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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 2012 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 REPURCHASE SHARES,
EXTEND GENERAL MANDATE TO ISSUE SHARES,
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company (the “AGM”) to be held at LG2, The Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong on Friday, 21 June 2013 at 11:00 a.m., is set out in Appendix III 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 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 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.

22 May 2013

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DEFINITION

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 LG2, The Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong on Friday, 21 June 2013 at 11:00 a.m., the notice of which is set out on pages 13 to 17 of this circular; or only adjournment thereof
“AGM Notice”	the notice for convening the AGM as set out on pages 13 to 17 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
“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

DEFINITION

“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 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
“Latest Practicable Date”	16 May 2013, 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 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 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”	the 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
“Share Repurchase Code”	Hong Kong Code on Share Repurchases
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“2012 Annual Report”	the annual report of the Company for the year ended 31 December 2012
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



The Hong Kong Building and Loan Agency Limited
香港建屋貸款有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 145)

Executive Directors:

Mr. So Yuen Chun

Mr. Yeung Kwok Leung

Non-executive Director:

Mr. Lam Kwok Hing, Wilfred

Independent Non-executive Directors:

Mr. Yeung Wai Hung, Peter

Mr. Lam Raymond Shiu Cheung

Ms. Yuen Wai Man

Registered Office:

Unit F, 7/F.

China Overseas Building

139 Hennessy Road

Wanchai

Hong Kong

22 May 2013

To the Shareholders

Dear Sirs or Madams,

**PROPOSALS FOR RE-ELECTION OF RETIRING DIRECTORS,
GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES,
EXTEND GENERAL MANDATE TO ISSUE SHARES
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; and (iv) the Extension Mandate. The AGM Notice is set out on pages 13 to 17 of this circular.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

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

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. Lam Kwok Hing, Wilfred and Yeung Wai Hung, Peter shall retire by rotation and, each being eligible, offer himself for re-election as Director at the AGM.

Particulars 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 28 June 2012, 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.

LETTER FROM THE BOARD

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 passing of such resolution.

As at the Latest Practicable Date, the share capital of the Company in issue comprised 435,148,866 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 87,029,773 Shares.

The Repurchase Mandate

At the AGM, an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, approve the Repurchase Mandate which will enable the Directors to exercise the powers of the Company to repurchase Shares 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 of 435,148,866 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 43,514,886 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 II to this circular.

LETTER FROM THE BOARD

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 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 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 at the date of passing of that resolution.

AGM

The AGM Notice is set out on pages 13 to 17 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 and the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate.

LETTER FROM THE BOARD

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. Further announcement regarding 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 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 all the ordinary 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

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. Lam Kwok Hing, Wilfred (“Mr. Lam”), aged 53, was appointed as an independent non-executive director of the Company on 1 December 2010 and re-designed as a non-executive director of the Company on 21 October 2011. He was also appointed as members of the audit, nomination and remuneration committees of the Company, with effect from 1 December 2010. He has been appointed Justice of the Peace of the Hong Kong Special Administrative Region since 1999 and awarded the Queen’s Badge of Honour in January 1997. Mr. Lam holds a Bachelor’s degree in Law with honours from The University of Hong Kong. He is a practising solicitor in Hong Kong and a consultant of WT Law Offices. He also holds the professional qualification of Estate Agent’s (Individual) Licence in Hong Kong.

Being an active member in social and charity activities, Mr. Lam is a Support Force Commander of the Civil Aid Service, Ex Officio Member of New Territories Heung Yee Kuk, Chairman of the Friends of the Community Chest (Kwai Tsing District), Honorary Advisor and Former Vice President of Junior Police Call (Kwai Tsing District), member and Former Chairman of the Fight Crime Committee (Kwai Tsing District) and Director and Former Chairman of the Community Development Fund (Kwai Tsing District) in Hong Kong. He is also an executive member of the liaison association of the Chinese People’s Political Consultative Conference, Guangdong Province.

Mr. Lam is currently an executive director and group vice president of Hong Kong Resources Holdings Company Limited (stock code: 2882), a company listed on the Main Board of the Stock Exchange; a non-executive vice-chairman and non-executive director of National Arts Holdings Limited (stock code: 8228), a company listed on the Growth Enterprise Market of the Stock Exchange; an independent non-executive director of Value Convergence Holdings Limited (stock code: 821) and PME Group Limited (stock code: 379), both companies are listed on the Main Board of the Stock Exchange.

Save for disclosed above, Mr. Lam 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. Lam has entered into a service contract with the Company for a fixed term of three year with effect from 21 October 2011, subject to the retirement by rotation at the annual general meetings of the Company in accordance with the Articles. Mr. Lam is entitled to receive a director 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.

APPENDIX I PARTICULARS OF DIRECTORS PROPOSED TO BE RE-ELECTED

Save for disclosed above, Mr. Lam 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. Lam's re-election that need to be brought to the attention of the Shareholders.

Mr. Yeung Wai Hung, Peter (“Mr. Yeung”), aged 55, was appointed as an independent non-executive director of the Company on 1 February 2011. He was also appointed as members of the audit, nomination and remuneration committees of the Company, 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 is a solicitor of High Court of Hong Kong. Mr. Yeung has been a practicing solicitor for over 23 years and a partner of Messrs. Hau, Lau, Li & Yeung, Solicitors & Notaries since 1992. He possesses extensive experience in the areas of mergers and acquisition and commercial contracts. He was an independent non-executive director of Media Asia Group Holdings Limited (formerly known as ROJAM Entertainment Holdings Limited) (stock code: 8075) for the period from November 2009 to August 2011, a company listed on the Growth Enterprise Market of the Stock 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 SFO.

Mr. Yeung has entered into a service contract with the Company for a fixed term of three years with effect from 1 February 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. Yeung is entitled to receive a director fee of HK\$120,000 per annum which was determined by reference to his experience, and duties and responsibilities in the Company as well as the market conditions.

Mr. Yeung 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. 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 Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$43,514,886.60 divided into 435,148,866 Shares.

Subject to the passing of the ordinary 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 43,514,886 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 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 repurchases will benefit the Company and the Shareholders as a whole.

The Board has no present intention to repurchase any Shares and the power would only be exercised to repurchase 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 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 2012, being the date to which the latest published audited consolidated financial statements of the Company were made up, the Board considers that if the Repurchase Mandate were to be exercised in full during the proposed repurchase period, it may constitute a material adverse impact on the working capital and gearing position of the Company. The Board does not propose to exercise the Repurchase 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 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 <i>HK\$</i>	Lowest <i>HK\$</i>
2012		
May	0.4700	0.2500
June	0.2500	0.1700
July	0.2900	0.1700
August	0.2600	0.2100
September	0.2500	0.2000
October	0.3700	0.2100
November	0.3400	0.2400
December	0.3100	0.2480
2013		
January	0.2900	0.2300
February (<i>Note</i>)	0.2900	0.2200
March (<i>Note</i>)	0.2800	0.2170
April	0.2400	0.1810
May (up to the Latest Practicable Date)	0.2030	0.1700

Note:

Trading in the Shares has been suspended with effect from 9:00 a.m. on 27 February 2013 and resumed with effect from 9:00 a.m. on 18 March 2013.

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, so far as the Directors are aware, there is no substantial Shareholder.

Assuming that no Shares are issued or repurchased prior to the AGM, the Board is not aware of any consequences 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 Board does 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 Board will not exercise the Repurchase Mandate (if granted) to an extent that 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 the 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 person of the Company (as defined in the Listing Rules) has notified the Company that he/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 Board has undertaken to the Stock Exchange that, so far as the same may be applicable, it 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 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 LG2, The Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong on Friday, 21 June 2013 at 11:00 a.m., 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 2012.
2.
 - (a) To re-elect Mr. Lam Kwok Hing, Wilfred as a non-executive director.
 - (b) To re-elect Mr. Yeung Wai Hung, Peter as an independent non-executive director.
 - (c) To authorise the board of directors of the Company to fix the directors’ remuneration.
3. To re-appoint Messrs. ZHONGLEI (HK) CPA Company 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 in the share 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 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 herein defined);
- (c) the aggregate nominal amount of share capital of the Company 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 aggregate nominal amount of the share capital of the Company 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 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 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 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 passing of this resolution.”

By Order of the Board
The Hong Kong Building and Loan Agency Limited
So Yuen Chun
Executive Director

Hong Kong, 22 May 2013

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/their 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 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). 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. 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/their 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.

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. Yeung Wai Hung, Peter, Mr. Lam Raymond Shiu Cheung and Ms. Yuen Wai Man being independent non-executive Directors.