

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ISLAND NEW FINANCE LIMITED THE HONG KONG BUILDING AND LOAN AGENCY LIMITED

(Incorporated in the British Virgin Islands with limited liability)

(香港建屋貸款有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 145)

JOINT ANNOUNCEMENT

MANDATORY UNCONDITIONAL CASH OFFER BY



SUN HUNG KAI INTERNATIONAL LIMITED

for and on behalf of

ISLAND NEW FINANCE LIMITED

(Incorporated in the British Virgin Islands with limited liability)

an indirect non wholly-owned subsidiary of



ALLIED GROUP LIMITED

(聯合集團有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 373)

for all the issued shares of

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)

**(other than shares already owned or agreed to be acquired by
ISLAND NEW FINANCE LIMITED)**

INSUFFICIENT PUBLIC FLOAT

**WAIVER APPLICATION FROM STRICT COMPLIANCE WITH RULES 8.08 AND 13.32 OF THE LISTING
RULES**

CHANGE OF DIRECTORS

SUSPENSION OF TRADING

The Offer closed at 4:00 p.m. on Wednesday, 12th October, 2005. As at 4:00 p.m. on Wednesday, 12th October, 2005, being the latest time for acceptance of the Offer, the Offeror has received valid acceptances in respect of an aggregate of 39,505,750 Shares under the Offer, representing approximately 17.56 per cent. of the issued share capital of the Company.

It is the intention of the Offeror to maintain listing of the Shares on the Stock Exchange. Application has been made to the Stock Exchange for a waiver from strict compliance with the public float requirement under Rules 8.08 and 13.32 of the Listing Rules for a period of one month from the closing of the Offer (i.e. until 12th November, 2005). Further announcements will be made in this respect as and when appropriate.

The directors of the Offeror and the new executive directors of the Company have undertaken to the Stock Exchange to take appropriate steps within one month following the closing of the Offer to ensure that not less than 25 per cent. of the Shares will be held by the public. There are initial discussions with potential placing agents regarding possible placing arrangements. Further announcements will be made in this respect as and when appropriate.

Shareholders and prospective investors are reminded to exercise extreme caution when trading in the securities of the Company.

With effect from 4:00 p.m. on 12th October, 2005, being the Closing Date, all of the executive directors, non-executive directors and independent non-executive directors of the Company have resigned from all positions of the Company. Mr. Akihiro Nagahara, Mr. Stephen Lo Kam Fai and Mr. Edwin Lo King Yau have been appointed as executive directors of the Company. In addition, Mr. Li Chak Hung, Mr. Chan Bo Ching and Mr. Yuen Wai Ho have been appointed as independent non-executive directors of the Company. All such appointments have taken effect from 4:00 p.m. on Wednesday, 12th October, 2005.

At the request of the Company, trading in the Shares has been suspended from 9:30 a.m. on 13th October, 2005. Trading in the Shares will remain suspended pending the restoration of the public float.

Reference is made to the joint announcement of the Offeror and AGL dated 7th September, 2005, the announcement of the Offeror dated 14th September, 2005 and the Offer Document issued by the Offeror on 14th September, 2005. Unless the context otherwise requires, terms used in this announcement have the same meanings as defined in the Offer Document.

CLOSING OF THE OFFER AND ACCEPTANCE LEVEL

The Offer closed at 4:00 p.m. on Wednesday, 12th October, 2005.

As at 4:00 p.m. on Wednesday, 12th October, 2005, being the latest time for acceptance of the Offer, the Offeror has received valid acceptances in respect of an aggregate of 39,505,750 Shares, representing approximately 17.56 per cent. of the issued share capital of the Company. Remittances in respect of the consideration for valid acceptances received under the Offer have been despatched during the offer period to Shareholders accepting the Offer in accordance with the terms of the Offer. For valid acceptances recently received, remittances will be despatched to Shareholders accepting the Offer by post at their own risk as soon as possible, but in any event within ten days after the receipt by the Receiving Agent of all the relevant documents which render the relevant acceptances complete and valid. No Share was acquired or agreed to be acquired by the Offeror during the offer period otherwise than pursuant to the Offer.

PUBLIC FLOAT OF THE SHARES AND RIGHT OF COMPULSORY ACQUISITION

Immediately before the opening of the Offer, the Offeror was the beneficial owner of 168,313,038 Shares, representing approximately 74.8 per cent. of the issued share capital of the Company as at 12th September, 2005. As at 4:00 p.m. on Wednesday, 12th October, 2005, taking into account the valid acceptances received under the Offer and subject to completion of the transfer of such Shares to the Offeror, the Offeror are interested in an aggregate of 207,818,788 Shares, representing approximately 92.36 per cent. of the issued share capital of the Company. Accordingly, the Shareholders in public (other than the Offeror and parties acting in concert with it) hold approximately 7.64 per cent. of the issued share capital of the Company immediately following the closing of the Offer.

Under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), those Shareholders are entitled to exercise their rights to require the Offeror to acquire their Shares. The Offeror is required to give notice to those Shareholders within one month after the closing of the Offer, calling on them to decide whether or not they will exercise such rights. Such rights must be exercised not later than two months after the day on which the notice is given. Such rights may be exercised by letter addressed to the Offeror. Where those Shareholders exercise such rights, the Offeror will be entitled and bound to acquire their Shares on the terms of the Offer or on such other terms as may be agreed or as the court, on the application of those Shareholders or the Offeror, thinks fit to order.

MAINTAINING THE LISTING STATUS OF THE COMPANY

As stated in the Offer Document and in the response document issued by the Company on 28th September, 2005, the Offeror intends to maintain the listing status of the Company following the closing of the Offer.

As a result of valid acceptances received under the Offer, the number of Shares in public hands are insufficient for the purpose of maintaining the public float requirement under Rules 8.08 and 13.32 of the Listing Rules. It is the intention of the Offeror to maintain listing of the Shares on the Stock Exchange.

Application has been made to the Stock Exchange for a waiver from strict compliance with the public float requirement under Rule 8.08 of the Listing Rules for a period of one month from the closing of the Offer (i.e. until 12th November, 2005). Further announcements will be made in this respect as and when appropriate.

The directors of the Offeror and the new executive directors of the Company have undertaken to the Stock Exchange to take appropriate steps within one month following the closing of the Offer to ensure that not less than 25 per cent. of the Shares will be held by the public. There are initial discussions with potential placing agents regarding possible placing arrangements. Further announcements will be made in this respect as and when appropriate.

Immediately after completion of the transfer of the Shares tendered under the Offer, the shareholding structure of the Company will be as follows:

Names of Shareholders	Number of Shares	Approximately % of shareholding
The Offeror	207,818,788	92.36%
Public	17,181,212	7.64%
Total	<u>225,000,000</u>	<u>100%</u>

During the offer period up to the date of this announcement, the Offeror has not dealt in any Share (other than the Shares tendered for acceptance under the Offer).

Upon closing of the Offer, none of the directors or their associates have any interest in any class of securities of the Company, or any other company within the Group.

Shareholders and prospective investors are reminded to exercise extreme caution when trading in the securities of the Company.

The Stock Exchange has stated that if, among other things, the Stock Exchange believes that a false market exists or may exist in Shares or that there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in Shares.

CHANGE OF DIRECTORS

With effect from 4:00 p.m. on 12th October, 2005, being the Closing Date, the executive directors of the Company (namely, Mr. David T. Yeh, Mr. Jark Pui Lee, Mr. Jonathan Miles Foxall and Mr. Tai Chiu Ng), the non-executive directors of the Company (namely, Mr. Ning Gaoning, Mr. Leon Nim Leung Chan and Mr. Wai Lam Chan) and the independent non-executive directors of the Company (namely, Dr. Nai Kong Leung, Mr. Victor Ha Kuk Yung and Mr. King Fai Tsui) have resigned from all positions of the Company and confirmed that there are no matters relating to their resignations that need to be brought to the attention of the Shareholders. Mr. Akihiro Nagahara, Mr. Stephen Lo Kam Fai and Mr. Edwin Lo King Yau have been appointed as executive directors of the Company. In addition, Mr. Li Chak Hung, Mr. Chan Bo Ching and Mr. Yuen Wai Ho have been appointed as independent non-executive directors of the Company. All such appointments have taken effect from 4:00 p.m. on Wednesday, 12th October, 2005.

Of the executive directors, Mr. Akihiro Nagahara is the Chairman of the Board of Directors of the Company and Mr. Stephen Lo Kam Fai is the Chief Executive of the Company.

The executive committee of the board of directors of the Company now consists of Mr. Akihiro Nagahara (*Chairman*), Mr. Stephen Lo Kam Fai and Mr. Edwin Lo King Yau.

The audit committee of the board of directors of the Company now consists of Mr. Li Chak Hung (*Chairman*), Mr. Chan Bo Ching and Mr. Yuen Wai Ho.

The nomination committee of the board of directors of the Company now consists of Mr. Yuen Wai Ho (*Chairman*), Mr. Li Chak Hung and Mr. Chan Bo Ching.

The remuneration committee of the board of directors of the Company now consists of Mr. Chan Bo Ching (*Chairman*), Mr. Li Chak Hung and Mr. Yuen Wai Ho.

Set out below are the biographical details of the new executive directors of the Company:

Mr. Akihiro Nagahara, aged 65, is the managing director of 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 JCG Finance Company, Limited.

Save as disclosed above, Mr. Nagahara did not hold any other directorship in listed companies during the past three years. No service contract has been entered into between the Company and Mr. Nagahara. 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 of association of the Company. Mr. Nagahara is entitled to a director's fee of HK\$10,000 per annum, which is determined by the board of directors of the Company.

Save as disclosed above and as at the date of this announcement, Mr. Nagahara does not have any other relationship with any director, senior management or substantial or controlling shareholder of the Company or any interest in the Shares within the meaning of Part XV of the SFO. Mr. Nagahara is not aware of any other matter that needs to be brought to the attention of the Shareholders.

Mr. Stephen Lo Kam Fai, aged 44, is a member of the Institute of Chartered Accountants of England and Wales and a fellow member of both The Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants. He holds a Master of Business Administration degree from the Hong Kong Polytechnic and a Bachelor of Science degree in Economics with First Class Honours from the University of London. He has over 20 years of experience in the auditing and accounting profession. He started his career in one of the big four international auditing firms and subsequently joined and worked for a sizable listed company for a number of years in various postings including internal audit, acquisition advisory, financial controller, management and budgetary controller, etc. He is currently a director of UAF, the Company's indirect holding company, and has worked for UAF as financial controller for 10 years.

Save as disclosed above, Mr. Lo did not hold any other directorship in listed companies during the past three years. No service contract has been entered into between the Company and Mr. Lo. 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 of association of the Company. Mr. Lo is entitled to a director's fee of HK\$10,000 per annum, which is determined by the board of directors of the Company.

Save as disclosed above and as at the date of this announcement, Mr. Lo does not have any other relationship with any director, senior management or substantial or controlling shareholder of the Company or any interest in the Shares within the meaning of Part XV of the SFO. Mr. Lo is not aware of any other matter that needs to be brought to the attention of the Shareholders.

Mr. Edwin Lo King Yau, aged 44, a chartered company secretary and holder of a Master's degree in Applied Finance from Macquarie University, Australia. He had served various executive roles in several companies in Hong Kong including as company secretary for public listed companies. He is also an executive director of AGL, the Company's ultimate holding company, and Tian An China Investments Company Limited, Both are companies listed on the Stock Exchange.

Save as disclosed above, Mr. Lo did not hold any other directorship in listed companies during the past three years. No service contract has been entered into between the Company and Mr. Lo. 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 of association of the Company. Mr. Lo is entitled to a director's fee of HK\$10,000 per annum, which is determined by the board of directors of the Company.

Save as disclosed above and as at the date of this announcement, Mr. Lo does not have any other relationship with any director, senior management or substantial or controlling shareholder of the Company or any interest in the Shares within the meaning of Part XV of the SFO. Mr. Lo is not aware of any other matter that needs to be brought to the attention of the Shareholders.

Set out below are the biographical details of the new independent non-executive directors of the Company:

Mr. Li Chak Hung, aged 40, is currently a partner of Messrs. Li, Lai & Cheung, Certified Public Accountants in Hong Kong. Mr. Li holds a bachelor degree in business administration and is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. He has over 16 years' experience in auditing, accounting and financial management. Mr. Li is also the independent non-executive director of Shanghai Allied Cement Limited, Quality HealthCare Asia Limited and Orient Industries Holdings Limited, all are companies listed on the Stock Exchange.

Save as disclosed above, Mr. Li did not hold any other directorship in listed companies during the past three years. A service contract has been entered into between the Company and Mr. Li for a specific term of appointment until 31st December, 2006, subject to retirement and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company. Mr. Li is entitled to a director's fee of HK\$60,000 per annum, which is based on the term of his service contract with the Company.

Save as disclosed above and as at the date of this announcement, Mr. Li does not have any other relationship with any director, senior management or substantial or controlling shareholder of the Company or any interest in the Shares within the meaning of Part XV of the SFO. Mr. Li is not aware of any other matter that needs to be brought to the attention of the Shareholders.

Mr. Chan Bo Ching, aged 46, 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. He was an independent non-executive director of Shanxi Central Pharmaceutical International Limited, a company previously listed on the Stock Exchange.

Save as disclosed above, Mr. Chan did not hold any other directorship in listed companies during the past three years. A service contract has been entered into between the Company and Mr. Chan for a specific term of appointment until 31st December, 2006, subject to retirement and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company. Mr. Chan is entitled to a director's fee of HK\$60,000 per annum, which is based on the term of his service contract with the Company.

Save as disclosed above and as at the date of this announcement, Mr. Chan does not have any other relationship with any director, senior management or substantial or controlling shareholder of the Company or any interest in the Shares within the meaning of Part XV of the SFO. Mr. Chan is not aware of any other matter that needs to be brought to the attention of the Shareholders.

Mr. Yuen Wai Ho, aged 45, holds two Master's degrees, one in business administration from the University of Bath in England and the other in electronic commerce from the Open University of Hong Kong. Mr. Yuen is a fellow member of the Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong, and is also an associate member of the Chartered Institute of Management Accountants and the Institute of Chartered Secretaries and Administrators. Mr. Yuen has more than 20 years' of experience in auditing, accounting, taxation and financial management, of which 15 years was served as senior financial executives in various multinational companies and listed companies in Hong Kong. Mr. Yuen is currently a group financial controller of a listed company in Hong Kong and an independent non-executive director of Rexcapital Financial Holdings Limited, a company listed on the Stock Exchange. Mr. Yuen was an executive director of Huabao International Holdings Limited, a company listed on the Stock Exchange.

Save as disclosed above, Mr. Yuen did not hold any other directorship in listed companies during the past three years. A service contract has been entered into between the Company and Mr. Yuen for a specific term of appointment until 31st December, 2006, subject to retirement and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company. Mr. Yuen is entitled to a director's fee of HK\$60,000 per annum, which is based on the term of his service contract with the Company.

Save as disclosed above and as at the date of this announcement, Mr. Yuen does not have any other relationship with any director, senior management or substantial or controlling shareholder of the Company or any interest in the Shares within the meaning of Part XV of the SFO. Mr. Yuen is not aware of any other matter that needs to be brought to the attention of the Shareholders.

SUSPENSION OF TRADING

At the request of the Company, trading in the Shares has been suspended from 9:30 a.m. on 13th October, 2005. Trading in the Shares will remain suspended pending the restoration of the public float.

DIRECTORS

As at the date of this announcement, the directors of the Offeror are Mr. Akihiro Nagahara, Mr. Li Kwong Yan and Mr. Stephen Lo Kam Fai.

As at the date of this announcement, the directors of the Company are:

Executive directors:

Mr. Akihiro Nagahara (*Chairman*), Mr. Stephen Lo Kam Fai (*Chief Executive*) and Mr. Edwin Lo King Yau

Independent non-executive directors:

Mr. Li Chak Hung, Mr. Chan Bo Ching and Mr. Yuen Wai Ho

By Order of the Board
Island New Finance Limited
Akihiro Nagahara
Director

By Order of the Board
The Hong Kong Building
and Loan Agency Limited
Stephen Lo Kam Fai
Director

Hong Kong, 13th October, 2005

The directors of Island New Finance Limited jointly and severally 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 statement in this announcement misleading.

The directors of The Hong Kong Building and Loan Agency Limited jointly and severally 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 statement in this announcement misleading.