



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
EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL

Summary

The Licence Agreement, the Collaboration Agreement, the Service Levels Agreement and the Outsourcing Agreement were entered into prior to 31 March 2004, the ICEA Licence Agreement was entered into on 31 December 2004 and each of which constitutes a 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. Each of the Licence Agreement, the Collaboration Agreement, the Service Levels Agreement, the Outsourcing Agreement and the ICEA Licence Agreement is exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules and the Company will comply with the reporting requirements as set out in Listing Rules 14A.45 to 14A.46.

CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE
INDEPENDENT SHAREHOLDERS' APPROVAL

The Licence Agreement

Reference is made to the Company's announcements dated 27 December 2001 and 28 October 2002. ICBC HK Branch, as licensor, and the Company, as licensee, entered into the Licence Agreement whereby ICBC HK Branch granted (i) a licence for the Company to occupy approximately 60% of Units 2202 to 2203 and 2203A of the Building for a term commencing from 3 July 2001 and expiring on 30 April 2004; and (ii) an option to renew the licence for a further term of two years under the same terms of the Licence Agreement. The Licence Agreement has been renewed by the Company and is due to expire on 30 April 2006.

Under the renewed Licence Agreement, the Company shall pay ICBC HK Branch the licence fee being an amount equivalent to 60% of the monthly rental, rates, air-conditioning and management charges payable in respect of the offices situated at Units 2202 to 2203 and 2203A of the Building, and the Company shall also reimburse ICBC HK Branch each month at cost, the agreed sharing percentage (50:50 or 60:40 depending on the nature of the item concerned) of all administrative expenses and office supplies paid or incurred by ICBC HK Branch in respect of the offices situated at Units 2202 to 2203 and 2203A of the Building. In addition, under the Collaboration Agreement, the Company is authorised to occupy certain parts of the 33rd Floor of the Building which is leased by ICBC HK Branch from an independent third party, and the Company is under the obligation to reimburse the rental expense in respect of the area occupied by the Company.

Under the Old Listing Rules, the licence to occupy the premises in the Building under the Collaboration Agreement and the Licence Agreement constituted a connected transaction of the Company under rule 14.25 of the Old Listing Rules. Under the new Listing Rules, the Licence Agreement constitutes a connected transaction of the Company for the purposes of such rules. The annual aggregate amount of the licence fee and the rental reimbursements for the premises in the Building occupied by the Company pursuant to the Licence Agreement and the Collaboration Agreement will not exceed the threshold under Listing Rule 14A.34. The Company had made an announcement in relation to the Licence Agreement and the rental reimbursements arrangements as contemplated under the Collaboration Agreement as required under the Old Listing Rules. The Licence Agreement and the rental reimbursements arrangements as contemplated under the Collaboration Agreement will be subject to the reporting requirements under Listing Rule 14A.34 and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In respect of the Licence Agreement and the rental reimbursements arrangements as contemplated under the Collaboration Agreement, the Company will comply with the requirements set out in Listing Rules 14A.45 to 14A.46.

According to the Company's 2003 annual report, the total value of the transactions under the Licence Agreement for each of the two years ended 31 December 2002 and 2003 were approximately HK\$2,271,027 and approximately HK\$2,435,205 respectively and the total rental reimbursements contemplated under the Collaboration Agreement for each of the two years ended 31 December 2002 and 2003 were approximately HK\$4,573,750 and approximately HK\$4,500,050 respectively. Pursuant to the terms of the Licence Agreement and the Collaboration Agreement in respect of the rental reimbursements arrangements and based on (1) the historical transaction value for the Licence Agreement and the rental reimbursements contemplated under the Collaboration Agreement for the two years ended 31 December 2003 and (2) the prevailing market rentals of similar office premises in the same district, the Company expects that the maximum aggregate annual value for the transactions under the Licence Agreement and the rental reimbursements contemplated under the Collaboration Agreement for each of the three financial years ending 31 December 2005, 2006 and 2007 respectively will be as follows:

| | 2005 | 2006 | 2007 |
|--|---------------|---------------|---------------|
| Expected total amount under the Licence Agreement | HK\$2,500,000 | HK\$2,700,000 | HK\$2,900,000 |
| Expected total rental reimbursements under the Collaboration Agreement | HK\$5,000,000 | HK\$5,300,000 | HK\$5,600,000 |

The Company continues to record substantial growth in its business and the Directors consider it appropriate maintain the premises to ensure the Company's administrative efficiency. The Directors believe that the terms of the Licence Agreement are fair and reasonable and in the interest of the Shareholders as a whole.

Collaboration Agreement

Reference is made to the Company's announcement dated 28 October 2002. As part of the transfer of the Commercial Banking Business of ICBC HK Branch to the Company which was completed in July 2001, the Collaboration Agreement was entered into to provide that all banking business undertaken by ICBC HK Branch (other than ICBC HK Branch's treasury operation and specific loans and deposits retained by ICBC HK Branch) or which is within the scope of the type or categories of banking business undertaken by ICBC HK Branch will be undertaken by the Company. Following the completion of the transfer, the services provided under the Collaboration Agreement included the management services by the Company to ICBC, HK Branch.

Company for the purposes of such rules. The annual aggregate amount for the provision of the management and administrative services under the Outsourcing Agreement will not exceed the threshold under Listing Rule 14A.34. The Company had made an announcement in relation to the Outsourcing Agreement as required under the Old Listing Rules. The Outsourcing Agreement will be subject to the reporting requirements under Listing Rule 14A.34 and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In respect of the Outsourcing Agreement, the Company will comply with the requirements set out in Listing Rules 14A.45 to 14A.46.

According to the Company's 2003 annual report, the total value of the transactions under the Outsourcing Agreement for each of the two years ended 31 December 2002 and 2003 were approximately HK\$50,000 and approximately HK\$1,705,000 respectively. Pursuant to the terms of the Outsourcing Agreement and based on (1) the historical transaction value for the Outsourcing Agreement for the two years ended 31 December 2003 and (2) with reference to the expected operational costs and expenses of the Company as well as the forecasted increase in the number of new credit cards expected to be marketed by the Company and the expected continuous improvement in the general economy, the Company expects that the maximum aggregate annual value for the transactions under the Outsourcing Agreement for each of the three financial years ending 31 December 2005, 2006 and 2007 respectively are as follows:

| | 2005 | 2006 | 2007 |
|---|---------------|---------------|---------------|
| Expected total amount under the Outsourcing Agreement | HK\$1,800,000 | HK\$1,900,000 | HK\$2,000,000 |

The ICEA Licence Agreement

The Company, as licensor, and ICEA, as licensee, entered into the ICEA Licence Agreement whereby the Company granted a licence for ICEA to occupy the New Premises for a term of two years and five months commencing on 1 January 2005 and expiring on 31 May 2007, with option to renew the licence for a further term of three years and another term of three years thereafter at the then current open market licence fee but otherwise on the same terms of the ICEA Licence Agreement. The Company had recently entered into a new lease for more than six entire floors of the recently named "ICBC Tower" located at 3 Garden Road, Central, Hong Kong. The Directors consider it more cost efficient to negotiate a lease covering a sizeable area and as the Company will not be utilising all of the premises subject to the lease, the New Premises is licensed to ICEA under the ICEA Licence Agreement as permitted under the lease with the landlord and the licence fees receivable will contribute to the rent payable by the Company under the lease with the landlord. The Directors believe that the terms of the Licence Agreement are fair and reasonable and in the interest of the Shareholders as a whole.

Under the ICEA Licence Agreement, ICEA shall pay the Company a monthly licence fee of HK\$403,527.60, monthly management charge of HK\$93,996.31, rates of HK\$46,950 per quarter and other charges on a reimbursement basis for charges payable by the Company under the lease entered into between the Company and the landlord in respect of the New Premises. Under the ICEA Licence Agreement, a five month's licence fee free period applies for the initial term, and the licence fee free period corresponds with a five month rent free period under the lease for the New Premises. The amount payable under the ICEA Licence Agreement was determined with reference to the lease in respect of the New Premises entered into by the Company.

Under the Listing Rules, the ICEA Licence Agreement constitutes a connected transaction of the Company for the purposes of the Listing Rules. The annual aggregate amount of the licence fee, the management charges and the applicable rates for the New Premises occupied by ICEA pursuant to the ICEA Licence Agreement will not exceed the threshold under Listing Rule 14A.34. The ICEA Licence Agreement will be subject to the reporting requirements under Listing Rule 14A.34 and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In respect of the ICEA Licence Agreement, the Company will comply with the requirements set out in Listing Rules 14A.45 to 14A.46.

Pursuant to the terms of the ICEA Licence Agreement, the Company expects that the maximum aggregate annual value for the transactions (excluding the charges payable on a reimbursement basis) under the ICEA Licence Agreement in respect of the initial term for each of the two years ending 31 December 2005 and 2006 and the five months ending 31 May 2007 respectively will be as follows:

| | 2005 | 2006 | Five months ending 31 May 2007 |
|--|---------------|---------------|--------------------------------|
| Expected total amount under the ICEA Licence Agreement | HK\$6,200,000 | HK\$6,300,000 | HK\$2,600,000 |

INFORMATION ON THE COMPANY, ICBC AND ICEA

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 other financial related services with a focus on commercial and retail banking

Under the Collaboration Agreement, ICBC agreed to reimburse the Company under the time costs of its personnel in providing the management services and associated expenses and overheads. The Directors believe that the terms of the Collaboration Agreement are fair and reasonable and in the interest of the Shareholders as a whole.

Under the Old Listing Rules, the Collaboration Agreement constituted a connected transaction of the Company under rule 14.25 of the Old Listing Rules. Under the new Listing Rules, the Collaboration Agreement constitutes a connected transaction of the Company for the purposes of such rules. The annual aggregate amount for the provision of the management services under the Collaboration Agreement will not exceed the threshold under Listing Rule 14A.34. The Company had made an announcement in relation to the Collaboration Agreement as required under the Old Listing Rules. The Collaboration Agreement will be subject to the reporting requirements under Listing Rule 14A.34 and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In respect of the Collaboration Agreement, the Company will comply with the requirements set out in Listing Rules 14A.45 to 14A.46.

According to the Company's 2003 annual report, the total value of the transactions under the Collaboration Agreement in respect of the provision of management services for each of the two years ended 31 December 2002 and 2003 were approximately HK\$4,500,000 and approximately HK\$6,000,000 respectively. Pursuant to the terms of the Collaboration Agreement in respect of the provision of management services and based on (1) the historical transaction value for the Collaboration Agreement in respect of the provision of management services for the two years ended 31 December 2003 and (2) the expected increase in the costs of such services by approximately HK\$500,000 for each year as a result of the adjustment of the staff compensation and the expected increase in workload, the Company expects that the maximum aggregate annual value for the transactions under the Collaboration Agreement in respect of the provision of management services for each of the three financial years ending 31 December 2005, 2006 and 2007 respectively will be as follows:

| | 2005 | 2006 | 2007 |
|--|---------------|---------------|---------------|
| Expected total amount under the Collaboration Agreement in respect of the provision of management services | HK\$8,000,000 | HK\$8,500,000 | HK\$9,000,000 |

Service Levels Agreement

Reference is made to the Company's announcement dated 21 February 2002. The Company and ICBC entered into the Service Levels Agreement whereby ICBC shall, through its Oversea Data Center, provide data processing services to the Company which commenced from 21 February 2002 for an indefinite term. The Directors consider that the outsourcing of the Company's data processing function to other service providers is in the usual and ordinary course of business of the Company and by outsourcing the Company's data processing function to ICBC through its Overseas Data Center, the Company can improve its operational efficiency and reduce its operational costs.

Under the Service Levels Agreement, the initial service charge for the period up to 30 November 2004 and the revised service charge for the period commencing on 1 December 2004 are RMB400,000 per month and RMB650,000 per month respectively (being RMB4,800,000 per year and RMB7,800,000 per year, equivalent to approximately HK\$4,528,302 and HK\$7,358,490 respectively, at the conversion rate of HK\$1.00 to RMB1.06 for reference purposes). The service charge is payable monthly in arrears by the Company to ICBC and was arrived at after arm's length negotiations between the parties with reference to the operational costs and expenses of the existing data processing center of the Company in Hong Kong. The Directors believe that the terms of the Service Levels Agreement are fair and reasonable and in the interest of the Shareholders as a whole.

Under the Old Listing Rules, the Service Levels Agreement constituted a connected transaction of the Company under rule 14.25 of the Old Listing Rules. Under the new Listing Rules, the Service Levels Agreement constitutes a connected transaction of the Company for the purposes of such rules. The annual aggregate amount for the provision of the data processing services under the Service Levels Agreement will not exceed the threshold under Listing Rule 14A.34. The Company had made an announcement in relation to the Service Levels Agreement as required under the Old Listing Rules. The Service Levels Agreement will be subject to the reporting requirements under Listing Rule 14A.34 and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In respect of the Service Levels Agreement, the Company will comply with the requirements set out in Listing Rules 14A.45 to 14A.46.

According to the Company's 2003 annual report, the total value of the transactions under the Service Levels Agreement for each of the two years ended 31 December 2002 and 2003 were approximately HK\$3,500,000 and approximately HK\$4,411,000 respectively. Pursuant to the terms of the Service Levels Agreement and based on (1) the historical transaction value for the Service Levels Agreement for the two years ended 31 December 2003 and (2) considering the new scope of services such as the implementation and upgrading of the computer operating service to be provided by ICBC to the Company in the next three years, the Company expects that the maximum aggregate annual value for the transactions under the Service Levels Agreement for each of the three financial years ending 31 December 2005, 2006 and 2007 respectively will be as follows:

| | 2005 | 2006 | 2007 |
|--|---------------|---------------|---------------|
| Expected total amount under the Service Levels Agreement | HK\$7,500,000 | HK\$8,000,000 | HK\$8,500,000 |

Outsourcing Agreement

Reference is made to the Company's announcement dated 18 December 2002. The Company and ICBC HK Branch entered into the Outsourcing Agreement whereby the Company shall provide management and administrative services in relation to the credit card business of ICBC HK Branch launched in Hong Kong. Such services include (i) data transmission and processing; (ii) back-up support services; and (iii) payment and remittance service and marketing services in relation to the promotion of the credit card products of ICBC HK Branch in Hong Kong. The term of the Outsourcing Agreement is for an indefinite term which commenced from 18 December 2002.

The initial service charge for the provision of management and administrative services by the Company to ICBC HK Branch in relation to its credit card business in Hong Kong is HK\$100,000 per month (equivalent to HK\$1,200,000 per annum), which is payable monthly in arrears. This service charge was determined after arm's length negotiations between the two parties with reference to the operational costs and expenses of the Company. In addition, the Company will receive a one-off commission, which is payable monthly in arrears, calculated on a per customer basis in respect of new credit cards marketed by the Company and approved by ICBC HK Branch. The Directors consider that the co-operation between the Company and ICBC HK Branch in respect of the credit card business launched in Hong Kong will continue to yield considerable benefit to the Company as this will broaden the range of banking services offered by the Company to its existing and potential customers in Hong Kong and from providing such services, this will generate additional fee income for the Company. The Directors believe that the terms of the Outsourcing Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

Under the Old Listing Rules, the Outsourcing Agreement constituted a connected transaction of the Company under rule 14.25 of the Old Listing Rules. Under the new Listing Rules, the Outsourcing Agreement constitutes a connected transaction of the

businesses as well as corporate banking business. As at the date of this announcement, the Group has 42 retail branches, 5 business centres and one wealth management centre (including those currently operating under the name of "Belgian Bank") in Hong Kong, and an overseas branch established in Cayman Islands. The Company is the listed flagship for the overseas banking business of ICBC in Hong Kong and ICBC is an enterprise established under the laws of the PRC. ICEA is ultimately held as to 75 per cent. equity interest by ICBC and ICEA engages in the provision of management and administrative services.

Definitions

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

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|--------------------------------------|--|
| "associate(s)" | has the meaning ascribed thereto under the Listing Rules; |
| "Building" | No.9 Queen's Road Central, Hong Kong; |
| "Business Transfer Agreement" | the agreement dated 4 May 2001 entered into between ICBC HK Branch, and the Company, in which the Company had agreed to acquire the Commercial Banking Business as a going concern from ICBC; |
| "Collaboration Agreement" | the collaboration agreement dated 3 July 2001 entered into between ICBC (acting through ICBC HK Branch) and the Company in relation to the business relationship between ICBC HK Branch and the Company; |
| "Commercial Banking Business" | all banking business of ICBC HK Branch (other than the retention of treasury function and specific loans and deposits not transferred to the Company pursuant to the Business Transfer Agreement) and such other businesses of ICBC HK Branch which was transferred to the Company including settlement of remittances, letters of credit and advisory business, and fee-based services; |
| "Company" | Industrial and Commercial Bank of China (Asia) Limited; |
| "Directors" | the directors of the Company including the independent non-executive directors; |
| "Group" | the Company, its subsidiaries and associated companies from time to time; |
| "HK\$" | Hong Kong Dollars, the lawful currency of Hong Kong; |
| "Hong Kong" | Hong Kong Special Administrative Region of the PRC; |
| "ICBC" | The Industrial and Commercial Bank of China, an enterprise established under the laws of the PRC; |
| "ICBC Group" | ICBC, its branches, subsidiaries and its associated companies but excluding the Group; |
| "ICBC HK Branch" | the Hong Kong branch of ICBC, which is a licensed bank in Hong Kong and is registered with the Companies Registry as a company incorporated outside Hong Kong under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong); |
| "ICEA" | ICEA Services Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of ICEA Finance Holdings Limited, which in turn is held as to 75% by ICBC; |
| "ICEA Licence Agreement" | a licence agreement dated 31 December 2004 made between the Company and ICEA in relation to the grant of a licence by the Company for ICEA to occupy the New Premises; |
| "Licence Agreement" | a licence agreement dated 27 December 2001 made between ICBC HK Branch and the Company in relation to the grant of a licence by ICBC HK Branch for the Company to occupy approximately 60% of Units 2202 to 2203 and 2203A of the Building; |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange presently in force as at the date hereof; |
| "New Premises" | the whole of 26th Floor, ICBC Tower, 3 Garden Road, Central, Hong Kong; |
| "Old Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange that were in force prior to (and excluding) 31 March 2004; |
| "Outsourcing Agreement" | the outsourcing agreement dated 18 December 2002 entered into between ICBC HK Branch and the Company in relation to the provision of management, administrative and marketing services for the credit card business of ICBC HK Branch; |
| "Oversea Data Center" | 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; |
| "PRC" | the People's Republic of China; |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "Service Levels Agreement" | the service levels agreement dated 21 February 2002 made between ICBC and the Company in relation to the outsourcing of the Company's data processing functions to ICBC at its Oversea Data Center; |
| "Share(s)" | ordinary share(s) of par value of HK\$2.00 each in the capital of the Company; |
| "Shareholder(s)" | holder(s) of the Share(s) of the Company; |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited; and |
| "US\$" | United States Dollars, the lawful currency of the United States of America, for the purpose of illustration only, translated into HK\$ at the rate of US\$1.00 to HK\$7.80. |

By Order of the Board

Zhu Qi

Managing Director and Chief Executive Officer

Hong Kong, 31 December 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 Ziegls 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.