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ISLAND NEW FINANCE LIMITED

(Incorporated in the British Virgin Islands with limited liability)

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

As at 8th December, 2005, 31 reply forms and instruments of transfer representing the surrender of an additional 1,691,895 Shares have been received by Tengis Limited, the share registrar of the Company. As a result, the Offeror's shareholding percentage in the Company has increased to above 75 per cent. and less than 25 per cent. of the Shares in issue is held in public hands.

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 up to and including 18th January, 2006.

The Offeror will engage in appropriate placing arrangement through a placing agent as soon as reasonably practicable following 12th January, 2006 to ensure that not less than 25 per cent. of the Shares will be held by the public. The Offeror is actively engaged in discussions with potential placing agents regarding possible placing arrangements.

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

Reference is made to the Offer Document issued by the Offeror on 14th September, 2005 and the joint announcements of the Offeror and the Company dated 13th October, 2005 and 20th October, 2005. Terms defined in the Offer Document have the same meanings when used in this announcement, unless the context otherwise requires.

RIGHT OF COMPULSORY ACQUISITION

Immediately following closing of the Offer on Wednesday, 12th October, 2005, 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. Accordingly, it was required, under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), to give notice to the Shareholders not accepting the Offer, calling on them to decide whether or not they would exercise their rights to require the Offeror to acquire the Shares held by them. The notice was given on 11th November, 2005 and such rights must be exercised on or before 12th January, 2006.

PUBLIC FLOAT OF THE SHARES

As at 8th December, 2005, 31 reply forms and instruments of transfer representing the surrender of an additional 1,691,895 Shares have been received by Tengis Limited, the share registrar of the Company, in response to the notice given on 11th November, 2005. As a result, the Offeror's shareholding percentage in the Company has increased to above 75 per cent. and less than 25 per cent. of the Shares in issue is held in public hands.

MAINTAINING THE LISTING STATUS OF THE COMPANY

As a result of the 31 reply forms and instruments of transfer representing the surrender of an additional 1,691,895 Shares received as at 8th December, 2005, 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 Rules 8.08 and 13.32 of the Listing Rules for a period of up to and including 18th January, 2006. Further announcements will be made in this respect as and when appropriate.

The Offeror will engage in appropriate placing arrangement through a placing agent as soon as reasonably practicable following 12th January, 2006 to ensure that not less than 25 per cent. of the Shares will be held by the public. The Offeror is actively engaged in 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.

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.

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. Chan Bo Ching, Mr. Li Chak Hung 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, 9th December, 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.