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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 RESTORATION OF PUBLIC FLOAT**

On 16th January, 2006, the Offeror entered into a legally-binding placing arrangement (on a fully underwritten basis), under which 6,018,000 Shares owned by the Offeror were agreed to be placed at the price of HK\$1.0933 per Share, through a placing agent, to independent third parties who are not connected with the Company, any of its subsidiaries or any of their respective associates, or any of the connected persons of the Company, any of its subsidiaries or any of their respective associates. None of such placees has, as a result of such placing arrangement, become a substantial shareholder of the Company.

On the same day, the Offeror was advised that confirmations from placees have been received in respect of all the 6,018,000 Shares. Completion of the placing arrangement shall take place on or before 5:00 p.m. on the second business day after the date of the relevant placing agreement or at such other date and time as may be agreed between the Offeror and the placing agent. Following completion of the placing arrangement, the Offeror will become the beneficial owner of 168,748,013 Shares, representing approximately 74.999 per cent. of the issued share capital of the Company. Accordingly, 56,251,987 Shares, representing approximately 25.001 per cent. of the issued share capital of the Company will be held in public hands and the Company will be in compliance with the public float requirements under Rules 8.08 and 13.32 of the Listing Rules.

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

Reference is made to the joint announcement of the Offeror and the Company dated 9th December, 2005. Unless the context otherwise requires, terms used in this announcement have the same meanings as defined in such announcement.

On 12th January, 2006, 55 reply forms and instruments of transfer representing the surrender of an additional 6,017,225 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.

As a result of the 55 reply forms and instruments of transfer representing the surrender of an additional 6,017,225 Shares received on 12th January, 2006, 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.

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The following is a table showing the changes in shareholding structure of the Company prior to and immediately following completion of the placing:

	<b>Immediately before the completion of placing</b>		<b>Immediately after the completion of placing</b>	
	<i>Number of Shares held</i>	<i>%</i>	<i>Number of Shares held</i>	<i>%</i>
The Offeror	174,766,013	77.673	168,748,013	74.999
Public	50,233,987	22.327	56,251,987	25.001
Total	<u>225,000,000</u>	<u>100.000</u>	<u>225,000,000</u>	<u>100.000</u>

### **UNUSUAL VOLUME MOVEMENT**

The Directors have noted the increase in trading volume of the Shares and wish to state that they are not aware of any reasons for such fluctuation save as disclosed above.

Save as disclosed above and disclosed in this announcement, the Directors further confirm that there are no negotiation or agreement relating to intended acquisitions or realisations which are discloseable under the Listing Rules. The Directors are also not aware of any matter discloseable under the general obligation imposed by the Listing Rules, which is or may be of a price-sensitive nature.

**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**  
**Stephen Lo Kam Fai**  
*Director*

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

Hong Kong, 16th January, 2006