

## PRESS RELEASE

10 August 2010

### **PROPOSAL TO PRIVATISE INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED BY WAY OF A SCHEME OF ARRANGEMENT**

**HK\$29.45 cash offer per share by ICBC represents a 2009 price to book ratio of 2.14 times**

**The Proposal offers opportunity for ICBCA shareholders to cash out their investment at a premium to its historically highest closing share price**

The board of directors of Industrial and Commercial Bank of China Limited ("ICBC") and Industrial and Commercial Bank of China (Asia) Limited ("ICBCA") jointly announced the proposed privatisation of ICBCA by way of a Scheme of Arrangement (the "Proposal") on 10 August 2010.

Under the Proposal, ICBC has proposed that the Scheme Shareholders will receive from ICBC a Cancellation Consideration of HK\$29.45 in cash for every Scheme Share cancelled. During the six-month period preceding the Last Trading Day, the highest closing price of the Shares as quoted on the Hong Kong Stock Exchange was HK\$23.05 per Share on the Last Trading Day, and the lowest closing price of the Shares as quoted on the Hong Kong Stock Exchange was HK\$15.20 per Share on 27 January 2010. In addition, the historically highest closing price of the Shares as quoted on the Hong Kong Stock Exchange was HK\$24.18 per Share on 1 September 1997. The Cancellation Consideration of HK\$29.45 represents a premium of approximately 114.49% over the audited consolidated net asset value of approximately HK\$13.73 per Share as at 31 December 2009, translating to a price to book ratio of 2.14 times.

#### **Rationale for the Proposal**

The Proposal will facilitate business integration between ICBCA and ICBC and will provide ICBC with greater flexibility to support the future business development of ICBCA. ICBC currently holds approximately 72.81% of the total issued Shares and the Listing Rules require a minimum public float of 25%. As the business scale of ICBCA is expected to continue to develop in the next few years, its capital requirements may need to increase correspondingly and the listing status of ICBCA will limit the flexibility of ICBC in providing additional capital to ICBCA.

In addition, the listing of the Shares requires ICBCA to bear listing-related costs and expenses. If the privatisation of ICBCA is successful, these costs and expenses can be saved.

The Cancellation Consideration represents a premium to the prices at which the market had valued ICBCA. ICBC believes it also reflects the potential value of the development of the business of ICBCA in the next few years under its current state and provides an opportunity for the Scheme Shareholders to immediately realise their investments. However, if the Proposal does not proceed, the ongoing compliance of the relevant legal requirements to maintain the listing status of ICBCA (including continuing connected transactions and minimum public float requirements) could restrict the future business development of ICBCA and thereby adversely affect the Shareholders in realising the value of their investment. At the same time, ICBCA may need to consider increasing its capital through methods that are feasible under its existing shareholding structure (including but not limited to rights issue) and implementing measures such as appropriately controlling the distribution of any dividend to satisfy ICBCA's future business needs.

Commenting on the proposed privatisation, ICBC stated: "The board of ICBC is delighted to provide 41.18% premium over the average closing price for the 30 Trading Days up to and including the Last Trading Day, which represents an attractive opportunity for ICBCA shareholders to cash out their investment. While ICBCA is currently trading at its recent high, we believe further growth of the business may be limited by its status as a listed company in Hong Kong. After ICBCA has been privatised, it will have much greater flexibility to take advantage of ICBC's resources as the business continues to develop in the coming years."

ICBC has advised that the Cancellation Consideration will not be revised in the course of the Scheme of Arrangement.

An independent financial adviser will be appointed to advise the independent committee of the board of ICBCA in connection with the Proposal. A separate announcement will be made as soon as possible after the independent financial adviser has been appointed. ICBC International Capital Limited and Goldman Sachs (Asia) L.L.C. are the joint financial advisers to ICBC.

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#### **Media enquiries**

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#### **Notes to Editors:**

##### **Information on ICBC**

ICBC, formerly known as Industrial and Commercial Bank of China, was wholly restructured as a joint-stock limited company on 28 October 2005 and was listed on both the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 27 October 2006. Through its continuous endeavour and stable development, ICBC has developed into the world's top listed bank with the highest market capitalisation, customer deposits and profit. As of 31 December 2009, ICBC provides comprehensive financial products and services to 3.61 million corporate banking customers and 216 million personal banking customers through its distribution network comprising 16,232 domestic institutions, 162 overseas institutions and over 1,504 correspondent banks worldwide, as well as through its E-banking network comprising a range of internet and telephone banking services and self-service banking centres.

##### **Information on ICBCA**

ICBCA is a licensed bank incorporated in Hong Kong, the Shares of which are listed on the Hong Kong Stock Exchange. ICBCA is principally engaged in banking, financial and other financial related services with a focus on retail banking, commercial banking as well as corporate banking business. As at the date of this press release, ICBCA has 44 retail branches, 10 "Elite Club" wealth management centres and 4 commercial business centres in Hong Kong, and an overseas branch established in the Cayman Islands. ICBCA is the listed flagship of the Hong Kong banking business of ICBC.

The directors of ICBC jointly and severally accept full responsibility for the accuracy of the information contained in this press release, other than those relating to ICBCA, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this press release, other than those expressed by ICBCA, have been arrived at after due and

careful consideration and there are no facts not contained in this press release, the omission of which would make any statement in this press release misleading.

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Capitalised terms used in this press release shall have the same meaning given to them in the Announcement unless otherwise specified.