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**HONGKONG
CHINESE LIMITED**

香港華人有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 655)

**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)

JOINT ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS

The respective boards of directors of each of HCL and HKBLA announce that on 16th March, 2005, the following standard trading accounts agreements were entered into between each of Lippo Securities and Lippo Futures, both of which are wholly-owned subsidiaries of HCL, and:

- (1) Lippo Cayman for itself and its subsidiaries (other than Lippo, LCR, HCL, HKBLA and their respective subsidiaries);
- (2) Lippo for itself and its subsidiaries (other than LCR, HCL, HKBLA and their respective subsidiaries);
- (3) LCR for itself and its subsidiaries (other than HCL, HKBLA and their respective subsidiaries); and
- (4) HKBLA for itself and its subsidiaries.

The Trading Accounts Agreements relate to each of Lippo Cayman, Lippo, LCR and HKBLA and/or their respective subsidiaries making securities and futures investments through trading accounts operated by Lippo Securities and Lippo Futures in the ordinary course of business of Lippo Securities and Lippo Futures.

The term of each of the Trading Accounts Agreements commences from 31st March, 2004 to 31st December, 2006 with trading commissions paid and payable to Lippo Securities and Lippo Futures in respect of trading of securities and futures under such trading accounts based on the relevant market rates at the time of each transaction and under terms and conditions that would apply to independent customers of comparable standing and in the ordinary course of businesses of each of Lippo Securities and Lippo Futures (as the case may be). The rate of commissions payable to Lippo Securities and Lippo Futures for each securities transaction varies, depending on the size of the trade, whilst that for each futures transaction is fixed at a specified rate, both on terms no more favourable to the relevant connected persons than those offered to or available from independent third parties. Such rates of commissions are charged at market rates comparable to that of other service providers in Hong Kong so as to enable Lippo Securities and Lippo Futures to remain competitive in their business.

The Trading Accounts Agreements constitute continuing connected transactions under Chapter 14A of the Listing Rules for:

- (1) HCL:
 - (a) as regards the LC Trading Accounts Agreement by virtue of Lippo Securities and Lippo Futures being indirect wholly-owned subsidiaries of HCL and Lippo Cayman being an indirect controlling shareholder of HCL (through its indirect shareholding interests in Lippo and LCR which are indirect controlling shareholders of HCL), thereby constituting Lippo Cayman a connected person of HCL under the Listing Rules;

* For identification purpose only

- (b) as regards the Lippo Trading Accounts Agreement by virtue of Lippo Securities and Lippo Futures being indirect wholly-owned subsidiaries of HCL and Lippo being an indirect controlling shareholder of HCL (through its indirect shareholding interest in LCR), thereby constituting Lippo a connected person of HCL under the Listing Rules;
 - (c) as regards the LCR Trading Accounts Agreement by virtue of Lippo Securities and Lippo Futures being indirect wholly-owned subsidiaries of HCL and LCR being an indirect controlling shareholder of HCL, thereby constituting LCR a connected person of HCL under the Listing Rules; and
 - (d) as regards the HKBLA Trading Accounts Agreement by virtue of Lippo Securities and Lippo Futures being indirect wholly-owned subsidiaries of HCL and LCR being a controlling shareholder of both HCL and HKBLA, thereby constituting HKBLA a connected person of HCL under the Listing Rules as an associate of LCR; and
- (2) HKBLA as regards the HKBLA Trading Accounts Agreement by virtue of Lippo Securities and Lippo Futures being indirect wholly-owned subsidiaries of HCL and LCR being a controlling shareholder of both HCL and HKBLA, thereby constituting Lippo Securities and Lippo Futures connected persons of HKBLA under the Listing Rules as associates of LCR.

Each of the applicable percentage ratios (as defined in the Listing Rules) on an annual basis for HCL and HKBLA in relation to the aggregate commissions received or to be received by Lippo Securities and/or Lippo Futures for (1) each of the Trading Accounts Agreements (in respect of HCL) equals less than 2.5 per cent. and (2) the HKBLA Trading Accounts Agreement (in respect of HKBLA) equals more than 2.5 per cent but less than 25 per cent. and the said aggregate commissions is less than HK\$10 million. Accordingly, the Trading Accounts Agreements are subject to reporting and announcement requirements under Rule 14A.34 of the Listing Rules but no approval of independent shareholders of HCL or HKBLA will be required.

Details of the Trading Accounts Agreements will be disclosed in the annual report of each of HCL and HKBLA (as applicable) for each of the relevant financial years in accordance with Rule 14A.46 of the Listing Rules.

INTRODUCTION

The respective boards of directors of Hongkong Chinese Limited (“**HCL**”) and The Hong Kong Building and Loan Agency Limited (“**HKBLA**”) announce that the following standard trading accounts agreements (collectively the “**Trading Accounts Agreements**”) were entered into on 16th March, 2005 between each of Lippo Securities Limited (“**Lippo Securities**”) and Lippo Futures Limited (“**Lippo Futures**”), both of which are wholly-owned subsidiaries of HCL, and:

- (1) Lippo Cayman Limited (“**Lippo Cayman**”) for itself and its subsidiaries (other than Lippo Limited (“**Lippo**”) and Lippo China Resources Limited (“**LCR**”), both companies incorporated in Hong Kong with limited liability and both companies’ shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), HCL and HKBLA and their respective subsidiaries) (the “**LC Trading Accounts Agreement**”);
- (2) Lippo for itself and its subsidiaries (other than LCR, HCL, HKBLA and their respective subsidiaries) (the “**Lippo Trading Accounts Agreement**”);
- (3) LCR for itself and its subsidiaries (other than HCL, HKBLA and their respective subsidiaries) (the “**LCR Trading Accounts Agreement**”); and
- (4) HKBLA for itself and its subsidiaries (the “**HKBLA Trading Accounts Agreement**”).

The Trading Accounts Agreements relate to each of Lippo Cayman, Lippo, LCR and HKBLA and/or their respective subsidiaries making securities and futures investments through trading accounts operated by Lippo Securities and Lippo Futures in the ordinary course of business of Lippo Securities and Lippo Futures.

The term of each of the Trading Accounts Agreements commences from 31st March, 2004 to 31st December, 2006 with trading commissions paid and payable to Lippo Securities and Lippo Futures in respect of trading of securities and futures under such trading accounts based on the relevant market rates at the time of each transaction and under terms and conditions that would apply to independent customers of comparable standing and in the ordinary course of businesses of each of Lippo Securities and Lippo Futures (as the case may be). The rate of commissions payable to Lippo Securities and Lippo Futures for each securities transaction varies, e.g. the rate of commission decreases when size of trades increases, whilst that for each futures transaction is fixed at a specified rate, both on terms no more favourable to the relevant connected persons than those offered to or available from independent third parties. Such rates of commissions are charged at market rates comparable to that of other service providers in Hong Kong so as to enable Lippo Securities and Lippo Futures to remain competitive in their business.

LISTING RULES IMPLICATIONS

The Trading Accounts Agreements constitute continuing connected transactions under Chapter 14A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange for:

- (1) HCL:
 - (a) as regards the LC Trading Accounts Agreement by virtue of Lippo Securities and Lippo Futures being indirect wholly-owned subsidiaries of HCL and Lippo Cayman being an indirect controlling shareholder of HCL (through its indirect shareholding interests, (i) in Lippo as to approximately 57.34 per cent. of its issued share capital and (ii) in LCR, through Lippo, which is held as to approximately 71.13 per cent. of its issued share capital, both as at the date of this announcement, and LCR in turn holding approximately 72.26 per cent. of the issued share capital of HCL as at the date of this announcement), thereby constituting Lippo Cayman a connected person of HCL under the Listing Rules;
 - (b) as regards the Lippo Trading Accounts Agreement by virtue of Lippo Securities and Lippo Futures being indirect wholly-owned subsidiaries of HCL and Lippo being an indirect controlling shareholder of HCL (through its indirect shareholding interests in LCR), thereby constituting Lippo a connected person of HCL under the Listing Rules;
 - (c) as regards the LCR Trading Accounts Agreement by virtue of Lippo Securities and Lippo Futures being indirect wholly-owned subsidiaries of HCL and LCR being an indirect controlling shareholder of HCL, thereby constituting LCR a connected person of HCL under the Listing Rules; and
 - (d) as regards the HKBLA Trading Accounts Agreement by virtue of Lippo Securities and Lippo Futures being indirect wholly-owned subsidiaries of HCL and LCR being a controlling shareholder of both HCL and HKBLA with LCR holding approximately 74.8 per cent. of the issued share capital of HKBLA as at the date of this announcement, thereby constituting HKBLA a connected person of HCL under the Listing Rules as an associate of LCR.
- (2) HKBLA as regards the HKBLA Trading Accounts Agreement by virtue of Lippo Securities and Lippo Futures being indirect wholly-owned subsidiaries of HCL and LCR being a controlling shareholder of both HCL and HKBLA, thereby constituting Lippo Securities and Lippo Futures connected persons of HKBLA under the Listing Rules as associates of LCR.

Each of the applicable percentage ratios (as defined in the Listing Rules) on an annual basis for HCL and HKBLA in relation to the aggregate commissions received or to be received by Lippo Securities and/or Lippo Futures for (1) each of the Trading Accounts Agreements (in respect of HCL) equals less than 2.5 per cent. and (2) the HKBLA Trading Accounts Agreement (in respect of HKBLA) equals more than 2.5 per cent. but less than 25 per cent. and the said aggregate commissions is less than HK\$10 million. Accordingly, the Trading Accounts Agreements (in respect of HCL) and the HKBLA Trading Accounts Agreement (in respect of HKBLA) are subject to reporting and announcement requirements under Rule 14A.34 of the Listing Rules but no approval of independent shareholders of HCL or HKBLA will be required.

The Lippo Trading Accounts Agreement, the LCR Trading Accounts Agreement, and the HKBLA Trading Accounts Agreement do not constitute continuing connected transactions for Lippo under the exemption set out in Rule 14A.31(1) of the Listing Rules as no connected person (as defined under the Listing Rules) of Lippo (other than at the level of its subsidiaries) is (individually or together) entitled to exercise, or control the exercise of, 10 per cent. or more of the voting power at the general meeting of the relevant subsidiaries concerned (as the case may be) other than through Lippo’s shareholding interest in LCR.

The LCR Trading Accounts Agreement and the HKBLA Trading Accounts Agreement do not constitute continuing connected transactions for LCR under the exemption set out in Rule 14A.31(1) of the Listing Rules as no connected person (as defined under the Listing Rules) of LCR (other than at the level of its subsidiaries) is (individually or together) entitled to exercise, or control the exercise of, 10 per cent. or more of the voting power at the general meeting of HCL or HKBLA (as the case may be) other than through LCR’s shareholding interests in HCL or HKBLA.

The LC Trading Accounts Agreement constitutes a continuing connected transaction for each of Lippo and LCR under Chapter 14A of the Listing Rules by virtue of Lippo Securities and Lippo Futures being indirect wholly-owned subsidiaries of HCL, and Lippo Cayman being an indirect controlling shareholder of Lippo and LCR which in turn are controlling shareholders of HCL, thereby constituting Lippo Cayman a connected person of each of Lippo and LCR under the Listing Rules. In addition, the Lippo Trading Accounts Agreement constitutes a continuing connected transaction for LCR under Chapter 14A of the Listing Rules by virtue of Lippo Securities and Lippo Futures being indirect wholly-owned subsidiaries of HCL and Lippo being an indirect controlling shareholder of LCR, thereby constituting Lippo a connected person of LCR under the Listing Rules.

However, each of the applicable percentage ratios (as defined in the Listing Rules) on an annual basis for Lippo in respect of LC Trading Accounts Agreement and for LCR in respect of each of LC Trading Accounts Agreement and Lippo Trading Accounts Agreement in relation to the aggregate commissions received or to be received by Lippo Securities and/or Lippo Futures equals less than 0.1 per cent. Accordingly, whilst the LC Trading Accounts Agreement and the Lippo Trading Accounts Agreement will constitute continuing connected transactions for each of Lippo and LCR (as applicable), it is exempt from the reporting, announcement and shareholders approval requirements set out in the Listing Rules under Rule 14A.33(3) of the Listing Rules and no disclosure is made in this announcement by either Lippo or LCR in respect of the LC Trading Accounts Agreement and the Lippo Trading Accounts Agreement.

REASONS FOR ENTERING INTO TRADING ACCOUNTS AGREEMENTS

Each of Lippo Cayman, Lippo, LCR and HKBLA and/or their respective subsidiaries had previously entered into standard trading accounts agreements with Lippo Securities and Lippo Futures (as applicable) on substantially similar terms which were on standard terms entered into by ordinary customers of Lippo Securities and Lippo Futures. With the changes to the Listing Rules coming into effect on 31st March, 2004 and the Stock Exchange's confirmation that such transactions constituted non-exempt continuing connected transactions, Rule 14A.35 of the Listing Rules requires that such transactions be evidenced by written agreements for a fixed period not exceeding three years. Accordingly, the Trading Accounts Agreements were entered into to comply with the requirements of Rule 14A.35 of the Listing Rules which will preserve the basis on which each of Lippo Cayman, Lippo, LCR and HKBLA and/or their respective subsidiaries will continue to make securities and futures investments through such trading accounts operated by Lippo Securities and Lippo Futures.

ANNUAL CAPS

Each of HCL and HKBLA anticipates that the aggregate commissions receivable by Lippo Securities and Lippo Futures under the Trading Accounts Agreements for each of the three financial years ending 31st December, 2006 are not more than the respective amounts as follows (the "Annual Caps"):

The relevant Trading Accounts Agreements	For the financial year ended 31st December, 2004 <i>HK\$</i>	For the financial year ending 31st December, 2005 <i>HK\$</i>	For the financial year ending 31st December, 2006 <i>HK\$</i>
LC Trading Accounts Agreement	25,000	300,000	300,000
Lippo Trading Accounts Agreement	65,000	350,000	350,000
LCR Trading Accounts Agreement	805,000	4,156,000	4,156,000
HKBLA Trading Accounts Agreement	803,000	3,456,000	3,456,000

The Annual Caps have been determined based on 12 times the highest monthly commissions received from each of Lippo Cayman, Lippo, LCR and HKBLA and/or their respective subsidiaries by Lippo Securities and Lippo Futures during the financial year ended 31st December, 2004 under the previous standard trading accounts agreements. There was not any buffer on top of the figures so calculated. To the best knowledge of the respective boards of directors of HCL and HKBLA, the trades carried out by each of Lippo Cayman, Lippo, LCR and HKBLA and/or their respective subsidiaries under the respective Trading Accounts Agreements are for their own accounts in respect of their short-term and long-term investments. In view of the current improving market conditions, the respective boards of directors of each of Lippo, LCR, HCL and HKBLA believe that more trades may take place in future years and thus, the trades carried on during the financial year ended 31st December, 2004 were not representative of future trades to be undertaken by the respective companies and the Annual Caps were set to cope with any potential increase in trading activities. However, the respective boards of directors of each of Lippo, LCR, HCL and HKBLA emphasize the Annual Caps do not represent forecasted figures for the actual commissions payable or receivable (as the case may be) for the financial years ending 31st December, 2005 and 31st December, 2006.

The unaudited figures for the annual commissions received from each of Lippo Cayman, Lippo, LCR and HKBLA and/or their respective subsidiaries by Lippo Securities and Lippo Futures for the financial year ended 31st December, 2004 (which provided basis for determining the Annual Caps of each of the Trading Accounts Agreements as mentioned above) are as follows:

The relevant Trading Accounts Agreement	Companies	For the financial year ended 31st December, 2004 HK\$
LC Trading Accounts Agreement	Lippo Cayman and its subsidiaries (other than Lippo, LCR, HCL, HKBLA and their respective subsidiaries)	25,000
Lippo Trading Accounts Agreement	Lippo and its subsidiaries (other than LCR, HCL, HKBLA and their respective subsidiaries)	65,000
LCR Trading Accounts Agreement	LCR and its subsidiaries (other than HCL, HKBLA and their respective subsidiaries)	805,000
HKBLA Trading Accounts Agreement	HKBLA and its subsidiaries	803,000

Details of the Trading Accounts Agreements will be disclosed in the annual report of each of HCL and HKBLA (as applicable) for each of the relevant financial years in accordance with Rule 14A.46 of the Listing Rules. The requirements as regards annual review of the transactions contemplated under the Trading Accounts Agreements under Rules 14A.37 to 14A.40 of the Listing Rules will be complied with.

Pursuant to Rule 14A.36 of the Listing Rules, in the event that the terms of any of the Trading Accounts Agreements are materially altered or renewed, any of Lippo Cayman, Lippo, LCR and HKBLA or HCL enters into any new trading accounts agreement or the Annual Caps are exceeded in the future, HCL and HKBLA (as the case may be) will comply with the relevant applicable reporting, announcement and independent shareholders' approval requirements under the Listing Rules in respect of the relevant continuing connected transactions at the time.

DIRECTORS' OPINION

The respective boards of directors of HCL and HKBLA, including their respective independent non-executive directors, consider the terms of the Trading Accounts Agreements (as applicable) have been arrived at on arms length basis and on normal commercial terms, in line with, and with reference to, (i) terms and conditions of the standard trading accounts offered by Lippo Securities and Lippo Futures to independent customers and (ii) the previous standard trading accounts agreements entered into between the relevant parties and that such terms are fair and reasonable and in the interest of each of HCL and HKBLA so far as the interests of the respective companies and their respective shareholders are concerned as a whole.

INFORMATION ON EACH PARTY OF THE TRADING ACCOUNTS AGREEMENTS

The principal business activity of Lippo Cayman, Lippo and LCR is investment holding. The principal activities of the subsidiaries of Lippo Cayman, Lippo and LCR include investment holding, property investment and development, food businesses, property management, fund management, underwriting, insurance, corporate finance, securities broking, securities investment, treasury investment, money lending, commercial banking and other financial services.

The principal activity of HCL is investment holding. Its subsidiaries are principally engaged in investment holding, property investment and development, fund management, underwriting, insurance, corporate finance, securities broking, securities investment, treasury investment, money lending, commercial banking and other financial services.

The principal businesses of Lippo Securities and Lippo Futures are the provision of securities and futures broking and trading services (as the case may be) to Lippo Cayman, Lippo, LCR, HKBLA and their respective subsidiaries as well as to independent third parties.

The principal activities of HKBLA and its subsidiaries are investment holding, the provision of mortgage finance and other related services and treasury investments.

By Order of the Board
HONGKONG CHINESE LIMITED
Andrew Hau
Secretary

By Order of the Board
**THE HONG KONG BUILDING AND
LOAN AGENCY LIMITED**
Marisa Mak
Secretary

Hong Kong, 16th March, 2005

As at the date of this announcement, the board composition of each of HCL and HKBLA is as follows:

HCL

Non-executive Directors:

Dr. Mochtar Riady
Mr. Leon Nim Leung Chan

Executive Directors:

Mr. Stephen Riady
Mr. John Luen Wai Lee
Mr. Jesse Nai Chau Leung
Mr. Kee Yee Kor

Independent Non-executive Directors:

Mr. Albert Saychuan Cheok
Mr. Victor Ha Kuk Yung
Mr. King Fai Tsui

HKBLA

Non-executive Directors:

Mr. Ning Gaoning
Mr. Leon Nim Leung Chan
Mr. Michael Kwok Shung Chan
Mr. Wai Lam Chan

Executive Directors:

Mr. David T. Yeh
Mr. Jark Pui Lee
Mr. Jonathan Miles Foxall
Mr. Tai Chiu Ng

Independent Non-executive Directors:

Dr. Nai Kong Leung
Mr. Victor Ha Kuk Yung
Mr. King Fai Tsui