



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 (“Meeting”) of The Hong Kong Building and Loan Agency Limited (香港建屋貸款有限公司) (“Company”) will be held at Plaza 4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 12th May, 2006 at 10:00 a.m. for the following purposes:

1. To receive and adopt the Audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31st December, 2005.
2. To re-appoint Directors appointed during the period between the last annual general meeting and the date of this notice pursuant to Article 110 of the Articles of Association of the Company and to authorise the Board of Directors to fix the Directors’ remuneration.
3. To re-appoint Messrs. Deloitte Touche Tohmatsu as Auditors and authorise the Board of Directors to fix their remuneration. A special notice has been received from a member of the Company, pursuant to Sections 116C and 132 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), of the intention to propose the following resolution as an Ordinary Resolution:

ORDINARY RESOLUTION

“**THAT** Messrs. Deloitte Touche Tohmatsu, who were appointed as Auditors of the Company by the Directors to fill the casual vacancy following the resignation of Messrs. Ernst & Young with effect from 13th January, 2006, be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next annual general meeting at a fee to be agreed with the Directors.”

4. To consider as special business and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

(A) “**THAT**:

- (a) subject to paragraph (c) of this Resolution, the exercise by the directors of the Company (“Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares of the Company (“Shares”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements and options which might require the exercise of such powers, be and is hereby generally and unconditionally approved;

- (b) the approval given in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval given in paragraph (a) of this Resolution, otherwise than pursuant to:
- (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares; or
 - (iii) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares pursuant to the articles of association of the Company from time to time,
- shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution and the said approval shall be limited accordingly; and

- (d) for the purpose of this Resolution:

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

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

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

(B) **“THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchases, subject to and in accordance with all applicable laws and regulations, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of the Share which may be repurchased by the Company pursuant to paragraph (a) of this Resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution, and the approval granted under paragraph (a) of this Resolution shall be limited accordingly; and

(c) for the purpose of this Resolution:

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

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

(C) “**THAT** conditional upon the passing of Resolutions 4(A) and 4(B) as set out in the notice convening the 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 Resolution 4(A) as set out in the notice convening the 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 Resolution 4(B) as set out in the notice convening the Meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution.”

5. By way of special business, to consider and, if thought fit, pass the following resolution as a special resolution:

SPECIAL RESOLUTION

“**THAT** the Articles of Association of the Company be and is hereby amended in the following manner:

(a) the Article 81 be amended by deleting the words “of the Directors and” in Article 81(v).

(b) the Article 110 be amended by:

(i) deleting the following sentence in the middle of Article 110:

“Any Director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election.”; and

(ii) replacing therewith the following sentence:

“Any Director so appointed shall hold office only until the next following general meeting of the Company (in the case of filling a causal 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.”

(c) the Article 113 be amended by:

(i) deleting the following sentence at the beginning of Article 113:

“The Directors shall be entitled to receive by way of remuneration for their services as directors of the Company such sum as shall from time to time be

determined by the Company in general meeting which may be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only be entitled to such remuneration in proportion to the time during such period for which he has held office.”; and

(ii) replacing therewith the following sentence:

“The Directors shall be entitled to receive by way of remuneration for their services as directors of the Company such sum as shall from time to time be determined by the Board which may be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only be entitled to such remuneration in proportion to the time during such period for which he has held office.”

(d) the Article 115 be amended by deleting the words “or the Company in general meeting” on the first line and seventh line of Article 115.

(e) the Article 120 be amended by:

(i) deleting the following sentences at the beginning of Article 120:

“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 greater than one-third) shall retire from office by rotation. In addition, there shall also be required to retire by rotation any Director who at an annual general meeting of the Company shall have been a Director at each of the preceding two annual general meetings of the Company and who was not elected or re-elected at either such annual general meeting and who has not otherwise ceased to be a Director (either by resignation, retirement, removal or otherwise) and been re-elected by a general meeting of the Company at or since either such annual general meeting, notwithstanding any other provisions in these Articles and/or that the total number of Directors to retire at the relevant annual general meeting would as a result exceed one-third of the Directors for the time being.”; and

(ii) replacing therewith the following sentence:

“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.”

(f) the Article 127 be amended by deleting it in its entirety.”

By Order of the Board
**The Hong Kong Building and
Loan Agency Limited**
Stephen Lo Kam Fai
Company Secretary

Hong Kong, 7th April, 2006

Registered Office:
Room 2101
21st Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

Notes:

- 1. A member of the Company entitled to attend and vote at the Meeting will be entitled to appoint another person as his proxy to attend and vote in his stead. A proxy need not be a member of the Company. A member of the Company may appoint more than one proxy to attend the Meeting.*
- 2. Whether or not you intend to attend the Meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon.*
- 3. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company's registered office at Room 2101, 21st Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time fixed for the Meeting or any adjournment thereof.*
- 4. Where there are joint holders of any Share, any one of such joint holders may vote at the Meeting either personally or by proxy in respect of such Share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of such joint holders so present whose name stands first on the register of members of the Company shall alone be entitled to vote in respect of such Share.*
- 5. In respect of Resolution 4(A) above, the Directors wish to state that they have no immediate plans to issue any new securities of the Company under this mandate. Approval is being sought from members as a general mandate, in compliance with the Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange, in order to ensure flexibility and discretion to the Directors in the event that it becomes desirable to issue any securities of the Company up to 20% of the existing issued share capital at the date of the passing of the resolution.*
- 6. The general purpose of the authority to be conferred on the Directors by Resolution 4(B) above is to increase flexibility and to provide discretion to the Directors in the event that it becomes desirable to repurchase Shares representing up to a maximum of 10% of the issued share capital of the Company at the date of the passing of the resolution on the Stock Exchange.*

As at the date of this announcement, the Directors comprise Messrs. Akihiro Nagahara (Chairman), Stephen Lo Kam Fai (Chief Executive) and Edwin Lo King Yau being the Executive Directors and Messrs. Chan Bo Ching, Li Chak Hung and Yuen Wai Ho being the Independent Non-Executive Directors.