

**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** (the "Company"), you should at once hand this circular together with the enclosed form of proxy and the 2019 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,  
REFRESHMENT OF SCHEME MANDATE LIMIT  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM to be held at Room 1801-4, 18/F., Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on Monday, 15 June 2020 at 10:00 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 share registrar Tricor Tengis Limited at Level 54, 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.

**PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING**

Please refer to page 1 of this circular for the measures to be implemented at the AGM by the Company against the epidemic to protect the attendees from the risk of infection of the Novel Coronavirus ("COVID-19"), including:

- **compulsory body temperature check**
- **compulsory wearing of surgical face mask**
- **no distribution of corporate gifts and no serving of refreshments**

**Any person who does not comply with the precautionary measures may be denied entry into the AGM venue. The Company wishes to advise Shareholders that you may appoint the Chairman of the meeting as your proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.**

15 May 2020

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## PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

In view of the ongoing COVID-19 epidemic and recent requirements for prevention and control of its spread (as per guidelines issued by the Hong Kong government at <https://www.chp.gov.hk/en/features/102742.html>), the Company will implement necessary preventive measures at the AGM to protect attending Shareholders, proxy and other attendees from the risk of infection, including:

- (i) Compulsory body temperature check will be conducted on every Shareholder, proxy and other attendees at the entrance of the AGM venue. Any person with a body temperature of over 37.2 degrees Celsius may be denied entry into the AGM venue or be required to leave the AGM venue.
- (ii) Attendees are required to prepare his/her own surgical face masks and wear the same inside the AGM venue at all times, and to maintain a safe distance between seats.
- (iii) No corporate gifts will be distributed and no refreshments will be served.

To the extent permitted under law, the Company reserves the right to deny entry into the AGM venue or require any person to leave the AGM venue in order to ensure the safety of the attendees at the AGM.

In the interest of all attendees' health and safety, the Company wishes to advise all Shareholders that physical attendance in person at the AGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions duly completed, Shareholders may appoint the Chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM instead of attending the AGM in person.

The proxy form, which can also be downloaded from the Company's website (<https://www.hkbla.com.hk>), is enclosed to this circular. If you are not a registered Shareholder (i.e., if your Shares are held via banks, brokers, custodians or Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

## 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 Room 1801-4, 18/F., Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on Monday , 15 June 2020 at 10:00 a.m.
“AGM Notice”	the notice for convening the AGM as set out from pages 17 to 21 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
“Eligible Participant(s)”	(a) any employees (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, or any of its subsidiaries or Invested Entity in which any member of the Group holds any equity interest (the “ <b>Employees</b> ”)  (b) any non-executive Directors (including independent non-executive Directors), any of its subsidiaries or any Invested Entity

## DEFINITIONS

	<p>(c) any shareholders of any members of the Group or any Invested Entity or any holders of any securities issued or proposed to be issued by any members of the Group or any Invested Entity</p> <p>(d) any other persons (including any consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoter or service providers of any members of the Group) whom the Board considers, in its sole discretion, has contributed or will contribute to the Group</p>
“Exchange”	The Stock Exchange of Hong Kong Limited
“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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Invested Entity”	any entity in which the Group holds any equity interest
“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”	8 May 2020, 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

## DEFINITIONS

“Previous Share Option Scheme”	the share option scheme adopted by the Company pursuant to an ordinary resolution passed by the Shareholders on 22 May 2008 and expired on 22 May 2018
“Scheme Mandate Limit”	the maximum number of Shares which may be allotted and issued upon the exercise of all Options which initially shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme and thereafter, if refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders
“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
“Share Option Scheme”	the share option scheme adopted by the Company pursuant to an ordinary resolution passed by the Shareholders on 25 May 2018
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent



**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. Choy Hiu Fai, Eric

Mr. Huang Lizhi

Mr. Ng Kay Kwok

*Registered Office:*

Rooms 1801-4

Harcourt House

39 Gloucester Road

Wanchai

Hong Kong

15 May 2020

*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,  
REFRESHMENT OF SCHEME MANDATE LIMIT  
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 refreshment of Scheme Mandate Limit. The AGM Notice is set out from pages 17 to 21 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, Dr. Li Ai Guo and Mr. Huang Lizhi shall retire by rotation and, each being eligible, offer themselves for re-election as Directors at the AGM.

Mr. Huang Lizhi, being independent non-executive Director, has provided his confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules and confirmed his commitment in devoting sufficient time as required to discharge his responsibilities as Director. The nomination committee of the Company reviewed his skills, knowledge and experience having regard to the director nomination policy and board diversity policy of the Company. It is considered that he has extensive experience in his own field, which will continue to bring valuable contributions to the Board for its efficient and effective functioning. The nomination committee has recommended them to the Board for re-election and the Board has endorsed the recommendation of the nomination committee of the Company that Mr. Huang Lizhi be proposed to stand for re-election 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 3 June 2019, 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.



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

As at the Latest Practicable Date, the number of Shares in issue comprised 3,724,981,811 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 744,996,362 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 3,724,981,811 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 372,498,181 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.

### REFRESHMENT OF SCHEME MANDATE LIMIT

The Board proposes to seek the approval of the Shareholders to refresh the Scheme Mandate Limit. Under the existing limit of the Share Option Scheme, the Directors were authorized to grant options to subscribe for up to 230,650,281 Shares, representing 10% of the issued Shares of the Company as at the date of the annual general meeting of the Company held on 25 May 2018 (the “**2018 AGM**”). Apart from the Share Option Scheme, the Company has no other share option scheme in force. As at the Latest Practicable Date, there are no outstanding share options under the Previous Share Option Scheme.

During the period from the 2018 AGM to the Latest Practicable Date, no refreshment of Scheme Mandate Limit has been made, no options have been granted by the Company and none of the outstanding options has been exercised, lapsed, nor cancelled under the Share Option Scheme.

As at the Latest Practicable Date, the total number of Shares in issue is increased to 3,724,981,811. Unless the Scheme Mandate Limit is refreshed, the maximum number of Shares to be issued under the Share Option Scheme represents only approximately 6.19% of the issued Shares of the Company as enlarged by the above events.

The purpose of the Share Option 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. The Board believed that the inclusion of employee, non-executive director and shareholder of Invested Entity and holder of any securities issued or proposed to be issued by Invested Entity (the “**Eligible Participants of Invested Entity**”) is appropriate given that the success of the Group requires the co-operation and contribution from persons who play a role in the business of the Group. All of the Eligible Participants of Invested Entity are stakeholders of the Group whose quality of performance, service, product or advice (where appropriate) might directly or indirectly affect the operation and performance of the Group. The Eligible Participants of Invested Entity will be determined, in the Board’s sole discretion, with reference to their potential and/or actual contribution to the business and benefits of the Group.

## LETTER FROM THE BOARD

Pursuant to the Share Option Scheme and in compliance with Chapter 17 of the Listing Rules, the Company may refresh the Scheme Mandate Limit by ordinary resolution of the Shareholders at a general meeting provided that the maximum number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the Shares in issue as at the date of passing the relevant resolution at the general meeting. Any share options previously granted under the Share Option Scheme or any other share option schemes of the Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed.

Notwithstanding the foregoing, pursuant to the Listing Rules, the maximum number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30% of the total number of the Shares in issue from time to time. No share option shall be granted under any share option scheme(s) of the Company if this will result in the 30% limit being exceeded.

On the basis of 3,724,981,811 Shares being in issue as at the Latest Practicable Date and assuming that no Shares are issued or repurchased prior to the AGM, the maximum number of Shares which may be issued upon exercise of all share options that may be granted under the refreshed Scheme Mandate Limit is 372,498,811 Shares, representing 10% of the Company's issued Shares as at the Latest Practicable Date.

### CONDITIONS OF THE REFRESHMENT OF SCHEME MANDATE LIMIT

The refreshment of the Scheme Mandate Limit is conditional upon:

- (a) the Shareholders passing an ordinary resolution to approve the refreshment of the Scheme Mandate Limit at the AGM; and
- (b) the Listing Committee of the Exchange granting the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme under the refreshed Scheme Mandate Limit not exceeding 10% of the number of Shares in issue as at the date of approval by the Shareholders.

Application will be made to the Exchange for the listing of, and permission to deal in, the Shares that may be issued pursuant to the exercise of the share options that may be granted under the refreshed Scheme Mandate Limit.

### AGM

The AGM Notice is set out from pages 17 to 21 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 and 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. 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 Tricor Tengis Limited at Level 54, 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.

### 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 the refreshment of Scheme Mandate Limit 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:*

**Dr. LI Ai Guo (“Dr. Li”)**, aged 42, was appointed as an executive Director on 10 September 2014. He is a director and chief technology officer of Haoxin Technology (Shanghai) Company Limited, a wholly owned subsidiary of the Company. Dr. Li is also a director of certain subsidiaries of the Company. Dr. Li was admitted to the Harbin Institute of Technology in 1996, and completed his bachelor’s degree, master’s degree and Ph.D. in heating, gas supply, ventilating and air conditioning engineering, and applied computer science, in 2000, 2003 and 2007 respectively.

Save for disclosed above, Dr. Li has not previously held any position with the Group, 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.

Dr. Li has entered into a service contract with the Company for a term of two years from 10 September 2018 to 9 September 2020, subject to the retirement by rotation at the annual general meeting of the Company in accordance with the Articles. Dr. Li is entitled to a director’s fee of HK\$240,000 per annum, which was determined by the Board with reference to his prior experience and his duties, experience and responsibilities in the Company as well as the market conditions.

Save for disclosed above, Dr. Li confirmed that he is not aware of any information in relation to his re-election as a Director (if appropriate) 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 Dr. Li’s re-election that need to be brought to the attention of the Shareholders.

<b>APPENDIX I      PARTICULARS OF DIRECTORS PROPOSED TO BE RE-ELECTED</b>
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**Mr. HUANG Lizhi** (“**Mr. Huang**”), aged 68, was appointed as a non-executive Director on 7 August 2014 and then re-designated as an independent non-executive director on 1 September 2017. Mr. Huang was also appointed as a member of each of the audit, nomination and remuneration committees of the Company. He is a consultant with CITIC International Assets Management Limited (“**CIAM**”). Prior to joining CIAM, Mr. Huang held various positions including Deputy Director in Supreme People’s Procuratorate of the People’s Republic of China (the “**PRC**”) for over 20 years. Mr. Huang has extensive experiences in the PRC, in particular, investment experience in environment friendly businesses.

Save for disclosed above, Mr. Huang has not previously held any position with the Group, 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. Huang has entered into a service contract with the Company for a fixed term of 3 years from 1 September 2017 to 31 August 2020, subject to the retirement by rotation at the annual general meeting of the Company in accordance with the Articles. Mr. Huang is entitled to receive a director’s fee of HK\$240,000 per annum, which was determined with reference to his duties, experience and responsibilities in the Company as well as the market conditions.

Save for disclosed above, Mr. Huang confirmed that he is not aware of any information in relation to his re-election as a Director (if appropriate) 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. Huang’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 3,724,981,811.

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 372,498,181 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 2019, 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>
<b>2019</b>		
May	0.071	0.053
June	0.114	0.054
July	0.108	0.073
August	0.093	0.060
September	0.083	0.069
October	0.087	0.070
November	0.086	0.071
December	0.095	0.068
<b>2020</b>		
January	0.085	0.069
February	0.077	0.065
March	0.072	0.051
April	0.059	0.053
May (up to the Latest Practicable Date)	0.057	0.055



## 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 Shareholders	Capacity	Number of Shares held (Note 1)	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Buy-back Mandate is exercised in full on the date of the AGM
CITIC Group Corporation (Note 2)	Interest of controlled corporation	1,064,470,087 (L)	28.58%	31.75%
CITIC Limited (Note 2)	Interest of controlled corporation	1,064,470,087 (L)	28.58%	31.75%
China CITIC Bank Corporation Limited (Note 2)	Interest of controlled corporation	1,064,470,087 (L)	28.58%	31.75%
CITIC International Financial Holdings Limited (Note 2)	Interest of controlled corporation	1,064,470,087 (L)	28.58%	31.75%
CITIC International Assets Management Limited ("CIAM") (Note 2)	Beneficial owner	1,064,470,087 (L)	28.58%	31.75%
Liu Quanhui ("Mr. Liu") (Note 3)	Interest of controlled corporation	734,666,950 (L)	19.72%	21.91%
Niu Fang ("Ms. Niu") (Note 3)	Interest of controlled corporation	734,666,950 (L)	19.72%	21.91%
State Energy HK Limited ("State Energy") (Note 3)	Beneficial owner	734,666,950 (L)	19.72%	21.91%
Hong Kong Mengzai Material Co., Limited	Beneficial owner	384,416,000 (L)	10.32%	11.47%

(L) denotes the long position held in the Shares

*Notes:*

- (1) As at 31 December 2019, the Company's number of issued Share was 3,724,981,811.
- (2) CIAM is owned as to 46% by CITIC International Financial Holdings Limited, a wholly-owned subsidiary of China CITIC Bank Corporation Limited, which is over 60% indirectly owned by CITIC Limited, which is indirectly owned as to 58.13% by CITIC Group Corporation. By virtue of the SFO, each of CITIC International Financial Holdings Limited, China CITIC Bank Corporation Limited, CITIC Limited and CITIC Group Corporation is deemed to be interested in the shares held by CIAM.
- (3) Mr. Liu and Ms. Niu are interested in State Energy. By virtue of the SFO, Mr. Liu and Ms. Niu are deemed to be interested in the shares held by State Energy.

In the event that the Directors exercise the proposed Buy-back Mandate in full, the increase in shareholdings of the CIAM in the Company may give rise to an obligation to make a mandatory offer under the Takeovers Code. 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 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**

**PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING**

Please refer to page 1 of the circular of The Hong Kong Building and Loan Agency Limited (the “**Company**”) dated 15 May 2020 for the measures to be implemented at the annual general meeting (the “**Meeting**”) by the Company against the epidemic to protect the attendees from the risk of infection of the Novel Coronavirus, including:

- **compulsory body temperature check**
- **compulsory wearing of surgical face mask**
- **no distribution of corporate gifts and no serving of refreshments**

**Any person who does not comply with the precautionary measures may be denied entry into the Meeting venue. The Company wishes to advise Shareholders that you may appoint the Chairman of the meeting as your proxy to vote on the relevant resolutions at the Meeting as an alternative to attending the Meeting in person.**

**NOTICE IS HEREBY GIVEN** that the Meeting of the Company will be held at Room 1801-4, 18/F., Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on Monday, 15 June 2020 at 10:00 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 2019.
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, 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 (the "**Articles**") 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 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, 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 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 and conditional upon the granting by the Listing Committee of the Exchange of, the listing of and permission to deal in, the Shares to be issued pursuant to the exercise of options granted under the refreshed scheme mandate limit (the “**Scheme Mandate Limit**”) under the share option scheme adopted by an ordinary resolution of the Shareholders passed on 25 May 2018 in the manner as set out in paragraph (a) of this Resolution below:
- (a) the refreshment of the Scheme Mandate Limit of up to 10% of the Shares in issue as at the date of passing of this resolution be and is hereby approved; and
  - (b) the Directors be and are hereby authorized to do all such acts and things and execute all such documents, including under seal where applicable, as they consider necessary or expedient to give effect to the foregoing arrangement.”

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

Hong Kong, 15 May 2020

*Notes:*

1. Any members of the Company (“**Member(s)**”) 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, Tricor Tengis Limited at Level 54, 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 Wednesday, 10 June 2020 to Monday, 15 June 2020, 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 at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 9 June 2020.
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 comprises, Dr. Li Ai Guo, Mr. Chong Kok Leong and Mr. Zhuang Miaozhong being executive Directors; and Mr. Choy Hiu Fai, Eric, Mr. Huang Lizhi and Mr. Ng Kay Kwok being independent non-executive Directors.*