the Grantee's Option shall lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

13. RIGHTS ON TAKEOVER

In the event that a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the Shareholders, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, and such offer becomes or is declared unconditional, a Grantee shall be entitled to exercise his or her or its Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in exercise of his or her or its Option at any time before the close of such offer (or any revised offer).

14. RIGHTS ON A COMPROMISE OR ARRANGEMENT

In the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its members (or any class of them), in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement, and thereupon any Grantee or his or her legal personal representative(s) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two (2) calendar months thereafter and the date on which such compromise or arrangement is sanctioned by Court be entitled to exercise his or her or its Option (to the extent which has become exercisable and not already exercised), but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective.

15. RIGHTS ON WINDING UP

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it dispatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, each Grantee or his or her legal personal representative(s) shall be entitled to exercise all or any of his or her or its Options (to the extent which has become exercisable and not already exercised) at any time not later than two (2) Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

16. LAPSE OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the option period;
- (b) the expiry of any of the periods referred to in paragraphs 11, 12, 13, 14 and 15;
- (c) the date on which the offer (or as the case may be, revised offer) referred to in paragraph 13 closes;
- (d) the date of the commencement of the winding-up of the Company referred to in paragraph 15;
- (e) the date on which the Grantee who is an Employee ceases to be an Employee by reason of the termination of his employment on the grounds that he has been guilty of misconduct or has been convicted of any criminal offence involving his integrity or honesty.

17. RANKING OF SHARES

No dividends will be payable and no voting rights will be exercisable in relation to an option that has not been exercised. Shares issued on the exercise of an option will rank equally in all respects with the Shares in issue on the date of allotment. They will not rank for any rights (which include, among other things, voting rights and dividend rights) attaching to Shares by reference to a date preceding the date of allotment.

18. EFFECTS OF ALTERATIONS TO SHARE CAPITAL

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue or other similar offer of securities to holders of Shares, consolidation, subdivision or reduction or similar reorganisation of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding alterations (if any) shall be made in the number of Shares subject to any options so far as unexercised and/or the Subscription Price and/ or the method of exercise of Option and/or the maximum number of Shares referred to in paragraph 3 above, in accordance with Rule 17.03(13) of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Exchange from time to time, as the Company's independent financial adviser or Auditors shall certify in writing to the Board.

Any alteration shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such alteration shall remain the same as that to which he or she or it was entitled before such alteration and that the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, but so that no such adjustment will be required in circumstances where there is an issue of Shares or other securities of the Group as consideration in a transaction.

19. ALTERATIONS OF THE SCHEME

The Scheme may be altered in any respect by a resolution of the Board except that the following shall not be carried out except with the prior sanction of an ordinary resolution of the Shareholders in general meeting, provided always that the amended terms of the Scheme shall comply with the applicable requirements of the Listing Rules: (i) any material alteration to its terms and conditions or any change to the terms of Options granted (except where the alterations take effect under the existing terms of the Scheme); (ii) any alteration to the provisions of the Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Grantee; and (iii) any change to the authority of the Directors in relation to any alteration to the terms of the Scheme.

20. CANCELLATION OF OPTIONS

The Company may cancel an Option granted but not exercised with the approval of the Grantee of such Option. Option may be granted to an Eligible Participant in place on his cancelled Options provided that there are available unissued options (excluding the cancelled Options) within the Scheme Mandate Limit (or similar limit under any other scheme adopted by our company) from time to time.

21. DURATION AND ADMINISTRATION OF THE SCHEME

Subject to paragraph 22, the Scheme shall be valid and effective for a period of ten (10) years commencing on the date on which the conditions set out in paragraph 23 are satisfied, after which period no further Options will be granted but the provisions of this Scheme shall remain in full force and effect in all other respects. Options complying with the provisions of the Listing Rules which are granted during the duration of the Scheme and remain unexercised immediately prior to the end of the ten-year period shall continue to be exercisable in accordance with their terms of grant within the option period for which such Options are granted, notwithstanding the expiry of this Scheme.

The Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to this Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

22. TERMINATION OF THE SCHEME

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the Scheme and in such event no further Option will be offered but the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of the Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provision of the Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Scheme.

23. CONDITION OF THE SCHEME

The Scheme is conditional on:

- (a) the passing by the Shareholders of a special resolution at the annual general meeting to approve and adopt the Scheme; and
- (b) the Listing Committee of the Exchange granting approval of the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of any Options.

24. DISCLOSURE IN ANNUAL AND INTERIM REPORTS

The Board shall procure that details of the Scheme are disclosed in our annual and interim reports in compliance with the Listing Rules in force from time to time.

25. PRESENT STATE OF THE SCHEME

As at the Latest Practicable Date, no Option has been granted under the Scheme.



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 ANNUAL GENERAL MEETING

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 1804A, 18/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Friday, 25 May 2018 at 12:00 noon, to consider and, if thought fit, transact the following ordinary businesses:

1. To receive, consider and approve the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and of the auditors of the Company for the year ended 31 December 2017.
2. To re-elect retiring directors of the Company.
3. To re-appoint Messrs. HLB Hodgson Impey Cheng Limited as the auditors of the Company and to authorise the board of directors of the Company 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 (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares 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 authorise the Directors during the Relevant Period (as hereinafter defined) 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 (as hereinafter defined);
- (c) the total number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval given in paragraph (a) of this resolution, otherwise than pursuant to:
 - i. a Rights Issue (as hereinafter defined);
 - ii. the exercise of options under any share option schemes or similar arrangements adopted by the Company from time to time; or
 - iii. any scrip dividend or similar arrangement(s) 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 and other relevant regulations in force from time to time,

shall not exceed 20% of the total number of Shares in issue as 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 of Hong Kong 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, issuance or grant of Shares, warrants, options or other securities pursuant to an offer giving rights to subscribe 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 buy-back Shares on The Stock Exchange of Hong Kong Limited (the “**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 Exchange under The Codes on Takeovers and Mergers and Share Buy-backs, subject to and in accordance with all applicable laws and regulations, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of Shares which may be bought back by the Company pursuant to paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate number of Shares in issue at the date of 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 date of 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; 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 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 total number of the Shares bought back 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 total number of Shares in issue at the date of passing of this resolution.”
7. “**THAT** subject to the passing of resolution numbered 7 and subject also to and conditional upon the Exchange granting the listing of, and permission to deal in, such number of shares of the Company which may fall to be allotted and issued pursuant to the exercise of the option which may be granted under the rules of the new share option scheme (the “**New Scheme**”), a draft of which is produced to the meeting marked “B” and signed by the chairman of the meeting for the purpose of identification, representing an amount (the “**General Scheme Limit**”) up to 10 per cent. of the issued shares of the Company as at the day on which this resolution is passed, with effect from the close of business of the day on which this resolution is passed, the rules of the New Scheme be approved and adopted and the Directors be and they are hereby authorised:
- (a) to approve any amendments to the rules of the New Scheme as may be acceptable or not objected to by the Exchange;
 - (b) at their absolute discretion to grant options to subscribe for shares of the Company in accordance with the rules of the New Scheme;
 - (c) to allot, issue and deal with shares of the Company pursuant to the exercise of options granted under the New Scheme provided that the aggregate number of shares which fall to be allotted and issued pursuant to this authority, together with any issue of shares of the Company upon the exercise of any options granted under any other share option scheme as may from time to time be adopted by the Company or its subsidiaries, shall not exceed the General Scheme Limit; and
 - (d) to take all such steps which is of administrative nature as may be necessary, desirable or expedient to carry the New Scheme into effect.”

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

Hong Kong, 24 April 2018

Notes:

1. Any member of the Company (“**Member**”) entitled to attend and vote at the Meeting shall be entitled to appoint another person as his/her/its proxy to attend and vote on his/her/its behalf and the proxy so appointed shall have the same rights as the Member to speak at the Meeting. A proxy needs not be a Member. A Member may appoint more than one proxy to attend the Meeting.
2. A form of proxy in respect of the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon.
3. To be valid, the form of proxy, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company’s share registrar of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time fixed 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 you so wish.
4. For ascertaining the shareholders’ entitlement to attend and vote at the AGM, the register of Members will be closed from Monday, 21 May 2018 to Friday, 25 May 2018, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, 18 May 2018.
5. 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/she/it was solely entitled thereto. 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.
6. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning is in effect any time after 8:00 a.m. on the date of the annual general meeting, the meeting will be postponed. The Company will post an announcement on the Company’s website <http://www.hkbla.com.hk> and the “Latest Company Announcements” page of the Exchange website to notify shareholders of the Company of the date, time and place of the rescheduled meeting, if any.

As at the date hereof, the board of directors of the Company comprises, Dr. Li Ai Guo, Mr. Chong Kok Leong and Mr. Zhuang Miaozhong being executive Directors; and Mr. Yeung Wai Hung, Peter, Mr. Choy Hiu Fai, Eric and Mr. Huang Lizhi being independent non-executive Directors.