



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)

ANNOUNCEMENT  
and  
RESUMPTION OF TRADING

On 21 August 2003, the Company entered into the MOU with Fortis in relation to a proposed merger of FBAHK's retail and commercial banking operations into the Company through the Company acquiring all the issued shares of FBAHK, following a carve out of certain of FBAHK's European and corporate banking clients.

**The MOU is not legally binding and the Proposed Transaction may or may not proceed. A further announcement will be made by the Company as and when appropriate in relation to the progress of the Proposed Transaction in compliance with the Listing Rules. Shareholders and investors are advised to exercise caution when dealing in the shares of the Company.**

At the request of the Company, trading in the Company's shares has been suspended from 9:30 a.m. on Thursday, 21 August 2003 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the securities of the Company with effect from 9:30 a.m. on Friday, 22 August 2003.

**The Proposed Transaction**

The directors ("Directors") of Industrial and Commercial Bank of China (Asia) Limited ("Company") announce that the Company has entered into a non-legally binding memorandum of understanding ("MOU") on 21 August 2003 with Fortis n.v. – s.a. ("Fortis") in connection with a proposed merger of Fortis Bank Asia HK n.v. – s.a.'s ("FBAHK") retail and commercial banking operations into the Company through the Company acquiring all the issued shares of FBAHK, following a carve out of certain of FBAHK's European and corporate banking clients ("Proposed Transaction").

FBAHK is a company organised under the laws of Belgium, with principally all of its business conducted through a branch banking operation in Hong Kong, and is wholly owned by Fortis. FBAHK's business is primarily targeted at serving Hong Kong retail customers and small to medium sized enterprises and has a local network of 22 retail branches and 5 dedicated small to medium sized enterprises business centers. Based on information provided by Fortis, it is expected that the total assets of the business of FBAHK to be subject to the Proposed Transaction amount to approximately HK\$29 billion on the bases of the unaudited management accounts of FBAHK as at 30 June 2003.

Fortis is not a connected person (as defined in The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules")) of the Company.

The MOU, which is non-legally binding, provides that the Proposed Transaction shall be subject to the carrying on of due diligence by the Company and Fortis, the negotiation of a legally binding sale and purchase agreement and the obtaining of all necessary regulatory, board and shareholders' approvals, as appropriate, but does not provide for a time limit for the parties to enter into a legally binding sale and purchase agreement. The Proposed Transaction is currently expected to be effected by way of an acquisition by the Company of the entire issued share capital of FBAHK from Fortis, with the Company settling the consideration partly by way of the issue of new ordinary voting shares in the Company representing up to 10 per cent. of the enlarged ordinary share capital of the Company, and the balance in cash. The amount of the consideration and the source of funding for the cash element of the consideration have yet to be determined by the Company.

It is also expected that The Industrial and Commercial Bank of China, an enterprise established under the laws of the People's Republic of China and the controlling shareholder of the Company, will remain the controlling shareholder of the Company after the completion of the Proposed Transaction and that Fortis will be represented on the board of Directors of the Company by one non-executive Director. The board of Directors of the Company currently comprises of 3 executive Directors and 6 non-executive Directors (of whom 3 are independent non-executive Directors).

It is possible that the Proposed Transaction may constitute a Notifiable Transaction under the Listing Rules. The Company will comply with all applicable requirements in accordance with the Listing Rules as necessary.

**Reasons for the Proposed Transaction**

The Directors are of the view that the Proposed Transaction, if successfully concluded, will create a substantially larger and stronger banking operation with an enhanced commercial and retail banking base. The Directors are also of the view that the Proposed Transaction will result in a significantly expanded branch network focusing on small to medium sized enterprises and retail customers, thereby highly complementing the Company's current business and product profile. Such expansion should provide a much improved level of service and product range to a larger number and cross-section of customers, which is in turn expected to result in increased operating income, larger asset base, enhanced asset quality, improved cross-selling ratios and other benefits. Should the Proposed Transaction proceed, the Directors are of the view that the enlarged group will be one of the largest banks (in terms of total assets) operating in Hong Kong.

Both parties have agreed in the MOU to explore further co-operation between the Company and Fortis post the Proposed Transaction in respect of ongoing activities not included as part of the merger such as bancassurance. The Company and Fortis will continue to analyse and evaluate possible fields of co-operation in good faith.

The Directors are of the view that the Proposed Transaction will form a major milestone for the Company in implementing its long-term strategy of growing the business organically and through appropriate mergers and acquisitions.

**The MOU is not legally binding and the Proposed Transaction may or may not proceed. A further announcement will be made by the Company as and when appropriate in relation to the progress of the Proposed Transaction in compliance with the Listing Rules. In the meantime, shareholders and investors are advised to exercise caution when dealing in the shares of the Company.**

**Resumption of Trading**

At the request of the Company, trading in the Company's shares has been suspended from 9:30 a.m. on Thursday, 21 August 2003 pending the release of this announcement. Application has been made to The Stock Exchange of Hong Kong Limited ("Stock Exchange") for resumption of trading in the securities of the Company with effect from 9:30 a.m. on Friday, 22 August 2003.

By Order of the Board  
Industrial and Commercial Bank of China (Asia) Limited  
Dr. Jiang Jianqing  
Chairman

*Please also refer to the published version of this announcement in South China Morning Post and Hong Kong Economic Times.*