
IMPORTANT

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult an exchange participant or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Industrial and Commercial Bank of China (Asia) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, exchange participant or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSED GENERAL MANDATE TO REPURCHASE SHARES,
INCREASE IN THE AUTHORIZED SHARE CAPITAL AND
AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION**

A notice convening the Annual General Meeting of Industrial and Commercial Bank of China (Asia) Limited to be held at 10:00 a.m. on Thursday, 22 April 2004 at 11th Floor, ICBC Tower, 122-126 Queen's Road Central, Hong Kong at which the above proposals will be considered is set out on pages 141 to 148 of the Annual Report 2003 sent together with this circular. Whether or not you are able to attend the Annual General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Bank's share registrars, Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjourned meeting (as the case may be) should you so wish.

30 March 2004



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)

Directors:

Dr. Jiang Jianqing (*Chairman*)

Ms. Wang Lili (*Vice Chairman*)

Mr. Zhu Qi

(Managing Director and Chief Executive Officer)

Mr. Chen Aiping (*Non-executive Director*)

Mr. Kwok Kin Hung (*Deputy General Manager*)

Mr. Wang Yan (*Deputy General Manager*)

Prof. Wong Yue Chim, Richard, SBS, JP*

Mr. Tsui Yiu Wa, Alec*

Mr. Yuen Kam Ho, George*

Registered Office:

ICBC Tower

122-126 Queen's Road Central

Hong Kong

* *Independent non-executive directors*

30 March 2004

To the Shareholders of the Bank

Dear Sir or Madam,

**PROPOSED GENERAL MANDATE TO REPURCHASE SHARES,
INCREASE IN THE AUTHORIZED SHARE CAPITAL AND
AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION**

INTRODUCTION

The purpose of this circular is to provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed as special business at the forthcoming annual general meeting of Industrial and Commercial Bank of China (Asia) Limited (the "Bank") to be held on Thursday, 22 April 2004 (the "Annual General Meeting") to approve (i) the granting of a general mandate to the board of directors of the Bank (the "Directors") to exercise the powers of the Bank to repurchase shares in the capital of the Bank; (ii) the increase in the authorized share capital of the Bank; and (iii) the amendments to the Memorandum and Articles of Association of the Bank.

GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, an ordinary resolution (the “Resolution”) will be proposed to give the Directors a general and unconditional mandate to exercise all the powers of the Bank to repurchase on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) fully paid-up ordinary shares of HK\$2.00 each (the “Shares”) in the capital of the Bank not exceeding 10 per cent. of the Bank’s issued share capital as at the date of passing the Resolution, for the period until the conclusion of the next annual general meeting of the Bank (or such earlier period as stated in the Resolution) (the “Repurchase Mandate”).

The full text of the Resolution is set out as Ordinary Resolution No. 7 in the notice of Annual General Meeting, set out on pages 141 to 148 of the Annual Report 2003 of the Bank sent together with this circular. In addition, and as required under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), an explanatory statement providing the requisite information regarding the Repurchase Mandate is set out in Appendix I to this circular.

INCREASE IN THE AUTHORIZED SHARE CAPITAL

In order to facilitate the issue of new ordinary shares (the “Consideration Shares”) to Generale Belgian Holding B.V. as partial consideration for the proposed acquisition of the entire issued share capital of Fortis Bank Asia HK by the Bank subject to the conditions and on the terms of the sale and purchase agreement dated 31 December 2003 entered into between the Bank, Generale Belgian Holding B.V. and Fortis Bank (the “Acquisition”) and any future expansion of the Bank, the Bank proposes to increase its authorized share capital from HK\$3,160,000,000 to HK\$5,160,000,000 by the creation of an additional 1,000,000,000 new ordinary shares of HK\$2.00 each. Please refer to the announcement made by the Bank on 31 December 2003 for more details on the Acquisition. The Directors have no present intention to issue any part of the increased share capital except for issuance of the Consideration Shares.

AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

Subsequent to the Companies (Amendment) Ordinance 2003 which came into effect on 13 February 2004, a director may be removed by an ordinary resolution instead of a special resolution notwithstanding any provision in a company’s constitution. In this regard, amendments to the Articles of Association to reflect this legislative change will be proposed at the Annual General Meeting.

In addition, the Stock Exchange has revised the Listing Rules based on the results of the Consultation Conclusions on Proposed Amendments to the Listing Rules Relating to Corporate Governance Issues issued in January 2003. In anticipation of the coming into effect of the revised Listing Rules on 31 March 2004, the Directors consider that changes to the Articles of Association should also be made in line with the changes required under the revised Listing Rules.

Special resolutions will be put forth as special business to be considered and approved by the shareholders at the Annual General Meeting to amend the Memorandum and Articles of Association of the Bank in order to reflect, among other things, the increase of authorized share capital of the Bank and the above proposed amendments. Details relating to the proposed amendments are set out in Appendix II to this circular.

RECOMMENDATION

The Directors consider that the granting of the Repurchase Mandate, increase in the authorized share capital of the Bank and amendments to the Memorandum and Articles of Association of the Bank are in the best interests of the Bank and its shareholders as a whole, and accordingly recommend all shareholders to vote in favour of all the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
Dr. Jiang Jianqing
Chairman

The information set out in this appendix serves as the explanatory statement required under Rule 10.06(1)(b) of the Listing Rules in connection with the Repurchase Mandate and also constitutes the memorandum required under Section 49BA(3) of the Companies Ordinance.

SHARE CAPITAL

It is proposed that the Repurchase Mandate will authorize the repurchase by the Bank of up to 10 per cent. of the total number of issued shares of the Bank as at the date of passing the Resolution. As at 26 March 2004, being the latest practicable date for determining such figure prior to the printing of this explanatory statement (the “Latest Practicable Date”), the number of shares in issue were 749,248,304 Shares and 202,219,218 convertible non-cumulative preference shares of HK\$5.00 par value each (the “Convertible Preference Shares”). On the basis of 749,248,304 Shares and 202,219,218 Convertible Preference Shares in issue and exercise in full of the Repurchase Mandate (and assuming no further Shares will be issued or repurchased after the Latest Practicable Date and up to the date of passing the Resolution), the Bank would be authorized under the Repurchase Mandate to repurchase a maximum of 95,146,752 Shares during the Relevant Period as referred to in the Ordinary Resolution No.7 in the notice of Annual General Meeting. Any Shares repurchased pursuant to the Repurchase Mandate must be fully paid-up.

REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Bank and its shareholders to have a general authority from shareholders to enable the Bank to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Bank and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Bank and its shareholders.

FUNDING OF REPURCHASES

For repurchasing securities, the Bank may only apply funds legally available for such purpose in accordance with the Bank’s Memorandum and Articles of Association, the Listing Rules and the Companies Ordinance.

IMPACT ON WORKING CAPITAL OR GEARING POSITION

There might be a material adverse impact on the working capital or gearing position of the Bank (as compared with the position disclosed in its most recent published audited accounts) in the event that the Repurchase Mandate is exercised in full at any time during the proposed repurchase period.

However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Bank or the gearing level which in the opinion of the Directors is, from time to time, appropriate for the Bank.

DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) has any present intention, in the event that the Repurchase Mandate is approved by shareholders of the Bank, to sell Shares to the Bank.

No connected person of the Bank (as defined in the Listing Rules) has notified the Bank that he/she has a present intention to sell Shares to the Bank, or has undertaken not to sell any of the Shares held by him/her to the Bank in the event that the Bank is authorized to make purchases of Shares.

UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the power of the Bank to make purchases pursuant to the proposed Resolution in accordance with the Listing Rules and all applicable laws of Hong Kong, and in accordance with the regulations set out in the Articles of Association of the Bank.

EFFECT OF TAKEOVER CODE

If, on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Bank increases, such an increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeover Code"). As a result, a shareholder or a group of shareholders acting in concert, could obtain or consolidate control of the Bank and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

The Directors are not aware of any consequence which would arise under the Takeover Code as a consequence of any purchases pursuant to the Repurchase Mandate.

SHARE REPURCHASES MADE BY THE BANK

During the six months immediately preceding the Latest Practicable Date, the Bank has not repurchased any of its Shares.

SHARE PRICES

During each of the twelve months immediately preceding the Latest Practicable Date, the highest and lowest prices at which the Shares were traded on the Stock Exchange were as follows:—

ORDINARY SHARES

Month	Highest Traded Price <i>HK\$</i>	Lowest Traded Price <i>HK\$</i>
2003		
March	7.00	6.35
April	6.80	5.70
May	6.55	6.10
June	6.70	6.25
July	7.80	6.50
August	9.05	7.20
September	9.60	8.35
October	11.45	9.40
November	11.00	10.00
December	11.20	10.35
2004		
January	13.00	11.20
February	12.95	11.25

This appendix sets out the proposed amendments to the Memorandum and Articles of Association to reflect, among other things, the increase of authorized share capital of the Bank, the legislative changes to the Companies Ordinance regarding the removal of a director by an ordinary resolution and to incorporate the changes that will be required under the revised Listing Rules.

Amendment to the Memorandum of Association

The Memorandum of Association of the Bank be amended by deleting the first sentence in the Fifth clause of the Memorandum of Association and substituted with the following:

“The authorized share capital of the Company is HK\$5,160,000,000 divided into 2,000,000,000 ordinary shares of HK\$2.00 each, and 232,000,000 convertible non-cumulative preference shares of HK\$5.00 each having the special rights and being subject to the restrictions set out in Clause 5A of the Articles of Association of the Company.”

Amendments to the Articles of Association

The Articles of Association of the Bank be amended as follows:

Article 2 – Interpretation

Article 2 be amended by adding the following new definition:

““associate” has the same meaning as in the Rules Governing the Listing of Securities on the Stock Exchange;”

Article 6 – Company may increase its capital

The first sentence of Article 6 be deleted and substituted with the following:

“The authorized share capital of the Company is HK\$5,160,000,000 divided into 2,000,000,000 ordinary shares of HK\$2.00 each, and 232,000,000 convertible non-cumulative preference shares of HK\$5.00 each having the special rights and being subject to the restrictions set out in Clause 5A of the Articles of Association of the Company.”

Article 18 – Issue of certificates

The words “within 2 months” in line 4 of Article 18 after the words “Stock Exchange” be deleted and substituted with the words “within 10 business days”

Article 55A – Controllers

Article 55A be amended as follows:

- (i) The words “Part II of the Securities (Disclosure of Interests) Ordinance (Cap. 396 of the laws of Hong Kong)” in line 2 of Article 55A(3)(c) be deleted and substituted with the words “Part XV of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (“SFO”)
- (ii) The words “section 14 of the Disclosure Ordinance” in line 4 of Article 55A(3)(g)(iii) be deleted and substituted with the words “section 323 of the SFO”
- (iii) The words “section 8(3) of the Disclosure Ordinance” in line 3 of Article 55A(3)(g)(vi) be deleted and substituted with the words “section 316(3) of the SFO”
- (iv) The words “section 2 of the Disclosure Ordinance” in line 1 of Article 55A(3)(i) be deleted and substituted with the words “section 308 of the SFO”
- (v) The words “Disclosure Ordinance” wherever it appeared in Article 55A be deleted and replaced by the words “SFO”

Article 74 – Voting rights

Under the revised Listing Rules, the articles of association of a listed company must provide that where any shareholder is subject to voting restrictions under the Listing Rules, any votes cast by or on behalf of such shareholder in contravention of such restriction shall not be counted. A new Article 74A be added as follows:

“74A. Voting restrictions under Listing Rules

Where any member is, under the Rules Governing the Listing of Securities on the Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.”

Article 91 – Appointment of Directors

Article 91(2)(b) be deleted in its entirety and substituted with the following to specify the lodgment period for the nomination of directors by shareholders, which will commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting:

- “(b) not earlier than the day after the dispatch of the notice of the meeting and not later than 7 days prior to the date appointed for the meeting there has been lodged at the Office, by a

member (other than the person to be proposed) entitled to vote at the meeting, notice of his intention to propose a resolution for the appointment or reappointment of that person and a notice executed by that person of his willingness to be appointed or re-appointed.”

Article 95 – Removal of Directors

Section 157B of the Companies Ordinance has been amended to provide that a director may be removed by an ordinary resolution instead of a special resolution notwithstanding any provision in a company’s constitution. To reflect this change and to make the requirement under the Articles of Association in line with the Companies Ordinance requirement, Article 95(1) be amended as follows:

The words “special resolution” in line 1 of Article 95(1) be deleted and substituted with the words “ordinary resolution”

Article 105 – Power of Directors to hold offices of profit and to contract with Company

Articles 105(7), (8), (9) and (11) be amended to provide that Directors shall not vote for transactions in which they or their associates have a material interest as follows:

“(7) A Director shall also not vote (or be counted in the quorum at a meeting) in relation to any resolution relating to any contract or arrangement or other proposal in which he has an interest which (taken together with any interest of any of his associates) is to his knowledge a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply and a Director may vote (and be counted in the quorum) in respect of any resolution concerning any one or more of the following matters:

- (a) the giving to him or any of his associates of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself or any of his associates has assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (c) where the Company or any of its subsidiaries is offering securities in which offer the Director or any of his associates is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which any of them is to participate;

- (d) any contract in which he or any of his associates is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his or their interest in shares or debentures or other securities of the Company;
 - (e) any contract concerning any other company (not being a company in which the Director and any of his associates in aggregate own 5 per cent. or more) in which he or any of his associates is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;
 - (f) any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, their associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director or any of his associates as such any privilege or advantage not accorded to the employees to which the fund or scheme relates;
 - (g) any contract for the benefit of employees of the Company or of any of its subsidiaries under which the Director or any of his associates benefits in a similar manner to the employees and which does not accord to any Director or any of his associates as such any privilege or advantage not accorded to the employees to whom the contract relates; and
 - (h) any contract for the purchase or maintenance for any Director or Directors of insurance against any liability.”
- “(8) A company shall be deemed to be one in which a Director and any of his associates in aggregate own 5 per cent. or more if and so long as (but only if and so long as) they are (either directly or indirectly) the holder of or beneficially interested in 5 per cent. or more of any class of the equity share capital of that company (or of any third company through which the interest of the Director or that of his associate is derived) or of the voting rights available to members of that company. For the purpose of this paragraph of this Article there shall be disregarded any shares held by the Director or any of his associates as bare or custodian trustee and in which he and his associates have no beneficial interest, any shares comprised in a trust in which the interest of him and his associates is in reversion or remainder if and so long as some other person is entitled to receive the income of the trust and any shares comprised in an authorized unit trust scheme in which he or any of his associates is interested only as a unit holder.”
- “(9) Where a company in which a Director and any of his associates in aggregate own 5 per cent. or more is materially interested in a contract, he also shall be deemed materially interested in that contract.”

“(11) If any question arises at any meeting as to the materiality of an interest of a Director (other than the chairman of the meeting) and any of his associates or as to the entitlement of any Director (other than the chairman of the meeting) to vote and the question is not resolved by his voluntarily agreeing to abstain from voting, the question shall be referred to the chairman of the meeting and his ruling in relation to the Director concerned shall be final and conclusive except in a case where the nature or extent of the interest of the Director or any of his associates concerned, so far as known to him, has not been fairly disclosed. If any question shall arise in respect of the chairman of the meeting or any of his associates and is not resolved by his voluntarily agreeing to abstain from voting, the question shall be decided by a resolution of the Directors (for which purpose the chairman shall be counted in the quorum but shall not vote on the matter) and the resolution shall be final and conclusive except in a case where the nature or extent of the interest of the chairman or any of his associates, so far as known to him, has not been fairly disclosed.””