



中國工商銀行(亞洲)
ICBC (Asia)

For immediate release

ICBC (Asia) Acquires Fortis Bank Asia HK

Hong Kong, 1 January 2004 – Industrial and Commercial Bank of China (Asia) Limited (“ICBC (Asia)” or the “Company”) today announced that, further to a memorandum of understanding entered into between the Company and Fortis NV/SA (“Fortis”) on 21 August 2003 regarding a proposed acquisition of Fortis Bank Asia HK (“FBAHK”), the Company entered into a sale and purchase agreement (“SPA”) with Fortis and Generale Belgian Holding B.V. (“Vendor”) on 31 December 2003. Pursuant to the SPA, ICBC (Asia) will acquire from the Vendor the entire issued share capital of FBAHK. Fortis will receive 9% of the enlarged issued share capital of ICBC (Asia) as part of the consideration, and will nominate one person to the Company’s board as non-executive director.

FBAHK is a company organised under the laws of Belgium, with principally all of its businesses conducted through a branch operation in Hong Kong, and is wholly owned by Fortis, one of the largest European financial institutions engaged in banking, insurance and asset management. Currently, FBAHK has a network of 22 retail branches and 5 dedicated business centers for small to medium sized enterprises. Prior to completion of the SPA, FBAHK will carve out certain of its businesses, including its European and corporate banking businesses and a property investment subsidiary by selling them to Fortis. Following such carve-out, the principal business to be acquired will be the retail and commercial banking operations of FBAHK primarily targeted at serving retail customers and SMEs in Hong Kong. Based on figures in June 2003, total assets of ICBC (Asia) would increase from HK\$66 billion to approximately HK\$95 billion when the acquisition is completed, and total customer deposits from HK\$38 billion to about HK\$60 billion. ICBC (Asia) would rank sixth among banks operating in Hong Kong from its previous position of tenth in terms of total assets.

The acquisition price is agreed at an amount equal to 1.05 times the net asset value of FBAHK at the completion date. Based on FBAHK’s net asset value as at 30 June 2003, the acquisition price is initially estimated to be HK\$2,157 million.

The consideration for the acquisition will be satisfied by the allotment and issue of new shares in ICBC (Asia) (“Consideration Shares”) and cash. The Consideration Shares will represent 9% of the Company’s enlarged issued share capital. Based on the number of shares currently in issue and assuming full conversion of the Company’s convertible preference shares, a total of 81,752,000 Consideration Shares will be issued. The Consideration Shares will be issued at an agreed value per share equal to 1.05 times the consolidated net asset value per share of the Company as at the completion date. Based on the Company’s published unaudited consolidated accounts as at 30 June 2003, the aggregate agreed value of the Consideration Shares is

estimated to be HK\$612.0 million, and the cash portion of the consideration is estimated to be HK\$1,545 million.

Completion shall take place on 30 April 2004, conditional on granting of approval by the Hong Kong Monetary Authority and other regulatory authorities, as well as the fulfilment of certain conditions (for details please refer to the announcements to be published by ICBC (Asia) in Hong Kong Economic Times and South China Morning Post on 2 January 2004).

After completion of the acquisition, ICBC (Asia) intends to ultimately merge the operations of FBAHK into the Company through a private bill which the Company shall submit to the Legislative Council for enactment in due course. Prior to such merger, FBAHK (to be renamed as Belgian Bank) will operate as a wholly-owned subsidiary of ICBC (Asia). Fortis has undertaken not to be engaged in businesses in Hong Kong that would compete with the businesses to be sold to ICBC (Asia).

Mr Zhu Qi, Managing Director and Chief Executive Officer of ICBC (Asia), said, "ICBC (Asia) is strong in corporate banking, while FBAHK has a respectable retail and commercial banking franchise. The two are complementary in various areas including customer base, network coverage, product portfolio and business profile. ICBC (Asia) will become a larger and stronger banking operation following the transaction. Our branch network will expand from 20 to 42 branches, with 5 dedicated service centers for SMEs. Our retail customer base will grow from the current 40,000 to about 120,000 customers, and we will have a significant increase in the number of SMEs in our client portfolio. The acquisition will result in a better business mix, with an increase in non-interest income ratio and reduction in loan-to-deposit ratio."

Following the acquisition ICBC (Asia) shall be able to benefit from FBAHK's experience and technology in retail and commercial banking. In the longer term, the acquisition will also bring cost synergies. With the new bilateral tax treaty between Hong Kong SAR and Belgium, which was signed on 10 December 2003, FBAHK is expected to be able to enjoy a more favorable tax environment.

Mr Zhu continued: "Fortis is a leading financial services provider in Europe with rich experience in banking, insurance and asset management. We welcome Fortis as a shareholder and its representation on our board. The acquisition signifies the beginning of our strategic partnership with Fortis, which we believe would enhance our capabilities in new product development and providing higher standard services, allowing us to better serve the evolving needs of Hong Kong as it reinforces its role as an international financial centre in driving the convergence of Hong Kong SAR and Mainland economies. We look forward to leveraging the new platform of ICBC (Asia) to capture the opportunities that will emerge in the new era, and in particular to build up a competitive advantage in serving cross-border customers in China, Hong Kong and Europe. We also expect an active rollout of Renminbi business with strong support from our parent company, ICBC."

ICBC, the controlling shareholder of the Company, shall convert its holding of about 202 million convertible preference shares of the Company into ordinary shares of the Company prior to completion. After the completion of the acquisition, ICBC will

continue to hold a controlling stake in ICBC (Asia) with a shareholding of approximately 66.1%.

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About ICBC (Asia)

ICBC (Asia) is a full licensed bank incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong (stock code: 0349). ICBC (Asia) has 20 branches and one wealth management center in Hong Kong. ICBC (Asia) is principally engaged in banking, financial and related financial services with focus on commercial retail banking business as well as corporate banking business. ICBC (Asia) is the flagship of ICBC Group's banking business in Hong Kong. ICBC (Asia)'s long term strategic objective is to become one of the leading commercial banks in Hong Kong, either through organic growth or through selective acquisitions when opportunities arise.

About ICBC (The Industrial and Commercial Bank of China)

ICBC is the largest commercial bank in China and one of the top ten commercial banks around the world in terms of asset size. As at the end of June 2003, its total assets reached RMB 5,000 billion. It has over 22,000 branch outlets in Mainland China, approximately 400 million personal accounts and more than 8 million corporate accounts. ICBC is the market leader in all major areas of banking services in China. In 2002, ICBC was ranked as the 10th largest bank in the world by Tier 1 capital. In the same year, it won "Bank of the Year 2002 in China" and the "Bank Website of the Year 2002" by "The Banker". In 2003, "Global Finance" awarded to ICBC "Best Personal Internet Bank in China Award 2003", and it also awarded to ICBC "Best Bank in China Award" for three consecutive years from 2001 to 2003.

About Fortis Group

Fortis is an international financial services provider active in the fields of banking, insurance and investment. With a market capitalisation of EUR 21 billion (31/07/2003) and around 69,000 employees, Fortis ranks in the top 20 of European financial institutions. Fortis is listed on the exchanges of Amsterdam, Brussels and Luxembourg and has a sponsored ADR programme in the United States.

In the Asia Pacific region, in banking, Fortis is active in selected areas of corporate banking, in financial markets, in private banking and trust (under the MeesPierson brand name) and with specialized services for institutional clients, information banking. It has a network of 4 branches, 2 subsidiaries and 7 representative offices in 11 countries and territories. In Insurance, Fortis is present with joint ventures in Malaysia (Maybank Fortis Holdings) and in the P.R.C. (Taiping Life Insurance Company). In Investment Management, Fortis has a joint venture in the P.R.C., Fortis Haitong Investment Management Company.

In addition to Fortis Bank Asia HK, Fortis Bank now has and will continue to be present in Hong Kong with a large branch which provides services in financial markets throughout the region. It also has an active and growing presence in the private banking and trust services arena, as well as active and growing positions in select corporate banking sectors and in information banking.

For further information, please contact:

ICBC (Asia)

Hilda Chow

Tel: (852) 2801 8171

t6.communications limited

Jenny Lee or Angus Ho

Tel: (852) 2511 8388

Fax: (852) 2511 8238

Email: angusho@t6pr.com