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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)

CONTINUING CONNECTED TRANSACTION

The Board announces that on 1 April 2005, the Company entered into a Licence Agreement with ICEA in respect of the granting of a licence by the Company for ICEA to occupy the Property for a term commencing on 1 April 2005 and expiring on 31 May 2007, together 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 Licence Agreement.

As ICEA is ultimately held as to 75% equity interest by ICBC, which in turn is the controlling shareholder of the Company and hence the Licence Agreement constitutes a continuing connected transaction of the Company under Listing Rule 14A.14 and will be subject to the reporting and announcement requirements under Listing Rule 14A.34.

Given that the applicable percentage ratios of the Company calculated in accordance with Rule 14.07 of the Listing Rules regarding the maximum aggregate value (excluding the charges payable on reimbursement basis) for the transaction under the Licence Agreement and the 26th Floor Licence Agreement will be less than 2.5%, the 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 and announcement requirements as set out in Listing Rules 14A.45 to 14A.47.

LICENCE AGREEMENT

The Company, as licensor, and ICEA, as licensee, entered into the Licence Agreement whereby the Company granted a licence for ICEA to occupy the Property for a term of twenty six months commencing on 1 April 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 Licence Agreement. If and when ICEA exercises the first option and, where applicable, the second option to renew the licence, the Company will then comply with the relevant provisions of the Listing Rules. The Company had recently entered into the Lease for a term of 110 months commencing on 1 April 2005 and expiring on 31 May 2014 (both days inclusive) and the Property together with the other properties within the Building leased by the Company from the landlord last year, forms a strategic location for the Group's operation in the long run.

The entering into the Lease and the Licence Agreement by the Company enable the Company to be in stronger bargaining position in the long run as a tenant of a number of properties within the Building. As the Company will not be utilising the Property, the Property is licensed to ICEA under the Licence Agreement as permitted under the Lease and the licence fees receivable will contribute fully to the rent payable by the Company under the Lease. The Directors believe that the terms of the Licence Agreement are on normal commercial terms and are fair and reasonable and the entering into the Licence Agreement, are in the interest of the Shareholders as a whole.

Under the Licence Agreement, ICEA shall pay the Company a monthly licence fee of HK\$89,365.00, monthly management charge of HK\$13,647.75, rates of HK\$6,450.00 per quarter and other charges on a reimbursement basis for charges payable by the Company under the Lease. Under the Licence Agreement, a three months' licence fee free period applies for the initial term, and the licence fee free period corresponds with a three months' rent free period under the Lease. The amount payable under the Licence Agreement represents the same amount payable by the Company under the Lease.

Under the Listing Rules, the Licence Agreement constitutes a continuing connected transaction of the Company under Listing Rule 14A.14. Given that the applicable percentage ratios of the Company calculated in accordance with Listing Rule 14.07 on the maximum aggregate values (excluding the charges payable on reimbursement basis) under the Licence Agreement and the 26th Floor Licence Agreement will be less than 2.5%, the Licence Agreement together with the 26th Floor Licence Agreement will not exceed the threshold under Listing Rule 14A.34. The Licence Agreement will be subject to the reporting and announcement requirements under Listing Rule 14A.34 and is exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In respect of the Licence Agreement, the Company will comply with the requirements set out in Listing Rules 14A.45 to 14A.47.

According to Listing Rule 14A.25, the Licence Agreement is required to be aggregated with the value of the transaction under the 26th Floor Licence Agreement which was entered into by the Company with ICEA within twelve months from the Licence Agreement, for the purposes of determining the relevant category in which the two transactions falls under. The Company expects that the maximum aggregate annual values (excluding the charges payable on reimbursement basis) for the transaction under the Licence Agreement and the 26th Floor 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 approximately as follows:

	Year ending 31 December 2005	Year ending 31 December 2006	Five months ending 31 May 2007
Expected total amount under the Licence Agreement	HK\$800,000	HK\$1,200,000	HK\$550,000
Expected total amount under the 26th Floor Licence Agreement	HK\$6,200,000	HK\$6,300,000	HK\$2,600,000
Aggregated amount	<u>HK\$7,000,000</u>	<u>HK\$7,500,000</u>	<u>HK\$3,150,000</u>

ANNUAL CAP

Based on the expected total value of the transaction (excluding the charges payable on reimbursement basis) under the Licence Agreement, the expected maximum aggregate annual value, also referred to as the “annual caps” for the two years ending 31 December 2005 and 2006, and the five months ending 31 May 2007 will be HK\$800,000, HK\$1,200,000 and HK\$550,000 respectively.

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 businesses as well as corporate banking business. As at the date of this announcement, the Group has 42 retail branches, 5 business centers and one wealth management center (including those currently operating under the name of “Belgian Bank”) in Hong Kong, and an overseas branch established in the 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% equity interest by ICBC and ICEA engages in the provision of management and administrative services.

Definitions

Terms used in this announcement shall have the following meanings unless the context requires otherwise:

“Board” or “Directors”	the board of directors of the Company including independent non-executive directors;
“Building”	ICBC Tower, 3 Garden Road, Central, Hong Kong;
“Company”	Industrial and Commercial Bank of China (Asia) Limited;
“Group”	the Company and its subsidiaries 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;
“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;

“Lease”	a lease dated 23 March 2005 entered into by the Company with an entity (including its ultimate beneficial owner) who is independent of, and not connected with, the Group and connected persons of the Group for the lease of the Property for a term of 110 months commencing on 1 April 2005 and expiring on 31 May 2014 (both days inclusive);
“Licence Agreement”	a licence agreement dated 1 April 2005 made between the Company and ICEA in relation to the granting of a licence by the Company for ICEA to occupy the Property;
“26th Floor Licence Agreement”	a licence agreement dated 31 December 2004 made between the Company and ICEA in relation to the granting of a licence by the Company for ICEA to occupy the whole of 26th Floor of the Building;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange presently in force as at the date hereof;
“PRC”	the People’s Republic of China;
“Property”	Suites 2501-2, 25th Floor of the Building;
“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; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By Order of the Board
Wong Yuen Fai
Director and Alternate Chief Executive

Hong Kong, 1 April 2005

As at the date of this announcement, the Board comprises Mr. Zhu Qi, Mr. Wong Yuen Fai and Mr. Zhang Yi 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.