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INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED
中國工商銀行(亞洲)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 349)

**ANNOUNCEMENT IN RELATION TO
CONTINUING CONNECTED TRANSACTIONS
EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL**

Summary

Reference is made to the Company's announcement dated 31 December 2004 in relation to, amongst other things, the 26th Floor Licence Agreement and the Company's announcement dated 1 April 2005 in relation to the 25th Floor Licence Agreement. The Company entered into the 25th Floor Licence Agreement and the 26th Floor Licence Agreement with ICEA in respect of the granting of a licence by the Company for ICEA to occupy the 25th Floor Property and the 26th Floor Property. Separately, the Company entered into the 28th Floor Licence Agreement with ICBC in respect of the granting of a licence by the Company for ICBC to occupy the 28th Floor Property. The terms of each of the Expired Licence Agreements expired on 31 May 2007.

The Company hereby announces that, on 30 May 2007 and 31 May 2007, the Company and ICEA or ICBC (as the case may be) entered into the Licence Agreements in respect of the Properties for a period of thirty-one months commencing on 1 June 2007 and expiring on 31 December 2009.

As each of the applicable percentage ratios of the Company calculated in accordance with Listing Rule 14.07 in respect of the aggregated fees payable under the Licence Agreements is, on an annual basis, less than 2.5%, the entering into of each of the ICEA Licence Agreement and the ICBC Licence Agreement is exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules and the Company will comply with the reporting and announcement requirements as set out in Listing Rules 14A.45 to 14A.47.

LICENCE AGREEMENTS

ICEA Licence Agreement

As set out in the announcements of the Company respectively dated 31 December 2004 and 1 April 2005, the Company, as licensor, and ICEA, as licensee, entered into two separate licence agreements: (i) the 25th Floor Licence Agreement whereby the Company granted a licence for ICEA to occupy the 25th Floor Property for a term of twenty six months commencing on 1 April 2005, and (ii) the 26th Floor Licence Agreement whereby the Company granted a licence for ICEA to occupy the 26th Floor Property for a term of two years and five months commencing on 1 January 2005; both expiring on 31 May 2007 and with the option to renew the licence for a further term of three years at the then current open market licence fee but otherwise on the same terms of each respective licence agreement.

The Company, as licensor, and ICEA, as licensee, has now entered into the ICEA Licence Agreement dated 30 May 2007, whereby the Company granted a licence for ICEA to occupy the 25th Floor Property and the 26th Floor Property for a term of thirty-one months commencing on 1 June 2007 and expiring on 31 December 2009. Under the ICEA Licence Agreement, ICEA shall pay the Company a monthly licence fee of HK\$1,531,223.00, monthly management charge of HK\$111,304.93 and other charges on a reimbursement basis for charges payable by the Company under the leases entered into between the Company and the landlord in respect of the 25th Floor Property and the 26th Floor Property. The amount payable under the ICEA Licence Agreement represents the same amount payable by the Company under its leases in respect of the 25th Floor Property and the 26th Floor Property. The Directors believe that the terms of the ICEA Licence Agreement are on normal commercial terms and are fair and reasonable and that the ICEA Licence Agreement is in the interest of the Shareholders as a whole.

ICBC Licence Agreement

The Company, as licensor, and ICBC, as licensee, has entered into the ICBC Licence Agreement dated 31 May 2007, whereby the Company granted a licence for ICBC to occupy the 28th Floor Property for a term of thirty-one months commencing on 1 June 2007 and expiring on 31 December 2009. Under the ICBC Licence Agreement, ICBC shall pay the Company a monthly licence fee of HK\$205,076.00, monthly management charge of HK\$14,906.88 and other charges on a reimbursement basis for charges payable by the Company under the lease entered into between the Company and the landlord in respect of the 28th Floor Property. The amount payable under the ICBC Licence Agreement represents the same amount payable by the Company under its lease in respect of the 28th Floor Property. The Directors believe that the terms of the ICBC Licence Agreement are on normal commercial terms and are fair and reasonable and that the ICBC Licence Agreement is in the interest of the Shareholders as a whole.

REASONS FOR THE TRANSACTIONS

The Company had entered into leases for more than six entire floors of the Building, named “ICBC Tower” located at 3 Garden Road, Central, Hong Kong and these properties within the building leased by the Company from the landlord continue to form a long-term strategic location for the Group’s operations. The entering into of each of the Licence Agreements by the Company enables the Company to maintain its stronger bargaining position as a tenant of a number of properties within the Building. The Directors consider it more cost effective to have negotiated leases covering a sizeable area of the Building and as the Company will not be utilising all of the premises subject to the leases, the Properties will continue to be licensed under each of the Licence Agreements as permitted under the leases with the landlord and the licence fees receivable will contribute to the rent payable by the Company under the leases with the landlord.

CONTINUING CONNECTED TRANSACTIONS

Under the Listing Rules, the entering into of each of the ICEA Licence Agreement and the ICBC Licence Agreement constitutes a continuing connected transaction of the Company under Listing Rule 14A.14. According to Listing Rule 14A.25, given the close association of the two licensees, the value of the ICEA Floor Licence Agreement is required to be aggregated with the value of the ICBC Licence Agreement for the purposes of determining the relevant category into which the transactions fall under. As each of the applicable percentage ratios of the Company calculated in accordance with Listing Rule 14.07 in respect of the aggregated fees payable under the Licence Agreements is, on an annual basis, less than 2.5%, the entering into of each of the Licence Agreements will be subject to the reporting and announcement requirements under Listing Rule 14A.34 and each is exempt from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. In respect of each of the Licence Agreements, the Company will comply with the requirements set out in Listing Rules 14A.45 to 14A.47.

ANNUAL CAPS

Based on the expected total value of the transactions between the Company and ICEA under the ICEA Licence Agreement (excluding the charges payable on reimbursement basis), the expected maximum aggregate annual value, also referred to as the “annual caps”, for the seven months ending 31 December 2007 and the two years ending 31 December 2008 and 2009 will be HK\$11,500,000, HK\$21,000,000 and HK\$22,000,000 respectively.

Based on the expected total value of the transaction between the Company and ICBC under the ICBC Licence Agreement (excluding the charges payable on reimbursement basis), the expected maximum aggregate annual value, also referred to as the “annual caps”, for the seven months ending 31 December 2007 and the two years ending 31 December 2008 and 2009 will be HK\$1,600,000, HK\$2,700,000 and HK\$2,900,000 respectively.

INFORMATION ON THE COMPANY, ICBC AND ICEA

The Company is a fully licensed bank incorporated in Hong Kong and whose Shares are listed on the Stock Exchange. The Company is principally engaged in banking, financial and other financial related services with a focus on commercial and retail banking businesses as well as corporate banking business. As at the date of this announcement, the Company has 40 retail branches, 5 business centres and one investment service centre in Hong Kong, and an overseas branch established in the Cayman Islands. The Company is the listed flagship for the overseas banking business of ICBC in Hong Kong and ICBC is an enterprise established under the laws of the PRC. ICEA is ultimately held as to 75% equity interest by ICBC and ICEA engages in the provision of management and administrative services.

Definitions

In this announcement, the following capitalised terms shall have the following meanings:

“25th Floor Licence Agreement”	an expired licence agreement dated 1 April 2005 made between the Company and ICEA in relation to the granting of a licence by the Company for ICEA to occupy the 25th Floor Property;
“25th Floor Property”	Suites 2501-2, 25th Floor of the Building;
“26th Floor Licence Agreement”	an expired licence agreement dated 31 December 2004 made between the Company and ICEA in relation to the granting of a licence by the Company for ICEA to occupy the 26th Floor Property;
“26th Floor Property”	the whole of the 26th Floor of the Building;
“28th Floor Licence Agreement”	an expired licence agreement dated 31 December 2004 made between the Company and ICBC in relation to the granting of a licence by the Company for ICBC to occupy the 28th Floor Property;
“28th Floor Property”	certain premises comprising approximately 2,456 square feet on the 28th Floor of the Building;
“Board” or “Directors”	the board of directors of the Company including independent non-executive directors;
“Building”	ICBC Tower, 3 Garden Road, Central, Hong Kong;
“Company”	Industrial and Commercial Bank of China (Asia) Limited;
“Expired Licence Agreements”	the 25th Floor Licence Agreement, the 26th Floor Licence Agreement and the 28th Floor Licence Agreement;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;

“ICBC”	Industrial and Commercial Bank of China Limited, a banking institution established under the laws of the PRC, acting through its Hong Kong Branch;
“ICBC Licence Agreement”	a licence agreement dated 31 May 2007 made between the Company and ICBC in relation to the granting of a licence by the Company for ICBC to occupy the 28th Floor Property;
“ICEA”	ICEA Services Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of ICEA Finance Holdings Limited, which in turn is held as to 75% by ICBC;
“ICEA Licence Agreement”	a licence agreement dated 30 May 2007 made between the Company and ICEA in relation to the granting of a licence by the Company for ICEA to occupy the 25th Floor Property and the 26th Floor Property;
“Licence Agreements”	the ICEA Licence Agreement and the ICBC Licence Agreement;
“Listing Rule(s)”	the Rules Governing the Listing of Securities on the Stock Exchange presently in force as at the date hereof;
“PRC”	The People’s Republic of China;
“Properties”	the properties licensed under the Licence Agreements;
“Share(s)”	ordinary share(s) of par value of HK\$2.00 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By Order of the Board
Cheng Pui Ling, Cathy
Company Secretary

Hong Kong, 31 May 2007

As at the date of this announcement, the Board comprises Mr. Zhu Qi, Mr. Wong Yuen Fai and Mr. Zhang Yi as executive directors, Dr. Jiang Jianqing, Ms. Wang Lili, Mr. Chen Aiping and Mr. Damis Jacobus Ziengs as non-executive directors and Professor Wong Yue Chim, Richard, SBS, JP, Mr. Tsui Yiu Wa, Alec and Mr. Yuen Kam Ho, George as independent non-executive directors.

Please also refer to the published version of this announcement in South China Morning Post.