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**中國工商銀行(亞洲)**

**ICBC (Asia)**

**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)**

## **CONTINUING CONNECTED TRANSACTIONS**

### **SUMMARY**

Reference is made to the Company's announcements dated 21 February 2002, 31 December 2004 and 4 February 2005 in relation to, among other things, Service Levels Agreement dated 21 February 2002 and Supplemental Service Levels Agreement dated 4 February 2005 entered into between the Company and ICBC, pursuant to which ICBC shall provide data processing services to the Company through its Overseas Data Center. The Company hereby announces that it had entered into a Second Supplemental Service Levels Agreement with ICBC on 28 September 2006. The Second Supplemental Service Levels Agreement constitutes a continuing connected transaction of the Company for the purposes of the Listing Rules and will be subject to the reporting and announcement requirements under Listing Rule 14A.34. The Second Supplemental Service Levels Agreement is exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **CONTINUING CONNECTED TRANSACTIONS**

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Pursuant to the Second Supplemental Service Levels Agreement, the Service Levels Agreement (as amended) have been further amended in the following manner:

- (i) The parties may review the terms of the Agreements annually and propose variation to the terms of the Agreements upon review. The parties may also propose to amend the terms of the Agreements where there are changes, such as changes in the operational environment and/or technical requirements for the services. The Agreements may be varied upon agreement by the Company and ICBC.

- (ii) The scope and requirements of services have been expanded to include, among other things, new on-line application system, inter-bank deposit and fund transfer application, customer information application, bank cashier's order application and up-graded operating system, in accordance with the terms of the Second Supplemental Service Levels Agreement.
- (iii) The total value of the transactions under the Service Levels Agreement (as amended) has been amended, based on (1) the historical transaction value for the Service Levels Agreement; (2) the expanded scope of services and requirements and (3) the increasing need due to the Company's development of new products and services and the volume of the Company's business transactions. According to the Company's 2005 annual report, the total value of the transactions under the Service Levels Agreement (as amended) for each of the two years ended 31 December 2005 and 2004 and for the period from 1 January 2006 to 30 August 2006 were approximately HK\$7,435,000, HK\$4,517,000 and HK\$5,103,000 respectively, and were settled in cash. Taking into account the terms of the Second Supplemental Service Levels Agreement, the Company expects that the maximum aggregate annual value for the transactions under the Service Levels Agreement (as amended) for each of the two years ending 31 December 2006 and 2007 respectively will be revised as follows:

	<b>2006</b>	<b>2007</b>
Expected total amount under the Service Levels Agreement (as amended) prior to the revision	HK\$8,000,000	HK\$8,500,000
Expected total amount under the Agreements	RMB 9,050,000	RMB 12,750,000

The payment for the services under the Agreements will be settled in cash in arrears on a monthly basis.

Following the entering into the Second Supplemental Service Levels Agreement, the term of the Service Levels Agreement (as amended) will remain unchanged and will terminate on 31 December 2007.

ICBC is the substantial shareholder of the Company and is hence a connected person of the Company under Rule 14A.11 of the Listing Rules. The Second Supplemental Service Levels Agreement constitutes a continuing connected transaction under Rule 14A.14 of the Listing Rules. The annual aggregate amount for the provision of the data processing services under the Second Supplemental Service Levels Agreement will not exceed the threshold under Listing Rule 14A.34(1). Accordingly, the Second Supplemental Service Levels Agreement will be subject to the reporting and announcement requirements under Listing Rule 14A.34(1) and is exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In respect of the Agreements, the Company will comply with the requirements set out in Listing Rules 14A.45 to 14A.47.

The Directors consider the terms of the Second Supplemental Service Levels Agreement are on normal commercial terms. The Directors believe that the terms of the Second Supplemental Service Levels Agreement is fair and reasonable and in the interest of the Shareholders as a whole.

## INFORMATION ON THE COMPANY AND ICBC

The Company is a full licensed bank incorporated in Hong Kong 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 39 retail branches, 5 business centers and 1 investment service center 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.

ICBC is a joint stock company and bank established under the laws of the PRC. ICBC is one of the largest commercial banks in the PRC and has branches throughout the country. ICBC is principally engaged in commercial, retail and corporate banking business in the PRC. ICBC has also established various branches/entities in different parts of the world, including Hong Kong.

## DEFINITIONS

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

<b>“Agreements”</b>	collectively, the Service Levels Agreement (as amended) and the Second Supplemental Service Levels Agreement;
<b>“Company”</b>	Industrial and Commercial Bank of China (Asia) Limited;
<b>“Directors”</b>	the directors of the Company, including the independent non-executive directors;
<b>“HK\$”</b>	Hong Kong Dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“ICBC”</b>	Industrial and Commercial Bank of China Limited, a joint stock company and a bank established under the laws of the PRC;
<b>“Listing Rule(s)”</b>	the Rules Governing the Listing of Securities on the Stock Exchange presently in force as at the date hereof;
<b>“Overseas Data Center”</b>	a data processing center of ICBC, which has a place of business at Block 302, Che Gong Miao, Tian An Industrial Area, Fu Tian District, Shenzhen, the PRC;
<b>“PRC”</b>	The People’s Republic of China;
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;

<b>“Second Supplemental Service Levels Agreement”</b>	the Second Supplemental Agreement relating to the Service Levels Agreement entered into by the Company on 28 September 2006 to amend and supplement the Service Levels Agreement (as amended);
<b>“Service Levels Agreement”</b>	the service level agreement dated 21 February 2002 made between ICBC and the Company in relation to the outsourcing of the Company’s data processing functions to the Oversea Data Center of ICBC; and the “Service Levels Agreement (as amended)” means the Service Levels Agreement as amended pursuant to, and in accordance with, the “Supplemental Service Levels Agreement”;
<b>“Shareholder(s)”</b>	holder(s) of the share of the Company;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited; and
<b>“Supplemental Service Levels Agreement”</b>	the Supplemental Agreement relating to the Service Levels Agreement dated 4 February 2005 entered into between ICBC and the Company to amend and supplement the terms of the Service Levels Agreement.

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

Hong Kong, 28 September 2006

*As at the date of this announcement, the board of directors 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 The Standard.