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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)

Mandatory Cash Offer by Island New Finance Limited for all the issued shares in The Hong Kong Building and Loan Agency Limited (other than those already owned by or agreed to be acquired by Island New Finance Limited)

Appointment of Independent Financial Adviser

The board of directors of HKBLA announces that Partners Capital International Limited has been appointed as the independent financial adviser to advise the independent board committee to be formed by the board of directors of HKBLA in relation to the Offer.

The board of directors of HKBLA refers to its announcements issued jointly with Lippo and LCR dated 6th July, 2005, 7th September, 2005 and 12th September, 2005. Terms used in this announcement have the same meanings as defined in the announcement dated 6th July, 2005 unless otherwise stated.

MANDATORY CASH OFFER

An offer document containing the terms of a mandatory unconditional cash offer to acquire all the issued shares of HKBLA other than those already owned by or agreed to be acquired by the Purchaser has been despatched by Sun Hung Kai International Limited on behalf of the Purchaser to the shareholders of HKBLA on 14th September, 2005.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to the Takeovers Code, HKBLA is required to form an independent board committee to consider the Offer and advise the Independent Shareholders in respect of the Offer, and appoint an independent financial adviser to advise the independent board committee regarding the Offer. The board of directors of HKBLA announces that Partners Capital International Limited has been appointed to act as the independent financial adviser for this purpose. A circular of HKBLA including, inter alia, the letter of advice of the independent financial adviser, will be despatched to the shareholders of HKBLA by 28th September, 2005.

By Order of the Board
The Hong Kong Building and Loan Agency Limited
David T. Yeh
Director

Hong Kong, 16th September, 2005

As at the date of this announcement, the composition of the board of directors of HKBLA is as follows:

Non-executive Directors:

Mr. Ning Gaoning (*Chairman*)
Mr. Leon Nim Leung Chan
Mr. Wai Lam Chan

Executive Directors:

Mr. David T. Yeh
(*Chief Executive Officer*)
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

The directors of HKBLA jointly and severally/individually accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.