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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)

**OPTION TO ACQUIRE EQUITY INTEREST IN
THE TAI PING INSURANCE COMPANY, LIMITED***

On 26 November 2004, CIHC, CIIH and the Company entered into the conditional Option Deed pursuant to which each of CIHC and CIIH has agreed to grant the right to the Company at nil consideration to, conditional upon Completion, acquire from CIHC and CIIH 2.475% and 9.975% respectively of the equity interest in TPI at an aggregate consideration of RMB124,500,000 (approximately HK\$117 million) within six months from the date of the Option Deed, or such later date as the parties may extend pursuant to the terms of the Option Deed. Each of the CIHC Option and the CIIH Option will be exercisable at the option of the Company and if exercised by the Company, has to be exercised in full and simultaneously.

Reference is drawn to an announcement dated 26 November 2004 issued by CIIH relating to the conditional Capital Injection pursuant to which CIHC and CIIH will contribute, in cash, RMB250,000,000 (approximately HK\$236 million) and RMB250,000,000 (approximately HK\$236 million) respectively to the registered capital of TPI. The Company has renounced all its rights to participate in the Capital Injection. Upon Completion, each of CIHC, CIIH and the Company will directly be interested in 47.525%, 40.025% and 12.45% respectively of the equity interest in TPI.

If the Options are exercised in full by the Company, the equity interest of the Company in TPI will be increased from 12.45% to 24.90%, i.e. the percentage level of the equity interest of the Company immediately prior to Completion.

The Directors will carefully consider whether the Company should exercise the CIHC Option and the CIIH Option in full prior to the initial expiry of the exercise period, i.e. six months from the date of the Option Deed, in the light of the interest of the Company and its shareholders as a whole, in which case a further announcement will be made pursuant to the requirements of the Listing Rules.

CAPITAL INJECTION FOR TPI

Reference is drawn to an announcement dated 26 November 2004 issued by CIIH relating to the conditional Capital Injection. Pursuant to the Capital Injection Agreement, each of CIHC, CIIH and the Company, being shareholders of TPI, agreed that the registered capital of TPI shall be increased from RMB500,000,000 (approximately HK\$472 million) to RMB1,000,000,000 (approximately HK\$943 million) by the injection of RMB500,000,000 (approximately HK\$472 million) to its registered capital. According to the terms of the Shareholders' Agreement, any increase in the registered capital of TPI shall be satisfied, inter alia, by the shareholders of TPI in proportion to their respective equity interest in TPI and each shareholder of TPI will have the right of first offer on new equity interest in TPI. The Company has renounced all its rights to participate in the Capital Injection contemplated under the Capital Injection Agreement. CIHC and CIIH agreed, conditional upon fulfillment of the conditions precedent contained therein, to contribute in cash RMB250,000,000 (approximately HK\$236 million) and RMB250,000,000 (approximately HK\$236 million) respectively to the registered capital of TPI.

As at the date of this announcement, each of CIHC, CIIH and the Company is interested in 45.05%, 30.05% and 24.90% respectively of the equity interest in TPI. Upon Completion, each of CIHC, CIIH and the Company will directly be interested in 47.525%, 40.025% and 12.45% respectively of the equity interest in TPI.

The following table shows the percentage interest in the registered capital of TPI before and after Completion:

| Shareholders of TPI | Existing registered capital prior to Completion | | Capital Injection | Registered capital after Completion | |
|------------------------|---|------------------|----------------------|---|------------------|
| | RMB | (%) | RMB | RMB | (%) |
| CIHC | 225,250,000 | (45.05%) | 250,000,000 | 475,250,000 | (47.525%) |
| CIIH | 150,250,000 | (30.05%) | 250,000,000 | 400,250,000 | (40.025%) |
| the Company | 124,500,000 | (24.90%) | Nil | 124,500,000 | (12.450%) |
| Total: | 500,000,000 | (100.00%) | 500,000,000 | 1,000,000,000 | (100.00%) |

OPTION DEED BETWEEN CIHC, CIIH AND THE COMPANY

On 26 November 2004, CIHC, CIIH and the Company entered into the conditional Option Deed pursuant to which each of CIHC and CIIH has agreed to grant the right to the Company at nil consideration to, conditional upon Completion, acquire from CIHC and CIIH 2.475% and 9.975% respectively of the equity interest in TPI within six months from the date of the Option Deed, or such later date as the parties may extend pursuant to the terms of the Option Deed. Each of the CIHC Option and the CIIH Option will be exercisable at the option of the Company and if exercised by the Company, has to be exercised in full and simultaneously. If the Options are exercised in full by the Company, the equity interest of the Company in TPI will be increased from 12.45% to 24.90%, i.e. the percentage level of the equity interest of the Company immediately prior to Completion. The aggregate consideration payable by the Company upon exercise of the CIHC Option and the CIIH Option shall be RMB124,500,000 (approximately HK\$117 million), which is equivalent to 12.45% of the equity interest in TPI in respect of which the CIHC Option and the CIIH Option are exercised out of the registered capital of TPI as enlarged by the Capital Injection. The consideration payable by the Company to each of CIHC and CIIH upon the exercise of the CIHC Option and the CIIH Option in full is RMB24,750,000 (approximately HK\$23 million) and RMB99,750,000 (approximately HK\$94 million) respectively.

The Directors consider that the Option Deed was entered into on normal commercial terms and consider that the terms of the Option Deed are fair and reasonable so far as the shareholders of the Company are concerned. The Directors will carefully consider whether the Company should exercise the CIHC Option and the CIIH Option in full prior to the initial expiry of the exercise period, i.e. six months from the date of the Option Deed, in the light of the interest of the Company and its shareholders as a whole, in which case a further announcement will be made pursuant to the requirements of the Listing Rules.

DEFINITIONS

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

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| “Capital Injection” | the contribution of the additional registered capital of TPI agreed to be made by each of CIHC and CIIH in the amount of RMB250,000,000 (approximately HK\$236 million) and RMB250,000,000 (approximately HK\$236 million) respectively |
| “Capital Injection Agreement” | the conditional capital injection agreement dated 26 November 2004 relating to the Capital Injection entered into between CIHC, CIIH, the Company and TPI |
| “CIHC” | China Insurance (Holdings) Company, Limited (中國保險(控股)有限公司), a joint stock limited company established in the PRC and the ultimate holding company of CIIH, which is holding an effective approximately 54.55% interest in CIIH as at the date of this announcement |
| “CIHC Option” | the option to acquire 2.475% equity interest in TPI to be granted by CIHC to the Company pursuant to the Option Deed |
| “CIIH” | China Insurance International Holdings Company Limited (中保國際控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange as at the date of this announcement |
| “CIIH Option” | the option to acquire 9.975% equity interest in TPI to be granted by CIIH to the Company pursuant to the Option Deed |
| “Company” | Industrial and Commercial Bank of China (Asia) Limited |
| “Completion” | completion of the Capital Injection pursuant to the Capital Injection Agreement |
| “Directors” | the directors of the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Options” | the CIHC Option and the CIIH Option |
| “Option Deed” | the option deed dated 26 November 2004 entered into between CIHC, CIIH and the Company relating to the granting by each of CIHC and CIIH to the Company of the Options to acquire from CIHC and CIIH an aggregate of 12.45% equity interest in TPI |

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|---------------------------|---|
| “PRC” | the People’s Republic of China, and for the purpose of this announcement, excludes Taiwan, Hong Kong and Macau |
| “Shareholders’ Agreement” | the shareholders’ agreement dated 22 September 2002 relating to TPI entered into between CIHC, CIIH, the Company and TPI |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “TPI” | 太平保險有限公司 (The Tai Ping Insurance Company, Limited*), a sino-foreign equity joint venture established in the PRC and is owned as to 45.05% by CIHC, as to 30.05% by CIIH and as to 24.90% by the Company as at the date of this announcement |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “%” | per cent. |

Unless otherwise stated, amounts in RMB have been translated into HK\$ at an exchange rate of HK\$1.00 to RMB1.06 for illustration purposes only.

By Order of the Board
Zhu Qi
Managing Director and Chief Executive Officer

Hong Kong, 26 November 2004

As at the date of this announcement, the Board of Directors 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.

* *For identification only*

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