
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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, you should at once hand this circular, the accompanying form of proxy and the 2006 Annual Report to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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THE HONG KONG BUILDING AND LOAN AGENCY LIMITED

(香港建屋貸款有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 145)

PROPOSALS FOR RE-ELECTION OF DIRECTORS

AND

GENERAL MANDATES TO ISSUE SECURITIES AND REPURCHASE SHARES

A notice convening the annual general meeting of The Hong Kong Building and Loan Agency Limited to be held at Plaza 5, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 9th May, 2007 at 10:00 a.m., is set out on pages 11 to 14 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the registered office of The Hong Kong Building and Loan Agency Limited at Room 2101, 21st Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the meeting or any adjournment thereof if they so wish.

10th April, 2007

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held on Wednesday, 9th May, 2007 at 10:00 a.m.
“Articles”	the articles of association of the Company
“Board”	the board of Directors
“Company”	The Hong Kong Building and Loan Agency Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	2nd April, 2007, 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 Code”	Hong Kong Code on Share Repurchases
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“2006 Annual Report”	annual report of the Company for the year of 2006
“%”	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:

Akihiro Nagahara (*Chairman*)
Stephen Lo Kam Fai (*Chief Executive*)
Poon Mo Yiu

Independent Non-Executive Directors:

Chan Bo Ching
Li Chak Hung
Yuen Wai Ho

Registered Office:

Room 2101, 21st Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

10th April, 2007

To the Shareholders,

Dear Sir or Madam,

**PROPOSALS FOR RE-ELECTION OF DIRECTORS
AND
GENERAL MANDATES TO ISSUE SECURITIES AND REPURCHASE SHARES**

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM relating to (i) the re-election of Directors; and (ii) the granting to the Directors of general mandates to issue securities and repurchase Shares up to 20% and 10% respectively of the aggregate nominal amount of the Company's issued share capital as at the date of passing of such resolutions.

RE-ELECTION OF DIRECTORS

The Board currently consists of six Directors, namely Messrs. Akihiro Nagahara, Stephen Lo Kam Fai, Poon Mo Yiu, Chan Bo Ching, Li Chak Hung, Yuen Wai Ho.

Pursuant to Article 110 of the Articles, 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 causal vacancy) or until the following annual general meeting of the Company (in the case of an

LETTER FROM THE BOARD

addition to the Board), and shall then be eligible for re-election. Any Director who retires under this Article shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

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.

Pursuant to Article 120 of the Articles, Messrs. Akihiro Nagahara and Chan Bo Ching shall retire by rotation and, being eligible, offer themselves for re-election at the AGM. In addition, pursuant to Article 110, Mr. Poon Mo Yiu, being the Director appointed by the Board after the Company's last annual general meeting held on 12th May, 2006, will hold office only until the next following general meeting or until the AGM and, being eligible, offer himself for re-election as Director. All the retiring Directors are eligible for re-election.

Article 123 of the Articles provides that no person other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for the office of a Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been given to the Company in each case, during the period (being a period of at least seven days) commencing on the day after the despatch of the notice of the general meeting at which elections to the office of Director are to be considered and ending on the day that falls seven days before the date of the general meeting (both days inclusive).

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director at the AGM, notice of his intention to propose such person for election as a Director and the notice executed by the nominee of his willingness to be elected must be validly served at the registered office of the Company at Room 2101, 21st Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong on or before 2nd May, 2007.

Brief biographical details of the retiring Directors are set out in Appendix I to this circular. If a valid notice from a Shareholder to propose a person to stand for election as a Director at the AGM is received after the printing of this circular, the Company will issue a supplementary circular to inform Shareholders of the details of the additional candidate proposed.

GENERAL MANDATES TO ISSUE SECURITIES AND REPURCHASE SHARES

At the annual general meeting of the Company held on 12th May, 2006, ordinary resolutions were passed for the granting of general mandates to the Directors (i) to allot, issue and deal with additional securities of the Company up to 20% of the aggregate nominal amount of the share capital of the Company in issue at that date ("Existing Issue Mandate"); and (ii) to repurchase Shares up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at that date ("Existing Repurchase Mandate").

LETTER FROM THE BOARD

The Existing Issue Mandate and the Existing Repurchase Mandate will expire upon the conclusion of the AGM. The Directors consider that the Existing Issue Mandate and the Existing Repurchase Mandate increase the flexibility in the Company's affairs and are in the interests of the Shareholders, and that the same shall continue to be adopted by the Company.

New general mandates to allot, issue and deal with additional securities of the Company up to 20% of the issued share capital of the Company and to repurchase Shares up to 10% of the issued share capital of the Company as at the date of passing of the resolutions ("Share Repurchase Mandate") as set out in Resolutions 5(A) and 5(B) respectively of the notice of the AGM will be proposed at the AGM. Resolution authorising the extension of the general mandate to the Directors to issue securities to include the aggregate nominal amount of such Shares repurchased (if any) under the Share Repurchase Mandate is to be proposed as Resolution 5(C) at the AGM.

With reference to the proposed new general mandates, the Directors wish to state that they have no immediate plans to issue any new securities or repurchase any Shares pursuant to the relevant mandates.

An explanatory statement containing the particulars required by the Listing Rules to enable the Shareholders to make an informed view on whether to vote for or against Resolution 5(B) to be proposed at the AGM in relation to the proposed Share Repurchase Mandate are set out in Appendix II to this circular.

AGM

Notice of the AGM to be held at Plaza 5, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 9th May, 2007 at 10:00 a.m. is set out on pages 11 to 14 of this circular. A copy of the 2006 Annual Report of the Company is despatched to the Shareholders together with this circular. Ordinary resolutions in respect of the re-election of the Directors and the general mandates to issue securities and repurchase Shares will be proposed at the AGM.

A form of proxy for use at the AGM is enclosed with 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, at Room 2101, 21st Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude the Shareholders from attending and voting in person at the AGM or any adjournment thereof if they so wish.

Pursuant to Article 86 of the Articles, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the Stock Exchange or a poll is (before or on the declaration of the result of the show of hands) demanded by: (i) the chairman of the meeting; or (ii) at least five Shareholders present in person or by proxy for the time being entitled to vote at the general meeting; or (iii) any Shareholder or Shareholders present in person or by proxy and

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representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the general meeting; or (iv) a Shareholder or Shareholders present in person or by proxy and holding Shares in the Company conferring a right to vote at the general meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

RECOMMENDATION

The Directors consider that the proposed ordinary resolutions for approval of the re-election of the retiring Directors, the grant of general mandates to issue securities and repurchase Shares, and to add the aggregate nominal amount of Shares that may be repurchased to the aggregate nominal amount of the Shares that may be allotted pursuant to the general mandate to issue securities, and the proposed special resolution for the amendments to the Articles are each in the best interests of the Company and the Shareholders as a whole, and accordingly, recommend all Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular. The English text of this circular shall prevail over the Chinese text.

Yours faithfully,
For and on behalf of the Board
**THE HONG KONG BUILDING AND
LOAN AGENCY LIMITED**
Akihiro Nagahara
Chairman

The biographical details of the Directors proposed to be re-elected at the forthcoming AGM are set out as follows:

Mr. Akihiro Nagahara, aged 66, was appointed as the Chairman and an Executive Director of the Company in October 2005. He is the managing director of United Asia Finance Limited (“UAF”), the Company’s indirect holding company. He holds a law degree from the National Taiwan University and a Master’s degree from the Graduate School in Law of the National Hitotsubashi University of Japan, where he also completed his doctorate courses. He is an acknowledged expert in the consumer finance business in Hong Kong and is credited with the successful establishment of Public Finance Limited (formerly known as JCG Finance Company, Limited). He is also the chairman of The Hong Kong S.A.R. Licensed Money Lenders Association Limited since its establishment in 1999, which is the only industry representative association of licensed money lenders in Hong Kong. Save as disclosed above, Mr. Nagahara did not hold any other directorships in listed public companies during the past three years.

A service contract has been entered into between the Company and Mr. Nagahara pursuant to which (i) he will have no designated length of service with the Company but will be subject to retirement and re-election at the annual general meetings of the Company in accordance with the Articles or any other applicable laws from time to time whereby he shall vacate his office; and (ii) he is entitled to a director’s fee of HK\$10,000 per annum which is based on the term of his service contract with the Company. Save as disclosed above, Mr. Nagahara did not have any relationship with any Director, senior management, substantial or controlling shareholder of the Company nor had he any interests in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date. Mr. Nagahara is not aware of any other matters that need to be brought to the attention of the Shareholders.

Pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules, there is no other information in relation to Mr. Nagahara to be disclosed.

Mr. Chan Bo Ching, aged 48, was appointed as an Independent Non-Executive Director of the Company in October 2005. He has over 15 years’ experience in the banking and financial fields in Hong Kong and Southeast Asia region. Mr. Chan holds a bachelor degree in laws and a Master’s degree in laws from the University of London. He obtained a Master’s degree in business administration from the Chinese University of Hong Kong through the Executive MBA programme. Mr. Chan was qualified as an associate of the Chartered Institute of Bankers in 1985 and is also an associate of the Hong Kong Institute of Bankers. Mr. Chan was awarded the Council Prize from the Chartered Institute of Bankers for the highest aggregate marks on completion of Credit Card Certificate in 1984. Mr. Chan is currently a practising barrister in Hong Kong. Prior to joining the legal profession, he held various senior executive and responsible positions in banks and finance related companies. Mr. Chan is also a member of the Hong Kong Institute of Directors, an associate member of the Taxation Institute of Hong Kong and a member of the Hong Kong Securities Institute. Save as disclosed above, Mr. Chan did not hold any other directorships in listed public companies during the past three years.

A service contract has been entered into between the Company and Mr. Chan pursuant to which (i) his term of appointment shall continue until 31st December, 2007, subject to retirement and re-election at the annual general meetings of the Company in accordance with the Articles or any other applicable laws from time to time whereby he shall vacate his office; and (ii) he is entitled to a director's fee of HK\$80,000 per annum which is based on the term of his service contract with the Company. Save as disclosed above, Mr. Chan did not have any relationship with any Director, senior management, substantial or controlling shareholder of the Company nor had he any interests in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date. Mr. Chan is not aware of any other matters that need to be brought to the attention of the Shareholders.

Pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules, there is no other information in relation to Mr. Chan to be disclosed.

Mr. Poon Mo Yiu, aged 42, was appointed as an Executive Director of the Company since September 2006. He is a fellow member of both The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, and has a Master's degree in business administration from the Chinese University of Hong Kong through the Executive MBA programme. He is the chief financial officer of Sun Hung Kai & Co. Limited ("SHK") and a director of UAF. Both SHK and UAF are indirect holding companies of the Company. Mr. Poon has extensive experience in financial management, management information systems, accounting projects as well as various aspects of mergers and acquisitions. Prior to joining SHK, he was with JPMorgan Chase Bank as vice president in finance and was the group financial controller of Jardine Fleming Group in Asia before its merger with JPMorgan Chase Bank. Save as disclosed above, Mr. Poon did not hold any other directorships in listed public companies during the past three years.

A service contract has been entered into between the Company and Mr. Poon pursuant to which (i) he will have no designated length of service with the Company but will be subject to retirement and re-election at the annual general meetings of the Company in accordance with the Articles or any other applicable laws from time to time whereby he shall vacate his office; and (ii) he is entitled to a director's fee of HK\$10,000 per annum which is based on the term of his service contract with the Company. Save as disclosed above, Mr. Poon did not have any relationship with any Director, senior management, substantial or controlling shareholder of the Company nor had he any interests in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date. Mr. Poon is not aware of any other matters that need to be brought to the attention of the Shareholders.

Pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules, there is no other information in relation to Mr. Poon to be disclosed.

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 Share Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$225,000,000 divided into 225,000,000 Shares.

Subject to the passing of the resolution granting the proposed mandate to repurchase Shares 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 22,500,000 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 law or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares on the Stock Exchange. Such repurchases may, depending on market conditions, and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and/or earnings per share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company and in circumstances where they consider that the Shares can be repurchased on the terms favourable to the Company. On the basis of the consolidated financial position of the Company as at 31st December, 2006, being the date to which the latest published audited financial statements of the Company were made up, the Directors consider that if the general mandate to repurchase Shares were to be exercised in full at the currently prevailing market value, it may have a material adverse impact on the working capital position and gearing level of the Company. The Directors do not propose to exercise the mandate to repurchase Shares to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company as compared with the position disclosed in the latest published audited financial statements or the gearing level which, in the opinion of the Directors, are from time to time appropriate for the Company.

FUNDING OF REPURCHASES

Repurchases to be made pursuant to the proposed mandate to repurchase Shares would be financed out of funds legally available for the purpose in accordance with the Company's memorandum of association and the Articles and the applicable laws of Hong Kong and the Listing Rules. Such funds include, but are not limited to, profits available for distribution.

EFFECT OF THE TAKEOVERS CODE AND REPURCHASE CODE

Upon the exercise of the power to repurchase Shares pursuant to the Share Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code and Rule 6 of the Repurchase Code. Accordingly, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and, depending on the level of increase of the Shareholders' interest, may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, UAF, indirectly through its wholly-owned subsidiaries, held 168,748,013 Shares according to the register maintained under section 336(1) of the SFO, representing approximately 74.999% of the issued share capital of the Company. Based on such interest and in the event that the Directors exercise in full the power to repurchase Shares under the Share Repurchase Mandate, the interest of UAF would be increased to approximately 83.332% of the issued share capital of the Company. The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases of Shares made under the Share Repurchase Mandate. In the event that the Share Repurchase Mandate is exercised in full, the number of Shares of the Company held by the public would fall below 25% of the total number of Shares in issue. The Directors have no present intention to repurchase Shares to such an extent which will result in the number of the Shares held by the public being reduced to less than 25%.

PRICE OF THE SHARES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the past twelve months:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2006		
April	1.500	1.500
May	1.320	1.300
June	—*	—*
July	1.250	1.130
August	1.300	1.050
September	1.300	1.150
October	1.150	1.060
November	1.100	0.900
December	1.300	1.100
2007		
January	1.290	1.050
February	2.250	1.300
March	2.030	1.410
April (up to the Latest Practicable Date)	2.020	2.010

* *There were no transactions during the month.*

REPURCHASE OF SHARES

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

GENERAL

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

No connected persons of the Company (as defined in the Listing Rules) have notified the Company that they have a present intention to sell any Shares to the Company, or have undertaken not to do so in the event that the Company is authorised to make repurchases of the Shares.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Share Repurchase Mandate to repurchase Shares in accordance with the Listing Rules and the applicable laws of Hong Kong.

NOTICE OF ANNUAL GENERAL MEETING



THE HONG KONG BUILDING AND LOAN AGENCY LIMITED
(香港建屋貸款有限公司)
(Incorporated in Hong Kong with limited liability)
(Stock Code: 145)

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“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 5, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 9th May, 2007 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, 2006.
2. To re-appoint Director 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.
3. To re-elect Directors who are subject to retirement by rotation pursuant to Article 120 of the Articles of Association of the Company.
4. To re-appoint Messrs. Deloitte Touche Tohmatsu as Auditors and authorise the Board of Directors to fix their remuneration.
5. 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;

NOTICE OF ANNUAL GENERAL MEETING

- (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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

- (C) **“THAT** conditional upon the passing of Resolutions 5(A) and 5(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 5(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

NOTICE OF ANNUAL GENERAL MEETING

to Resolution 5(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.”

By Order of the Board
**THE HONG KONG BUILDING AND
LOAN AGENCY LIMITED**
Stephen Lo Kam Fai
Company Secretary

Hong Kong, 10th April, 2007

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. 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 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 5(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 of Hong Kong Limited, 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 5(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.*