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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)

PROPOSED NOTES ISSUE DUE 2009

Summary

Further to the announcement dated 1 September 2004, the Issuer, the Company, the JLMs and ICEA have entered into the Subscription Agreement in connection with the issue of the Notes by the Issuer with an aggregate principal amount of US\$400 million, which are unconditionally and irrevocably guaranteed by the Company. Approval in principle has been received from the SGX-ST for permission to deal in and quotation of the Notes on the SGX-ST.

ICEA is ultimately held as to 75 per cent. equity interest by ICBC and is considered as a connected person of the Company (as defined in the Listing Rules). As a result, the Company's engagement of ICEA as a co-manager of the issue of the Notes will constitute a connected transaction of the Company (as defined in the Listing Rules).

Introduction

Further to the announcement dated 1 September 2004, the Directors are pleased to announce that the Issuer, the Company, the JLMs and ICEA have entered into the Subscription Agreement in connection with the issue of the Notes by the Issuer with an aggregate principal amount of US\$400 million, which are unconditionally and irrevocably guaranteed by the Company.

Subscription Agreement

Date: 9 September 2004

Parties: the Issuer
the Company
JLMs
ICEA

The Notes will be offered only to professional and institutional investors, outside the United States in reliance on Regulation S under the Securities Act. None of the Notes are being offered to the public in Hong Kong or will be placed to any connected persons (as defined in the Listing Rules) of the Company, other than to ICEA in its capacity as a co-manager of the issue of the Notes and to wholly owned subsidiaries representing certain overseas branches of ICBC (and hence, connected persons of the Company, as defined in the Listing Rules) as subscribers of the Notes in the aggregate amount of not more than 4 per cent. of the entire issue of the Notes. In relation to the placing of the Notes to wholly owned subsidiaries representing certain overseas branches of ICBC, the board of Directors (including the independent non-executive directors) is of the opinion that the placing of the Notes to such entities is entered into on normal commercial terms.

Conditions of the Subscription Agreement

The Subscription Agreement is conditional on the fulfillment of various conditions, including, but not limited to:

- (a) there having been, as at the Closing Date, no material adverse change or development involving a prospective material adverse change in the condition (financial or otherwise), business, properties, shareholders' equity or results of operations of the Issuer, the Guarantor or the Group since the date of the Subscription Agreement or from that set out in the Offering Circular and the Preliminary Offering Circular and no event making any of the representations and warranties contained in the Subscription Agreement untrue or incorrect in any material respect on the Closing Date;
- (b) approval in-principle having been received for the Notes to be listed on the SGX-ST on or before the Closing Date; and
- (c) the execution of the Guarantee and the Agency Agreement by the parties thereto on or before the Closing Date; no rating agency having downgraded, nor given notice or made any public announcement of any intended or potential downgrading or of any review or surveillance with negative implications of, the rating accorded to the Notes or any debt securities of the Guarantor.

In the event that any of the conditions set out in the Subscription Agreement is not satisfied on or before the Closing Date, the Subscription Agreement shall (subject as mentioned below) terminate and the parties shall (except for the liability of the Issuer and the Guarantor

in relation to expenses and arrangements as provided in the Subscription Agreement) be under no further liability arising out of the Subscription Agreement, provided that the JLMs (acting collectively) may in their discretion and by notice to the Issuer and the Guarantor waive satisfaction of any of the above conditions or of any part of them.

Subject to the foregoing, the Subscription Agreement is expected to be completed and the Notes to be issued on or before the Closing Date.

ICEA is ultimately held as to 75 per cent. equity interest by ICBC and is considered as a connected person of the Company (as defined in the Listing Rules). Pursuant to the Subscription Agreement made between, amongst others, the Company and ICEA, ICEA will be appointed to act as co-manager of the issue of the Notes, and as a result, this will constitute a connected transaction of the Company (as defined in the Listing Rules).

The Subscription Agreement and the placing agreement dated 4 February 2004 entered into between ICBC, the Company, The Hongkong and Shanghai Banking Corporation Limited and ICEA Capital Limited (a fellow subsidiary of ICEA) are deemed, under Rule 14A.25 of the Listing Rules, to be one connected transaction entered into between ICEA, ICEA Capital Limited and the Company. Accordingly, the amount of commission payable to ICEA under the Subscription Agreement and the amount of commission paid to ICEA Capital Limited under the placing agreement will be aggregated for the purposes of the calculation of the consideration under the connected transaction and such amount will amount to not more than 2.5 per cent. of the applicable ratios under Rule 14A.32 of the Listing Rules. Therefore, this connected transaction of the Company is required to be disclosed in this announcement and in the Company's next published annual report and accounts in accordance with Rule 14A.45 of the Listing Rules and no independent shareholders' approval will be required.

The commission payable to ICEA under the Subscription Agreement will be satisfied by way of deduction from the subscription monies in respect of the Notes to be paid by ICEA to the Issuer.

The board of Directors (including the independent non-executive directors) is of the opinion that the connected transaction is entered into on normal commercial terms and that the commission mentioned above is arrived at after an arm's length negotiation and is fair and reasonable.

Principal terms of the Notes

Issuer:	ICBCA (C.I.) Limited, a wholly-owned special purpose vehicle of the Company incorporated in the Cayman Islands as a limited liability company on 25 June 2004.
Guarantor:	The Company
The Notes:	US\$400,000,000 4.125 per cent. Guaranteed Notes due 2009
The Guarantee:	The Notes are guaranteed as to payment of principal and interest by the Guarantor upon the terms of the Guarantee.

Issue Price:	99.513 per cent.
Issue Date:	16 September 2004
Maturity Date:	Unless previously redeemed or purchased and cancelled and other than in the case of an event of default under the Terms and Conditions, the Notes will mature and become payable at their principal amount together with accrued interest and will be redeemed on 16 September 2009.
Interest:	The Notes bear interest at the rate of 4.125 per cent. per annum, from, and including 16 September 2004 to, but excluding, 16 September 2009, payable semi-annually in arrear on 16 March and 16 September in each year, commencing 16 March 2005.
Status of the Notes and the Guarantee:	<p>The Notes and the Coupons are direct, unconditional, unsubordinated and (subject to the provisions of the Terms and Conditions) unsecured obligations of the Issuer and (subject as provided above) rank and will rank <i>pari passu</i>, without any preference among themselves, with all other outstanding, unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.</p> <p>The obligations of the Guarantor under the Guarantee constitute direct, unconditional and (subject to the Terms and Conditions) unsecured obligations of the Guarantor and (subject as provided above) rank and will rank <i>pari passu</i> with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.</p>
Events of Default:	Upon the occurrence of an event of default (as described in the Terms and Conditions) and which include default in payment of principal or interest under the Notes or failure to perform or observe any of its other obligations under the Notes, the holder of any Note may give notice to the Issuer that the Note is, and it shall accordingly forthwith become, immediately due and repayable at its principal amount, together with interest accrued to the date of repayment.

<p>Redemption for Taxation Reasons:</p>	<p>If (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the official application or interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 9 September 2004, on the next Interest Payment Date either (i) the Issuer would be required to pay additional amounts as provided or referred to in the Terms and Conditions; or (ii) the Guarantor would be unable for reasons outside its control, to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts; and (b) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders, redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to, but excluding, the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts, were a payment in respect of the Notes then due.</p>
<p>Redemption upon Change of Control:</p>	<p>Upon any Noteholder giving to the Issuer through a Paying Agent not less than 15 nor more than 30 days' notice, the Issuer will, upon expiry of such notice, redeem in whole (but not in part) the Notes the subject of the notice at any time at their principal amount together with interest accrued to the date of redemption, provided that such notice for redemption can only be given if ICBC ceases to own, directly or indirectly, more than 50 per cent. of the issued share capital of the Company for a period of more than seven consecutive days.</p>
<p>Form and denomination of the Notes:</p>	<p>The Notes will be in bearer form in the denomination of US\$1,000 each. The Notes will initially be in the form of a Temporary Global Note, without interest coupons, which will be deposited with a common depository for Euroclear Bank S.A./N.V., as operator of Euroclear System and Clearstream Banking, société anonyme on or about 16 September 2004. The Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the Closing Date upon certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form.</p>

Trading on SGX-ST: The Notes will be traded on the SGX-ST in a minimum board lot size of US\$200,000 for so long as the Notes are listed on the SGX-ST.

Payments: Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents. All payments of principal and interest by or on behalf of the Issuer or the Guarantor shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any of the Relevant Jurisdictions, unless the withholding or deduction of such taxes is required by law. In that event, the Issuer or the Guarantor (as the case may be) will pay such additional amounts as may be necessary in order that the net amounts received by the holder of a Note, after such withholding or deduction, shall equal the respective amounts which would have been receivable in respect of such Note in the absence of such withholding or deduction, subject to certain exceptions.

Governing law: The Notes and the Guarantee are governed by, and shall be construed in accordance with, English law.

Ratings: The Notes have been rated “A2” by Moody’s Investors Service, Inc..

Listing: Approval in principle has been received from the SGX-ST for permission to deal in and quotation of the Notes on the SGX-ST. Such permission will be granted after the Notes have been admitted to the official list of the SGX-ST.

Use of proceeds

The net proceeds of the issue of the Notes will be advanced by the Issuer to the Company to be used by the Company for general corporate purposes.

Guarantee

Date: 16 September 2004

Party: the Company, as guarantor

Principal Terms: a guarantee to the holder from time to time of each Note or Coupon by way of continuing guarantee of the due and punctual payment of all amounts payable by the Issuer on or in respect of the Note or Coupon as more particularly described in the Guarantee

Definitions

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

- “Agency Agreement” means the agency agreement to be entered into on or about 16 September 2004 between the Issuer, the Company (as guarantor) and JP Morgan Chase Bank (as fiscal agent and principal paying agent) in relation to the issue of the Notes;
- “Closing Date” means the date on which the net subscription money in respect of the Notes will be paid to the Issuer, which is expected to be on or about 16 September 2004;
- “Company” means Industrial and Commercial Bank of China (Asia) Limited, a full licensed bank incorporated in Hong Kong whose shares are listed on the Stock Exchange of Hong Kong Limited, and is principally engaged in banking, financial and financial related services with a focus on commercial and retail banking business as well as corporate banking business;
- “Coupon” means the interest coupon appertaining to the Notes;
- “Directors” means the directors of the Company;
- “Group” means the Company and its subsidiaries from time to time;
- “Guarantee” means the unconditional and irrevocable guarantee by the Company of the obligations of the Issuer under the Notes;
- “Guarantor” means the Company;
- “ICBC” means The Industrial and Commercial Bank of China, an enterprise established under the laws of the People’s Republic of China;
- “ICEA” means ICEA Securities Limited, a deemed licensed corporation under the Securities and Futures Ordinance licensed to conduct Types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the Securities and Futures Ordinance;

- “Interest Payment Date” means 16 March and 16 September in each year on which interest on the Notes is payable in arrear, the first Interest Payment Date being 16 March 2005;
- “Issuer” means ICBCA (C.I.) Limited, a wholly-owned special purpose vehicle of the Company, incorporated as a limited liability company in the Cayman Islands;
- “JLMs” means Goldman Sachs (Asia) L.L.C., The Hongkong and Shanghai Banking Corporation Limited and J.P. Morgan Securities Ltd. as joint lead managers of the issue of the Notes;
- “Listing Rules” means the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
- “Noteholder” means the holder of the Notes;
- “Notes” means the US\$400,000,000 4.125 per cent. Guaranteed Notes due 2009 unconditionally and irrevocably guaranteed by the Company;
- “Offering Circular” means the offering circular dated 9 September 2004 issued in connection with the offering of the Notes;
- “Paying Agents” means JP Morgan Chase Bank, the initial paying agents named in the Agency Agreement;
- “Permanent Global Note” means the duly executed permanent global note representing the Notes;
- “Preliminary Offering Circular” means the offering circular in preliminary form dated 3 September 2004;
- “Relevant Jurisdiction” means the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer) or Hong Kong or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Guarantor) or in either case any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer or the Guarantor, as the case may be, becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons;
- “Securities Act” means the US Securities Act of 1933 as amended;
- “SGX-ST” means the Singapore Exchange Securities Trading Limited;

“Subscription Agreement” means a conditional subscription agreement dated 9 September 2004 entered into between the Issuer, the Company, the JLMs and ICEA in relation to the issue of the Notes;

“Temporary Global Note” means the duly executed temporary global note initially representing the Notes; and

“Terms and Conditions” means the terms and conditions of the Notes.

By Order of the Board

Zhu Qi

Managing Director and Chief Executive Officer

Hong Kong, 9 September 2004

As at the date of this announcement, the Board comprises Mr. Zhu Qi, Mr. Wang Yan and Mr. Wong Yuen Fai 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 and Hong Kong Economic Times.