

ISLAND NEW FINANCE LIMITED

Correspondence address : 22nd Floor, Allied Kajima Building,
138 Gloucester Road, Wanchai,
Hong Kong

To: Shareholders of The Hong Kong Building and Loan Agency Limited not accepting the Offer (as defined and explained below)

COMPANIES ORDINANCE (CHAPTER 32 OF THE LAWS OF HONG KONG)

NOTICE TO SHAREHOLDERS NOT ACCEPTING THE MANDATORY UNCONDITIONAL CASH OFFER FOR ALL THE ISSUED SHARES OF THE HONG KONG BUILDING AND LOAN AGENCY LIMITED (OTHER THAN SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY ISLAND NEW FINANCE LIMITED)

*Pursuant to Section 168(1) of and Part 2 of the Ninth Schedule to
the Companies Ordinance*

On 14th September, 2005, Sun Hung Kai International Limited, on behalf of Island New Finance Limited (the "Offeror"), made a mandatory unconditional cash offer (the "Offer") for all the issued shares of The Hong Kong Building and Loan Agency Limited (the "Company") (other than shares already owned or agreed to be acquired by the Offeror). The cash offer price per Offer Share (as defined and explained in the Offer Document dated 14th September, 2005) was HK\$1.0933.

As of 4:00 p.m. on Wednesday, 12th October, 2005, being the latest time for acceptance of the Offer and the time for closing of the Offer, the Offeror 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. Immediately following the closing of the Offer, 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 was interested in an aggregate of 207,818,788 Shares, representing approximately 92.36 per cent. of the issued share capital of the Company.

The Offeror, in pursuance of Section 168(1) of and Part 2 of the Ninth Schedule to the Companies Ordinance (a copy is enclosed for your reference), now give you notice that you are entitled to exercise your rights to require the Offeror to acquire the Shares held by you in the Company. A copy of the notice under the heading "Form RE2 – Notice to Dissenting Shareholders" is enclosed for your attention. Your rights must be exercised not later than two months after the day on which the notice is given.

Such rights may be exercised by completing and signing the enclosed reply form and the standard form of transfer (**FOR THE STANDARD FORM OF TRANSFER, PLEASE SIGN AS TRANSFEROR ONLY AND PLEASE DO NOT DATE THE DOCUMENT#**) and return it together with other requisite documents as stated therein to Tengis Limited, the share registrar of the Company, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong (Tel: 2980-1333). Where you exercise such rights, the Offeror will be entitled and bound to acquire the Shares held by you in the Company on the terms of the Offer or on such other terms as may be agreed or as the court, on the application of you or the Offeror, thinks fit to order.

Dated the 11th day of November, 2005

For and on behalf of
Island New Finance Limited
Stephen Lo Kam Fai
Director

The date will be filled in by Tengis Limited for stamping purpose.

** In the case of any discrepancy, the English text of this notice shall prevail over the Chinese text.*