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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)

DESPATCH OF OFFEREE BOARD CIRCULAR

Reference is made to the joint announcements of Allied Group Limited, Allied Properties (H.K.) Limited, Sun Hung Kai & Co. Limited and The Hong Kong Building and Loan Agency Limited (“HKBLA”) dated 16th May, 2007 and 31st May, 2007 respectively (the “Joint Announcements”) and the offeree board circular of HKBLA dated 18th June, 2007 (the “Offeree Board Circular”) in connection with the conditional sale and purchase of the entire issued share capital of Island New Finance Limited and a possible unconditional mandatory cash offer for all the issued shares in HKBLA (other than those already owned by or agreed to be acquired by Mercurius Partners Investments Limited and parties acting in concert with it). Unless otherwise indicated, terms defined in the Joint Announcements and the Offeree Board Circular have the same meanings when used in this announcement.

In accordance with Rule 8.4 of the Takeovers Code, copies of the Offeree Board Circular containing, amongst other things, the information required under the Takeovers Code, a letter from the Independent Board Committee and a letter from Partners Capital, the independent financial adviser to the Independent Board Committee, have been despatched to the shareholders of HKBLA on 18th June, 2007.

DIRECTORS

As at the date of this announcement, the HKBLA Directors are:

Executive Directors:

Mr. Akihiro Nagahara (*Chairman*), Mr. Stephen Lo Kam Fai (*Chief Executive*), Mr. Poon Mo Yiu

Independent non-executive Directors:

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

On behalf of the Board
The Hong Kong Building and Loan Agency Limited
Stephen Lo Kam Fai
Executive Director

Hong Kong, 18th June, 2007

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.