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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)*

**ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF  
FORTIS BANK ASIA HK**

**DISCLOSEABLE TRANSACTION INVOLVING ISSUE OF NEW SHARES  
And  
RESUMPTION OF TRADING**

*Financial Advisor*



**THE ACQUISITION**

Further to the Company's announcement dated 21 August 2003 regarding a proposed acquisition of the Sale Group by the Company, the Directors are pleased to announce that the Company entered into the SPA with the Vendor and Fortis on 31 December 2003, pursuant to which the Vendor has agreed to sell and the Company has agreed to purchase the entire issued share capital of FBAHK, following a carve-out of the Excluded Assets, subject to the conditions and on the terms of the SPA. None of the Vendor, Fortis nor their beneficial owner(s) is a connected person (as defined in the Listing Rules) of the Company as at the date of this announcement. Fortis has confirmed that to the best knowledge of their management, neither Fortis nor the Vendor has any beneficial shareholding interest in the Company as at the date of this announcement.

The Acquisition Price is HK\$2,157.0 million, subject to adjustment based on the net asset value of the Sale Group to be determined in accordance with Belgium GAAP as at the Completion Date. The consideration for the Acquisition will be satisfied by:-

- (1) the allotment and issue to the Vendor of the Consideration Shares, which will represent 9% of the issued share capital of the Company (rounded up to the nearest board lot) as at the Completion Date, as enlarged by such issuance and assuming full conversion of the CP Shares prior to Completion, to be issued at an Agreed Value per Share equal to 1.05 times the audited consolidated net asset value per Share of the Company as at the Completion Date; and
- (2) a cash payment of a sum equal to the balance of the Acquisition Price after deducting the Agreed Value of the Consideration Shares as stated in (1) above.

Based on the closing price of HK\$10.75 per Share as at the last trading day prior to the suspension of trading of the Shares, the aggregate market value of the Consideration Shares would amount to approximately HK\$878.8 million, and the aggregate value of the total consideration for the Acquisition would amount to HK\$2,423.9 million, representing 1.18 times of the unaudited net asset value of the Sale Group as at 30 June 2003.

Subject to the adjustment as stated in the section headed "Post-completion adjustment" below, the cash portion of the consideration would be HK\$1,545.0 million.

### **Other terms of the SPA**

#### Restriction on Shareholding

Effective from the Completion Date, neither the Vendor nor Fortis shall, and they shall procure their Affiliates shall not, without the prior written consent of the Company, individually or together become the beneficial owner (whether directly or indirectly) of more than 9 per cent. of the total issued Shares except in certain circumstance described below.

#### Restriction on Transfer

Effective from the Completion Date until the expiry of three years thereafter, neither the Vendor nor Fortis may, without the prior written consent of the Company, dispose of any beneficial shareholding interest of the Shares held by any of them without the prior consent of the Company.

#### Anti-dilution Right

The Vendor will be entitled to the anti-dilution right as described below.

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing further information of the Acquisition will be dispatched to the Shareholders as soon as practicable.

**The SPA is subject to a number of conditions which may or may not be fulfilled and the Acquisition may or may not be completed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended at 9:35 a.m. on 31 December 2003 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 2 January 2004.

Further to the Company's announcement dated 21 August 2003 regarding a proposed acquisition of the Sale Group by the Company, the Directors are pleased to announce that the Company entered into the SPA with the Vendor and Fortis on 31 December 2003, pursuant to which the Vendor has agreed to sell, and the Company has agreed to purchase, the entire issued share capital of FBAHK, following a carve-out of the Excluded Assets, subject to the conditions and on the terms of the SPA.

## **SALE AND PURCHASE AGREEMENT**

### **Date**

31 December 2003

### **Parties**

- (1) The Company as the purchaser;
- (2) The Vendor; and
- (3) Fortis as co-warrantor and guarantor of certain of the Vendor's obligations.

### **Assets to be acquired**

The Company will acquire the entire issued share capital of FBAHK, following a carve-out of the Excluded Assets. Following such carve-out, the principal businesses and assets remaining in FBAHK will be its retail and commercial banking operations. Neither the Vendor nor Fortis and their beneficial owner(s) is a connected person (as defined in the Listing Rules) of the Company as at the date of this announcement. Fortis has confirmed that to the best knowledge of their management, neither Fortis nor the Vendor has any beneficial shareholding in the Company as at the date of this announcement.

### **Consideration**

The Acquisition Price is HK\$2,157.0 million, subject to adjustment based on the net asset value of the Sale Group to be determined in accordance with Belgium GAAP as at the Completion Date. The consideration for the Acquisition will be satisfied by:-

- (1) the allotment and issue to the Vendor of the Consideration Shares, which will represent 9% of the issued share capital of the Company (rounded up to the nearest board lot) as at the Completion Date, as enlarged by such issuance and assuming full conversion of the CP Shares prior to Completion, to be issued at an Agreed Value per Share equal to 1.05 times the audited consolidated net asset value per Share of the Company as at the Completion Date. The allotment and issue of the Consideration Shares will be made pursuant to the general mandate granted to the Board at the annual general meeting of the Company held on 16 April 2003 or, if necessary, any renewed general mandate granted to the Board by Shareholders in general meeting. As at the date of this announcement, the general mandate granted to the Board on 16 April 2003 has not been used; and

- (2) a cash payment of a sum equal to the balance of the Acquisition Price after deduction of the Agreed Value of the Consideration Shares as stated in (1) above.

The Acquisition Price and other terms of the Acquisition have been determined through arms' length negotiations taking into account the reasons for the acquisition as set out in the paragraph headed "Reasons for the Acquisition".

The audited accounts of the Sale Group and the Company as at the Completion Date will be prepared by the respective auditors of the Sale Group and the Company within 60 days from the Completion Date.

The Company currently intends that the cash portion of the consideration would be financed by a combination of alternatives, including internal resources, issuance of subordinated debt and/or equity financing. As the Company is still in the course of evaluating financing alternatives, it has not formally initiated any negotiation or appointed any advisors to conduct any proposed fund raising exercise as at the date of this announcement.

### **Initial settlement on the Completion Date**

Based on net asset value of HK\$2,054.3 million of the Sale Group as shown in the pro forma unaudited consolidated management accounts of the Sale Group as at 30 June 2003 which have been prepared under Belgium GAAP, the Acquisition Price is initially estimated to be HK\$2,157.0 million. Based on the number of Shares currently in issue of 624,374,304 Shares and assuming full conversion of the CP Shares prior to Completion, a total of 81,752,000 Consideration Shares would be issued to the Vendor upon Completion. Based on the Company's net asset value of HK\$5,893.6 million as shown in the Company's published unaudited consolidated accounts as at 30 June 2003, the Agreed Value of each of such Consideration Shares is estimated at HK\$7.49 per Share, representing a 30.3 % discount to the closing price of HK\$10.75 per Share as at the last trading date prior to the suspension of trading of the Shares, and the aggregate Agreed Value of the Consideration Shares would be HK\$612.0 million. The cash portion of the consideration would be HK\$1,545.0 million.

Based on the closing price of HK\$10.75 per Share as at the last trading day prior to the suspension of trading of the Shares, the aggregate market value of the Consideration Shares would amount to approximately HK\$878.8 million, and the aggregate value of the total consideration for the Acquisition would amount to HK\$2,423.9 million, representing 1.18 times of the unaudited net asset value of the Sale Group as at 30 June 2003.

### **Post-completion adjustment**

Under the SPA, the Acquisition Price and the Agreed Value of the Consideration Shares are subject to adjustment to reflect the changes in the net asset value of the Sale Group and the Company from 30 June 2003 to the Completion Date based on the completion accounts of the Sale Group and the Company respectively as at the Completion Date to be prepared by the respective auditors of the Sale Group and the Company and delivered to the other party's auditors within 60 days from the Completion Date. Such completion accounts of the Sale Group and the Company will be prepared under Belgium GAAP and Hong Kong GAAP

respectively. As a result of such an adjustment, any overpayment or underpayment of the cash portion to the Vendor will be settled in cash by the Vendor to the Company or by the Company to the Vendor as the case may be within 3 business days of the date on which the completion accounts of the Sale Group and the Company have been agreed and finalised.

Payment on Completion and any post-completion adjustment shall be made in Euro, except for any post-completion adjustment payable by the Vendor to the Company which shall be made in Hong Kong dollars.

The parties have agreed that the shareholder equity of FBAHK at the date of Completion shall not be more than the amount of shareholder equity of FBAHK as at 30 June 2003 as shown in the unaudited accounts except for any increase in such shareholder equity as a result of profit arising from the ordinary course of business.

### **Reasons for the Acquisition**

The Directors are of the view that the Acquisition, if successfully concluded, will create a substantially larger and stronger banking operation with an enhanced commercial and retail banking base for the Group with a significantly expanded branch network focusing on small to medium sized enterprises and retail customers, thereby complementing the Company's current business and product profile with particular strength in the corporate banking business. Such expansion should provide a more comprehensive 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, improved cross-selling ratios and other benefits. The Excluded Assets comprise mainly 3 business lines, namely, global commodities business, global corporate banking business and institutional banking and fund business and a property investment company, which Fortis wishes to retain.

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 and that the Acquisition will form a major milestone for the Company in implementing its long-term strategy of growing its business organically and through appropriate mergers and acquisitions.

### **Other terms of the SPA**

#### *Restriction on Shareholding*

Effective from the Completion Date, neither the Vendor nor Fortis shall, and they shall procure their Affiliates shall not, without the prior written consent of the Company, individually or together become the beneficial owner (whether directly or indirectly) of more than 9 per cent. of the total issued Shares. However, such restriction does not apply if any increase of the Vendor and Fortis' beneficial shareholding interest to more than 9 per cent. is a result of a repurchase or redemption of issued Shares effected without the prior agreement of Fortis. In addition, in the event of an increase of the Vendor and Fortis' shareholding interest in such circumstances, the percentage of the beneficial shareholding interest of the Vendor and Fortis in the Company to which the restriction applies shall become the percentage above 9 per cent. which has resulted from such repurchase or redemption of Shares. However, such restriction shall cease to apply if the Company issues

Shares to any person (other than ICBC) such that the percentage of such person's holding in the issued Shares exceeds that beneficially owned by the Vendor and Fortis as at the date of such issue of Shares, in which event the Vendor and Fortis shall be at liberty to acquire further Shares above the 9 per cent. limit.

#### Restriction on Transfer

Effective from the Completion Date until the expiry of three years thereafter, neither the Vendor nor Fortis may, without the prior written consent of the Company, dispose of any beneficial shareholding interest of the Shares held by any of them without the prior consent of the Company. However, such restriction shall be terminated in the event that the Company is indemnified by the Vendor and Fortis to the extent as covered by the Indemnity Deed.

#### Anti-dilution Right

Assuming that Fortis and the Vendor maintain the Anti-Dilution Right Threshold, the Vendor has anti-dilution rights under any one or more of the following three scenarios:

##### Scenario 1: Placing and top-up

In the event of an issuance of new Shares under any general mandate in force from time to time of the Company effected through a placing and top-up involving ICBC in compliance with Rule 14.24(6)(a) of the Listing Rules (or equivalent provisions succeeding the same) and (if applicable) Note 6 to the "Notes on Dispensations from Rule 26" of the Takeovers Code, the Vendor would be given the right to participate in the placing and top-up under the same general mandate on a pro rata basis and on the same terms such that it could subscribe for sufficient Shares to top it back up to the same percentage shareholding in the issued Shares as that immediately prior to such placing and top-up (or such lower number of Shares as may be permitted under the Listing Rules in force at the time).

##### Scenario 2: Acquisition of assets from ICBC through share consideration

In the event of an acquisition of assets by the Company from ICBC through an issuance of new Shares as consideration, the Directors would exercise any general mandate in force from time to time and offer to the Vendor for subscription sufficient Shares to enable the Vendor to top back up to the same percentage shareholding in the issued Shares as that immediately prior to such issue of new Shares to ICBC and at the same price at which such new Shares are issued to ICBC.

### Scenario 3: Acquisition of assets from third party through share consideration

In the event of an acquisition of assets by the Company from any third parties through issuance of new Shares as consideration, the Directors would also exercise any general mandate in force from time to time and offer to the Vendor for subscription sufficient Shares to enable the Vendor to top back up to the same percentage shareholding in the issued Shares as that immediately prior to such issue of new Shares to such third party and at the same price at which such new Shares are issued to such third party.

The above three scenarios are not an exhaustive list of the circumstances in which the Vendor could exercise the anti-dilution right.

The Vendor shall lose its anti-dilution right if the percentage of its beneficial ownership in the issued Shares (a) falls below 5% as a result of an issue of new Shares by the Company in respect of which the Vendor has failed to exercise its anti-dilution right and does not otherwise restore its shareholding to 5% or above within 6 months from being entitled to exercise its anti-dilution right; or (b) falls below 3%.

### **Conditions to Completion**

Completion is conditional on the following conditions having been fulfilled or (if applicable) waived by the relevant parties:-

- (1) (a) the BFC having confirmed in writing to FBAHK, the Vendor and the Company that it does not object to the Acquisition and (b) the BFC not having limited or prohibited the proposed transfer of the shares of FBAHK;
- (2) the banking license granted to FBAHK pursuant to the applicable provisions of the 1993 Banking Law of Belgium continuing to be in force;
- (3) if required, the obtaining of approval from the Shareholders (in accordance with the Listing Rules and as otherwise required by the Stock Exchange) to approve the allotment and issue of the Consideration Shares, the SPA and/or any of the transactions contemplated under the SPA (as applicable);
- (4) the Listing Committee of the Stock Exchange granting or agreeing to grant listing of, and permission to deal in, the Consideration Shares;
- (5) execution of the Indemnity Deed, Service Level Agreements, the Deed for Tenancy and Licence (and completion thereof), the Agency Deed, the Carve Out Deed and the Outsourcing Agreement;
- (6) execution by Fortis and FBAHK of the relevant agreements to effect the transfer of the Excluded Assets and completion of such transfer;
- (7) the Company having received clearances in terms reasonably satisfactory to the Company from the HKMA and the SFC in respect of the transactions contemplated by the SPA and the fulfilment of any conditions to which such clearances are subject and which are required to be satisfied prior to Completion;

- (8) the Company and any holding company or other controller of the Company having been approved by the SFC as a substantial shareholder of Fortis Securities Asia HK Limited;
- (9) consent, approval or clearance for the transactions contemplated under the SPA, being obtained from the China Banking Regulatory Commission;
- (10) there being on the Completion Date, no breaches of the representations and warranties given by Fortis and the Vendor which would materially and adversely affect the business and financial condition of the Sale Group taken as a whole;
- (11) there being on the Completion Date, no breaches of the representations and warranties given by the Company which would materially and adversely affect the business and financial condition of the Company and its subsidiaries taken as a whole;
- (12) there being on the Completion Date, no breaches of certain of the pre-completion undertakings in the SPA which would materially and adversely affect the business and financial condition of the Sale Group taken as a whole;
- (13) the Company having arrangements in place to ensure that on the Completion Date, the Sale Group shall cease to use or display any of the trade or service marks, trade or service names registered designs or logos used or held by the Vendor and its Affiliates, save as provided in the SPA;
- (14) the Side Letter being executed by the parties thereto;
- (15) a capital reduction in FBAHK of an amount equals to the Capital Reduction Value being effected in accordance with Belgium Law to the satisfaction of the Vendor and Fortis; and
- (16) conversion of the CP Shares

The Company shall be entitled in its absolute discretion, by written notice to the Vendor, to waive condition (10) and (12) either in whole or in part. Fortis and the Vendor shall be entitled in its absolute discretion, by written notice to the Company, to waive condition (11) and (16) either in whole or in part. If the conditions precedent of the SPA are not fulfilled (or waived) by 30 June 2004, the SPA shall save as otherwise provided in the SPA, lapse, and none of the parties shall have any claim of any nature whatsoever against any other party under the SPA.

Completion shall take place on 30 April 2004, or if the conditions have not been satisfied or waived by 30 April 2004, on the third business day after the first business day on or by which, prior to 4 p.m., all of the conditions (except the conditions under paragraphs (1)(b), (2), (5), (10), (11) and (12) above) have been satisfied (or waived, as applicable), or such other date as may be agreed otherwise by the parties (but which shall be no later than 30 June 2004).

As at the date of this announcement, other than the signing of the Deed for Tenancy and Licence and the obtaining of consent, approval or clearance from the China Banking Regulatory Commission as referred to in condition (9) above and execution and completion relevant agreement for the disposal of Wa Pei Finance Company Limited, which is part of the Excluded Assets, as referred to in condition (6) above, none of the other conditions precedent have been fulfilled.

### **ICBC's undertaking**

Following the execution of the SPA, ICBC, the controlling shareholder of the Company, will undertake under the Side Letter to the Vendor that, conditional upon Completion taking place and for so long as the Vendor group shall remain the beneficial owner of not less than 9 per cent. (or such lower percentage as shall enable the Vendor group to continue to be entitled to its anti-dilution rights under the terms of the SPA, but in no event less than 3 per cent.) of the Company's total issued Shares, then, subject to any restrictions imposed by the Stock Exchange and so long as ICBC shall beneficially own not less than 51 per cent. of the total issued Shares, ICBC shall exercise the voting rights attached to the Shares held by it so as to procure that one person nominated by the Vendor be appointed as a non-executive Director to the board of Directors, which currently comprises 3 executive Directors, 3 non-executive Directors and 3 independent non-executive Directors. No nomination has been made by the Vendor as at the date of this announcement. The Vendor has confirmed that neither it nor Fortis will be an associate (as defined under the Listing Rules) of any person to be appointed as such a non-executive Director. The Vendor will lose such Board seat entitlement in the same circumstances as when it would lose its anti-dilution right as referred to above.

### **Effect of the conversion of CP Shares and issuance of Consideration Shares**

ICBC undertakes to convert the CP Shares into Shares prior to Completion Date. The effect on the shareholdings structure of the Company pursuant to the conversion of CP Shares and the issuance of Consideration Shares is as follows:

	<b>As at the date of this announcement</b>		<b>Immediately after conversion of the CP Shares but before issuing the Consideration Shares</b>		<b>Immediately after conversion of the CP Shares and issuing the Consideration Shares</b>	
	<b>Number of Shares</b>		<b>Number of Shares</b>		<b>Number of Shares</b>	
	<i>('000)</i>		<i>('000)</i>		<i>('000)</i>	
ICBC	398,489	63.8%	600,708	72.7%	600,708	66.1%
Vendor	—	—	—	—	81,752	9.0%
Other Shareholders	<u>225,885</u>	<u>36.2%</u>	<u>225,885</u>	<u>27.3%</u>	<u>225,885</u>	<u>24.9%</u>
Total	<u>624,374</u>	<u>100.0%</u>	<u>826,593</u>	<u>100.0%</u>	<u>908,345</u>	<u>100.0%</u>

## **Information on FBAHK**

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 indirectly 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.

Assuming the carve-out of the Excluded Assets and the capital reduction in FBAHK (as mentioned in item (15) of the Conditions to Completion) were completed on 1 January 2001 and on pro forma unaudited basis, the financial position of FBAHK prepared under the Belgium GAAP is as follows:

- consolidated net profit before tax amounted to HK\$140.9 million and HK\$120.0 million for the years ended 31 December 2002 and 2001, respectively.
- consolidated net profit after tax amounted to HK\$98.7 million and HK\$46.4 million for the years ended 31 December 2002 and 2001, respectively.
- consolidated net tangible asset value was HK\$1,762.3 million and HK\$1,391.9 million as at 31 December 2002 and 2001, respectively.
- in respect of the six months ended on 30 June 2003, consolidated net profit before tax amounted to HK\$119.7 million, consolidated net profit after tax amounted to HK\$58.2 million and the consolidated net tangible asset value as at 30 June 2003 was HK\$2,047.3 million.

## **Information on the Company**

The Company is a full licensed bank incorporated in Hong Kong and whose Shares are listed on the Stock Exchange. The Company is principally engaged in banking, financial and financial related services with a focus on commercial and retail banking business as well as corporate banking businesses. As at the date of this announcement, it has 20 branches and one wealth management center in Hong Kong, and an overseas branch established in the Cayman Islands. The Company is the flagship of ICBC's banking business in Hong Kong. The financial position of the Company prepared under Hong Kong GAAP is as follows:

- According to the 2002 annual report of the Company, the audited consolidated net profit before tax of the Company amounted to HK\$570.8 million and HK\$331.6 million for the years ended 31 December 2002 and 2001, respectively.
- According to the 2002 annual report of the Company, the audited consolidated net profit after tax amounted to HK\$482.4 million and HK\$330.4 million for the years ended 31 December 2002 and 2001, respectively.
- According to the 2002 annual report of the Company, the audited consolidated net tangible asset value of the Company was HK\$5,294.6 million and HK\$4,378.5 million as at 31 December 2002 and 2001, respectively.

- Based on published unaudited consolidated accounts of the Company in respect of the six months ended 30 June 2003, consolidated net profit before tax amounted to HK\$280.9 million, consolidated net profit after tax amounted to HK\$231.9 million and the consolidated net tangible asset value was HK\$5,254.6 million.

## **General**

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing further information of the Acquisition will be dispatched to the Shareholders as soon as practicable.

**The SPA is subject to a number of conditions which may or may not be fulfilled and the Acquisition may or may not be completed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

Your attention is also drawn to an announcement of the Company made on the same date of this announcement in connection with the engagement by the Company of ICEA Capital Limited to be the financial advisor of the Company regarding the Acquisition.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended at 9:35 a.m. on 31 December 2003 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 2 January 2004.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

- |                     |   |                                                                                                                                                                                                            |
|---------------------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Acquisition”       | : | the proposed acquisition of the entire issued share capital of FBAHK by the Company subject to the conditions and on the terms of the SPA                                                                  |
| “Acquisition Price” | : | the total price for the Acquisition, being 1.05 times the audited net asset value of the Sale Group on Completion Date as shown on the completion accounts of the Sale Group                               |
| “Affiliates”        | : | in relation to any party, any subsidiary undertaking or parent undertaking of that party and any subsidiary undertaking of any parent undertaking, in each case from time to time                          |
| “Agency Deed”       | : | the deed to be entered into between Fortis and FBAHK pursuant to the Carve Out Agreement in relation to the appointment of Fortis to act as FBAHK’s agent to carry out certain duties on the terms therein |

“Agreed Value”	: the value assigned to the Consideration Shares in the SPA, calculated at 1.05 times the audited consolidated net asset value per Share of the Company on the Completion Date
“Anti-Dilution Right Threshold”	: The Vendor being the beneficial owner of such number of Shares representing (a) not less than 9% of the issued Shares; or (b) such lower percentage which is below 9% but not less than 3% resulting from an issuance of Shares in respect of which the Vendor is not entitled to exercise its anti-dilution right under the SPA or does not receive the requisite top-up Shares from the Company under an exercise of its anti-dilution right under the SPA for whatever reason
“BFC”	: the Belgian Banking and Finance Commission, being the institution established by the 1935 Royal Decree nr. 185 on the supervision of credit institutions and the rules governing the issue of securities
“Board”	: the board of Directors
“Capital Reduction Value”	: The Regulatory Tier 1 Capital Value plus the consideration received by FBAHK under the Wa Pei Finance S&P
“Carve Out Agreement”	: agreement to be entered into between FBAHK and Fortis, pursuant to which certain Excluded Assets will be sold by FBAHK to Fortis
“Carve Out Deed”	: the deed to be entered into between Fortis and FBAHK pursuant to the Carve Out Agreement relating to certain liabilities of FBAHK in respect of certain business to be retained by Fortis
“Company”	: Industrial and Commercial Bank of China (Asia) Limited
“Completion”	: completion of the SPA in accordance with its terms
“Completion Date”	: the date on which Completion takes place, as defined in the SPA
“Consideration Shares”	: new Shares to be issued, credited as fully paid, representing 9% of the total issued share capital of the Company as enlarged by its issue, to the Vendor as partial consideration for the Acquisition
“CP Shares”	: the 202,219,218 non-cumulative convertible preference shares issued by the Company to ICBC and constituted by resolutions passed on 16 June 2001

“Deed for Tenancy and Licence”	: the deed dated 31 December 2003 entered into between Wa Pei Properties Limited as landlord and FBAHK as tenant whereby Wa Pei Properties Limited will agree on the Completion to lease certain property and premises occupied by the Sale Group to FBAHK
“Director(s)”	: the director(s) of the Company
“Excluded Assets”	: (i) the entire issued share capital held by FBAHK in Wa Pei Finance Company Limited, an investment holding company and the principal subsidiary of which involves in property investments; and  (ii) certain businesses of FBAHK other than its retail and commercial banking operations which shall be retained by Fortis, namely, the global commodities business, global corporate banking business, institutional banking and funds business and the private banking business
“Euro”	: the single currency of a member state of the European Union that adopts or has adopted it as its lawful currency in accordance with legislation of the European Community relating to the Economic & Monetary Union
“FBAHK”	: Fortis Bank Asia HK, a company organised under the laws of Belgium and an indirect wholly-owned subsidiary of Fortis
“Fortis”	: Fortis Bank, a company incorporated under the laws of Belgium
“GAAP”	: generally accepted accounting principles
“Group”	: the Company and its subsidiaries
“HKMA”	: the Hong Kong Monetary Authority
“ICBC”	: The Industrial and Commercial Bank of China, an enterprise established under the laws of the PRC
“Indemnity Deed”	: a deed to be entered into before Completion by Fortis and the Vendor in favour of the Company, pursuant to which Fortis and the Vendor will agree to indemnify the Company against certain taxation liabilities of the Sale Group (including, for example, profits tax, property tax and withholding tax)
“Listing Rules”	: the Rules Governing the Listing of Securities on the Stock Exchange

- “Outsourcing Agreement” : the agreement to be entered into between Fortis and FBAHK pursuant to the Carve Out Agreement in relation to services to be provided by Fortis to FBAHK on the terms contained therein
- “PRC” : the People’s Republic of China
- “Regulatory Tier 1 Capital Value” : the value of the risk weighted assets (as determined in accordance with Guideline No. 4.1.1., “Capital Adequacy”, issued by the Hong Kong Monetary Authority in September 1988) as at the Transfer Date (as defined in the Carve Out Agreement) of the Carved Out Assets (as defined in the SPA) multiplied by 12 per cent.
- “Sale Group” : FBAHK and its subsidiaries comprising, among others, FBAHK’s retail and commercial banking operations, excluding the Excluded Assets
- “Service Level Agreements” : the agreements to be entered into between FBAHK and Fortis, pursuant to which Fortis relating to future services to be provided by Fortis to FBAHK after Completion
- “SFC” : Securities and Futures Commission
- “Share(s)” : ordinary share(s) of nominal value HK\$2.00 each in the capital of the Company
- “Shareholders” : holder(s) of the Shares
- “Side Letter” : the letter to be issued by ICBC to the Vendor pursuant to which ICBC will undertake to exercise the voting rights held by it so as to procure that one person nominated by the Vendor be appointed as a non-executive Director to the Board on the terms and subject to the conditions set out therein
- “SPA” : the sale and purchase agreement dated 31 December 2003 entered into between the Company, the Vendor and Fortis, pursuant to which the Company has conditionally agreed to acquire from the Vendor the entire issued share capital of FBAHK
- “Stock Exchange” : The Stock Exchange of Hong Kong Limited
- “Takeovers Code” : The Code on Takeovers and Mergers approved by the SFC as amended from time to time
- “Vendor” : Generale Belgian Holding B.V., a company incorporated under the laws of Netherlands and wholly-owned by Fortis

“Wa Pei Finance S&P” : The agreement dated 18 December 2003 entered into between FBAHK and Fortis relating to the disposal of Wa Pei Finance Company Limited to Fortis

“HK\$” : Hong Kong dollars

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

Hong Kong, 31 December 2003

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