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

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

(Stock Code: 349)

CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Goldbond Capital (Asia) Limited

A letter from the Independent Board Committee is set out on page 14 of this circular.

A letter from Goldbond Capital (Asia) Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 22 of this circular.

A notice convening an EGM to be held at 11th Floor, ICBC Asia Building, 122-126 Queen's Road Central, Hong Kong at 10:00 a.m. on Friday, 31 December 2004 is set out on pages 28 to 29 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company'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 EGM 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 EGM or any adjourned meeting (as the case may be) should you so wish.

16 December 2004

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and phrases have the following meanings:

“Announcement”	the announcement dated 13 December 2004 issued by the Company
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of ICBC (Asia)
“Capital Markets Transactions”	the various capital markets transactions entered into, or to be entered into (as the context requires), between the Group and the ICBC Group from time to time (to be supplemented by the Master Agreement), details of which are set out under the heading “The Capital Markets Transactions”
“Continuing Connected Transactions”	include transactions contemplated under the Ongoing Banking Transactions
“Derivatives Transactions”	the derivatives transactions entered into, or to be entered into (as the context requires), between the Group and the ICBC Group from time to time (to be supplemented by the Master Agreement), details of which are set out under the heading “The Derivatives Transactions”
“Directors”	the directors of ICBC (Asia), including the independent non-executive Directors
“Effective Date”	in respect of the Master Agreement and each of the Ongoing Banking Transactions as contemplated thereunder for which approval by Independent Shareholders of the Company is obtained at the EGM, the business day immediately following the date of the EGM (including any adjournment thereof)
“EGM”	an extraordinary general meeting (including any adjournment thereof) of ICBC (Asia) to be convened to consider, and if thought fit, approving the Master Agreement and the Ongoing Banking Transactions contemplated thereunder, and a copy of the notice of which is set out on pages 28 to 29 of this circular
“Foreign Exchange Transactions”	the foreign exchange contracts entered into, or to be entered into (as the context requires), between the Group and the ICBC Group from time to time (to be supplemented by the Master Agreement), details of which are set out under the heading “The Foreign Exchange Transactions”

DEFINITIONS

“Forfaiting Transactions”	the forfaiting transactions entered into, or to be entered into (as the context requires), between the Group and the ICBC Group from time to time (to be supplemented by the Master Agreement), details of which are set out under the heading “The Forfaiting Transactions”
“Group”	ICBC (Asia), its subsidiaries and associated companies from time to time
“Hong Kong”	the 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 (Asia)” or the “Company”	Industrial and Commercial Bank of China (Asia) Limited
“ICBC Group”	ICBC, its branches, subsidiaries and 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)
“Independent Board Committee”	the independent committee of the independent non-executive Directors formed to advise the Independent Shareholders in respect of the Master Agreement and the Ongoing Banking Transactions, in the absence of a maximum aggregate annual value, as contemplated thereunder
“Independent Financial Adviser”	Goldbond Capital (Asia) Limited, a licensed corporation for types 1 and 6 regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholders”	Shareholders other than ICBC and its associates
“Inter-bank Capital Markets Transactions”	inter-bank capital markets transactions entered into, or to be entered into (as the context requires), between the Group and the ICBC Group from time to time (to be supplemented by the Master Agreement), details of which are set out under the heading “The Inter-bank Capital Markets Transactions”
“Latest Practicable Date”	15 December 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the conditional agreement dated 13 December 2004 entered into between the Company and ICBC HK Branch (for itself and for ICBC) in relation to, and supplementing the terms of, each of the Ongoing Banking Transactions
“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
“Ongoing Banking Transactions”	include the Derivatives Transactions, the Foreign Exchange Transactions, the Inter-bank Capital Markets Transactions, the Capital Markets Transactions and the Forfeiting Transactions, entered into or to be entered into (as the context requires), between the Group and the ICBC Group from time to time and to be supplemented by the Master Agreement (as the context requires)
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$2.00 each in the share capital of ICBC (Asia)
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

LETTER FROM THE BOARD



中國工商銀行(亞洲)
I C B C (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)

Executive Directors:

Mr. Zhu Qi

(Managing Director & Chief Executive Officer)

Mr. Wang Yan

Mr. Wong Yuen Fai

Registered office:

ICBC Asia Building

122-126 Queen's Road Central

Hong Kong

Non-executive Directors:

Dr. Jiang Jianqing *(Chairman)*

Ms. Wang Lili *(Vice Chairman)*

Mr. Chen Aiping

Mr. Damis Jacobus Ziengs

Professor Wong Yue Chim, Richard, SBS, JP*

Mr. Tsui Yiu Wa, Alec*

Mr. Yuen Kam Ho, George*

* *Independent non-executive Director*

16 December 2004

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

The Directors refer to the Announcement dated 13 December 2004 in relation to the Master Agreement entered into between the Company and ICBC HK Branch (for itself and for ICBC) setting out the terms and conditions for each of the Ongoing Banking Transactions. The Ongoing Banking Transactions were entered into prior to 31 March 2004, and each of which constitutes continuing connected transactions for the purposes of the Listing Rules. The Stock Exchange had granted a waiver from strict compliance with, among other things, the disclosure and shareholders' approval requirements pursuant to rule 14.26 of the Old Listing Rules in respect of the Ongoing Banking Transactions for a period of three financial years ending 31 December 2004. As the existing waiver in respect of the Ongoing Banking Transactions is due to expire on 31 December 2004 and in order

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to comply with the new requirements of the Listing Rules, the Company has therefore entered into the Master Agreement and also made a new application to the Stock Exchange for a waiver from compliance with the requirements regarding the maximum aggregate annual value for each of the Ongoing Banking Transactions (as supplemented) under the new Listing Rules.

The transactions contemplated under the Master Agreement constitute non-exempt continuing connected transactions of the Company under Listing Rule 14A.35. These transactions will be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising Professor Wong Yue Chim, Richard, SBS, JP, Mr. Tsui Yiu Wa, Alec and Mr. Yuen Kam Ho, George has been formed to advise the Independent Shareholders in respect of the terms of the Master Agreement and the Ongoing Banking Transactions, in the absence of a maximum aggregate annual value, as contemplated thereunder. Goldbond Capital (Asia) Limited has also been appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness regarding the Ongoing Banking Transactions (as supplemented) on the basis of, and the reasons for, such transactions not being subject to a maximum aggregate annual value as sought in the waiver application made to the Stock Exchange.

The purposes of this circular are to set out: (a) details of the terms of the Master Agreement; (b) further information on the Ongoing Banking Transactions (as supplemented); (c) the recommendation of the Independent Board Committee in respect of the Master Agreement and the Ongoing Banking Transactions as contemplated thereunder; (d) the recommendation of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (e) notice of the EGM to be convened at which ordinary resolution will be proposed to consider, and if thought fit, approving the Master Agreement and the Ongoing Banking Transactions, in the absence of a maximum aggregate annual value, and all matters contemplated thereunder.

CONTINUING CONNECTED TRANSACTIONS

Master Agreement

The Company and ICBC HK Branch (for itself and for ICBC) have entered into the Master Agreement to set out the terms and conditions for each of the Ongoing Banking Transactions.

The Ongoing Banking Transactions were entered into prior to 31 March 2004, and each of which constitutes continuing connected transactions for the purposes of the Old Listing Rules. The Stock Exchange had granted a waiver from strict compliance with, among other things, the disclosure and shareholders' approval requirements pursuant to rule 14.26 of the Old Listing Rules in respect of the Ongoing Banking Transactions for a period of three financial years ending 31 December 2004. The Old Listing Rules were amended and the new Listing Rules came into effect on 31 March 2004, and according to Listing Rule 14A.35 in relation to non-exempt continuing connected transactions, a written agreement must be entered into for the transactions and the period or term of such agreement must be fixed.

LETTER FROM THE BOARD

As the existing waiver in respect of the Ongoing Banking Transactions is due to expire on 31 December 2004 and in order to comply with the new requirements of the Listing Rules, the Company has therefore entered into the Master Agreement. The Master Agreement provides for a framework for the entering into by members of the Group and the ICBC Group from time to time of the Ongoing Banking Transactions, which were previously not subject to any written master agreement, and each of the Ongoing Banking Transactions as entered into from time to time will be subject to a fixed term of three years commencing on the Effective Date, which is expected to be 3 January 2005 and all other terms and conditions in which each of the Ongoing Banking Transactions have been carried out will be on the same terms as entered into from time to time.

The Master Agreement and each of the provisions supplementing the Ongoing Banking Transactions are conditional upon the Independent Shareholders of the Company approving at the EGM the following:

- (a) the transactions contemplated under each of the Ongoing Banking Transactions, in the absence of a maximum aggregate annual value, as supplemented by the Master Agreement; and
- (b) the Master Agreement, so far as it concerns each of the Ongoing Banking Transactions (as the case may be) and the extent to which the Master Agreement amends and supplements the Ongoing Banking Transactions.

According to Listing Rule 14A.35(2), non-exempt continuing connected transactions are subject to a maximum aggregate annual value, and therefore the Company has made a new application to the Stock Exchange for a waiver from strict compliance with the requirements to set a maximum aggregate annual value for each of the Ongoing Banking Transactions (as supplemented) for the next three financial years ending 31 December 2007. The application has been made on the basis of (but not limited to) the following:

- (a) as each of the Ongoing Banking Transactions is entered into in the ordinary and usual course of business of the Group, the volume and aggregate value of each of the Ongoing Banking Transactions vary from time to time and from year to year. Given the volume and size of each of the Ongoing Banking Transactions, it is difficult and impracticable to set, and estimate, a maximum aggregate annual value for each of the transactions. Furthermore, references to previous figures for each of the Ongoing Banking Transactions may not be a fair indication as to the expected value of the transactions for the next three years;
- (b) in respect of some of the Ongoing Banking Transactions, namely, the Derivatives Transactions, the Foreign Exchange Transactions and the Inter-bank Capital Markets Transactions that are entered into partly for risks management purposes would require the relevant transactions to be entered into in a timely and efficient manner, if the relevant transactions exceed the maximum aggregate annual value, the obligations to seek the relevant shareholders' approval would cause significant delay to the entering into of such transactions, as such, the Group would not be able to enter into such transactions for risks management purposes;

LETTER FROM THE BOARD

- (c) in respect of the other Ongoing Banking Transactions, namely, the Capital Markets Transactions and the Forfeiting Transactions, in the event that the relevant transactions exceed the maximum aggregate annual value, the obligations to seek the relevant shareholders' approval would cause significant delay to the transactions that are entered into on normal commercial terms and would hinder the potential business growth and profitability of the Group; and
- (d) the inter-bank market is an open, competitive and transparent market in which all of the Group's inter-bank transactions including the Ongoing Banking Transactions with the ICBC Group are, and will, continue to be entered into on an arm's length basis in an efficient way.

The Ongoing Banking Transactions

The Derivatives Transactions

In the Group's ordinary and usual course of business and in order to meet requirements on counter-party risk demanded by issuers of derivatives, the Group enters into various derivatives transactions with the ICBC Group from time to time, including interest rate swaps and various option contracts, for the purposes of balance sheet and/or interest rate risk management or as a result of customer-driven transactions. In the past, it included interest rate swaps on a back-to-back basis with ICBC for hedging against certain assets acquired by the Company from ICBC in July 2001. The interest rate swaps and option contracts for the purposes of balance sheet and/or interest rate risk management or as a result of customer-driven transactions are priced either (i) in accordance with the pricing policy which also applies to independent financial institutions and based on prevailing market rates if such comparable rates are available; or (ii) for customer-driven transactions, on terms comparable to the original customer-driven transactions. The Group also enters into similar transactions with other financial institutions in Hong Kong from time to time.

To ensure compliance with the Listing Rules, the Company and ICBC HK Branch (for itself and for ICBC) entered into the Master Agreement to supplement and to set out the terms and conditions for the Derivatives Transactions to provide that the Group and the ICBC Group shall, from time to time for the duration of the three year period commencing on the Effective Date, enter into the Derivatives Transactions, and the Derivatives Transactions to be entered into during that period shall be on an arm's length basis and on normal commercial terms with reference to prevailing market rates.

LETTER FROM THE BOARD

The notional amounts of the outstanding Derivatives Transactions between the Company and the ICBC Group as at 31 December 2002 and 2003, and the corresponding interest and option premium in each of the two years ended 31 December 2002 and 2003 are as follows:

	31 December	
	2002	2003
	<i>(Expressed in HK\$'million)</i>	
Notional amount of the outstanding derivatives transactions	8,427	6,783
Interest income	307	269
Interest expenses	345	295
Net option premium income / (expense)	(0.8)	8.9

Source: 2003 Annual Report

The Foreign Exchange Transactions

The Group also enters into foreign exchange contracts with the ICBC Group as part of the Group's ordinary and usual course of business and for the purposes of foreign exchange risk management and in response to customer-driven transactions in a similar manner as mentioned above for Derivatives Transactions. These transactions are all executed on an arm's length basis and on normal commercial terms with reference to prevailing market rates. The Group also enters into similar transactions with other financial institutions in Hong Kong from time to time.

To ensure compliance with the Listing Rules, the Company and ICBC HK Branch (for itself and for ICBC) entered into the Master Agreement to supplement and to set out the terms and conditions for the Foreign Exchange Transactions to provide that the Group and the ICBC Group shall, from time to time for the duration of the three year period commencing on the Effective Date, enter into the Foreign Exchange Transactions, and the Foreign Exchange Transactions to be entered into during that period shall be on an arm's length basis and on normal commercial terms with reference to prevailing market rates.

The notional amount of the outstanding Foreign Exchange Transactions between the Company and the ICBC Group as at 31 December 2002 and 2003 were HK\$8.2 billion and HK\$11.4 billion, respectively.

The Inter-bank Capital Markets Transactions

The Group enters into the following types of transactions with the ICBC Group:

- (a) buying and selling debt securities (either issued by independent third parties, or the ICBC Group) from and to the ICBC Group in the primary and secondary markets;
- (b) buying and selling debt securities on behalf of the ICBC Group; and

LETTER FROM THE BOARD

- (c) selling debt securities issued by the Group (this category will be classified under the Inter-bank Capital Markets Transactions, previously this was classified under the “Capital Markets Transactions” as set out in the 2003 annual report of the Company.

All of these transactions are entered into on normal commercial terms with reference to prevailing market rates, where applicable. The Group also enters into similar transactions with other financial institutions in Hong Kong or independent third parties from time to time.

To ensure compliance with the Listing Rules, the Company and ICBC HK Branch (for itself and for ICBC) entered into the Master Agreement to supplement and to set out the terms and conditions for the Inter-bank Capital Markets Transactions to provide that the Group and the ICBC Group shall, from time to time for the duration of the three year period commencing on the Effective Date, enter into the Inter-bank Capital Markets Transactions, and the Inter-bank Capital Markets Transactions to be entered into during that period shall be entered into on normal commercial terms with reference to prevailing market rates, where applicable.

The principal amounts and the corresponding interest expenses for the Inter-bank Capital Markets Transactions between the Company and the ICBC Group for each of the two years ended 31 December 2002 and 2003 are as follows:

	31 December	
	2002	2003
	<i>(Expressed in HK\$'million)</i>	
Sale of debt securities to the ICBC Group	2,548	1,701
Purchase of debt securities from the ICBC Group	750	139
Issue of subordinated floating rate notes to the ICBC Group	2,046	936
Issue of certificates of deposit to the ICBC Group	700	3,820
Interest expenses attributable to the certificates of deposit	13	18
Interest expenses attributable to the subordinated floating rate notes	38	60

Source: 2003 Annual Report

The Capital Markets Transactions

The Group has entered, and will continue to enter in the future, into various capital markets transactions with the ICBC Group in which the ICBC Group is or may be an agent bank, reference and paying agent, lead arranger or manager, member or sub-participant of a syndicate of lenders, buyer or seller of an interest in syndicated loans, partner in a partnership established for tax efficiency reasons, or tax efficiency advisor. These transactions include arranging of, participation/sub-participation in syndicated loans, acquiring and disclosing of interests in syndicated loans, subscription of debt securities and tax efficient financing. Capital Markets Transactions with the ICBC Group involving the determination of fee and commission receivable and payable thereon are entered into in the normal and usual course of the Group's business, and in accordance with the practice commonly adopted in

LETTER FROM THE BOARD

the market. The disposal and subsequent re-acquisition of loan participations to and from the ICBC Group are priced based on terms that are no less favourable to the Group than the disposals and re-acquisitions of loan participation to, or from, other independent third parties (as the case may be). The Group also enters into similar transactions with other financial institutions in Hong Kong or independent third parties from time to time.

To ensure compliance with the Listing Rules, the Company and ICBC HK Branch (for itself and for ICBC) entered into the Master Agreement to supplement and to set out the terms and conditions of the Capital Markets Transactions to provide that the Group and the ICBC Group shall, from time to time for the duration of the three year period commencing on the Effective Date, enter into the Capital Markets Transactions, and the Capital Markets Transactions to be entered into during that period shall be on terms that are no less favourable than those contracted with other independent third parties.

The amounts for the Capital Markets Transactions between the Company and the ICBC Group for each of the two years ended 31 December 2002 and 2003 are as follows:

	31 December	
	2002	2003
	<i>(Expressed in HK\$'million)</i>	
Sale of syndicated loans to the ICBC Group	7,940	6,430
Purchase of syndicated loans from the ICBC Group	1,451	1,925

Source: 2003 Annual Report

Save for the above transactions, there is no other item for the Capital Markets Transactions for the two years ended 31 December 2002 and 2003.

The Forfaiting Transactions

The Group enters into forfaiting transactions with other financial institutions including the ICBC Group, to buy and sell interests in certain trade finance products. All of these transactions with the ICBC Group are entered into on normal commercial terms with reference to the prevailing market rates or in accordance with the practice commonly adopted in the market and only in relation to bills of exchange secured under letters of credit. The Group also enters into similar transactions with other independent third parties from time to time.

To ensure compliance with the Listing Rules, the Company and ICBC HK Branch (for itself and for ICBC) entered into the Master Agreement to supplement and to set out the terms and conditions of the Forfaiting Transactions to provide that the Group and the ICBC Group shall, from time to time for the duration of the three year period commencing on the Effective Date, enter into the Forfaiting Transactions, and the Forfaiting Transactions to be entered into during the term shall be entered into on normal commercial terms.

LETTER FROM THE BOARD

The fee income or expenses in relation to the Forfeiting Transactions with the ICBC Group for 2002 and 2003 were immaterial. Certain Forfeiting Transactions with the ICBC Group were entered into in 2004, however, the audited full year figures are not yet available.

Requirements of the Listing Rules

As at the Latest Practicable Date, ICBC held 602,888,957 Shares, representing 57.53% of the total issued share capital of the Company, ICBC is, therefore, the controlling shareholder of the Company and a connected person of the Company for the purposes of the Listing Rules. Under the Listing Rules, the connected transactions pursuant to the Ongoing Banking Transactions (as supplemented) constitute non-exempt continuing connected transactions of the Company under Listing Rule 14A.35 and therefore, each of which will be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. An Independent Board Committee comprising independent non-executive Directors has been appointed to consider the terms of the Master Agreement and the Ongoing Banking Transactions, in the absence of a maximum aggregate annual value, as contemplated thereunder. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Ongoing Banking Transactions (as supplemented) on the basis of, and the reasons for, such transactions not being subject to a maximum aggregate annual value as sought in the waiver application made to the Stock Exchange. A letter from the Independent Board Committee to the Independent Shareholders and a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders are set out on pages 14 to 22 of this circular.

The Master Agreement and each of the provisions supplementing the Ongoing Banking Transactions are conditional upon the Independent Shareholders of the Company approving at the EGM the following:

- (a) the transactions contemplated under each of the Ongoing Banking Transactions, in the absence of a maximum aggregate annual value, as supplemented by the Master Agreement; and
- (b) the Master Agreement, so far as it concerns each of the Ongoing Banking Transactions (as the case may be) and the extent to which the Master Agreement amends and supplements the Ongoing Banking Transactions.

The votes taken at the EGM for the purposes of seeking the approval of the Master Agreement and the Ongoing Banking Transactions, in the absence of a maximum aggregate annual value, as contemplated thereunder will be taken by poll and ICBC and its associates will abstain from voting. The procedures for demanding a poll are set out in appendix II to this circular. The Company will announce the results of the poll in accordance with the Listing Rules following the EGM.

LETTER FROM THE BOARD

Reasons for the Ongoing Banking Transactions

The Company is a full licensed bank in Hong Kong. The Directors consider that each of the Ongoing Banking Transactions (as supplemented) has been or will be entered into in the ordinary course of business of the Group and on normal commercial terms or on terms that are fair and reasonable so far as the Shareholders taken as a whole are concerned and are in the interests of the Group and the Shareholders taken as a whole.

The Directors also consider it to be in the interests of the Group to continually engage in each of the Ongoing Banking Transactions (as supplemented) as each of such transactions is beneficial to the business and profitability of the Group.

INFORMATION ON THE COMPANY AND ICBC

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 Latest Practicable Date, the Group has 42 retail branches, 5 business centres and 1 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.

EGM

Set out in this circular is a notice convening the EGM which will be held at 11th Floor, ICBC Asia Building, 122-126 Queen’s Road Central, Hong Kong at 10:00 a.m. on Friday, 31 December 2004 for the purpose of considering and, if thought fit, passing an ordinary resolution to approve the Master Agreement and the Ongoing Banking Transactions, in the absence of a maximum aggregate annual value, and all matters contemplated thereunder. The notice of the EGM is set out on pages 28 to 29 of this circular.

ICBC and its associates will abstain from voting at the EGM.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company’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 EGM 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 EGM or any adjourned meeting (as the case may be) should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

After taking into account the principal factors and reasons considered by the Independent Financial Adviser and its advice, the Independent Board Committee is of the opinion that the Master Agreement and the Ongoing Banking Transactions, in the absence of a maximum aggregate annual value, as contemplated thereunder are in the interests of ICBC (Asia) and its Shareholders as a whole and that the terms of the Master Agreement and the Ongoing Banking Transactions, in the absence of a maximum aggregate annual value, as contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution as set out in the notice of EGM for the approval of the Master Agreement and the Ongoing Banking Transactions, in the absence of a maximum aggregate annual value, as contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
On behalf of the Board
Dr. Jiang Jianqing
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



中國工商銀行(亞洲)
I C B C (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)

16 December 2004

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed as the Independent Board Committee to advise you in connection with the Master Agreement and the Ongoing Banking Transactions, in the absence of a maximum aggregate annual value, as contemplated thereunder, details of which are set out in the Letter from the Board contained in the circular to the Shareholders of the Company dated 16 December 2004 (the "Circular"), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having taken into account the terms of the Master Agreement and the Ongoing Banking Transactions and the reasons for the transactions not being subject to a maximum aggregate annual value, the principal factors and reasons considered by the Independent Financial Adviser and its advice in relation thereto as set out on pages 15 to 22 of the Circular, we are of the opinion that the Master Agreement and the Ongoing Banking Transactions, in the absence of a maximum aggregate annual value, as contemplated thereunder are in the interests of ICBC (Asia) and its Shareholders as a whole and that the terms of the Master Agreement and the Ongoing Banking Transactions, in the absence of a maximum aggregate annual value, as contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned. **We therefore recommend that you vote in favour of the ordinary resolution to be proposed at the EGM to approve the Master Agreement and the Ongoing Banking Transactions, in the absence of a maximum aggregate annual value, as contemplated thereunder.**

Yours faithfully,

Wong Yue Chim, Richard, SBS, JP

Independent non-executive Director

(Chairman of the Independent Board Committee)

Tsui Yiu Wa, Alec

Independent non-executive Director

Yuen Kam Ho, George

Independent non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter received from the Independent Financial Adviser setting out its opinion to the Independent Board Committee and the Independent Shareholders in respect of the Master Agreement and the Ongoing Banking Transactions for inclusion in this circular.



金榜融資(亞洲)有限公司
GOLDBOND CAPITAL (ASIA) LIMITED

Goldbond Capital (Asia) Limited
39/F., Tower 1 Lippo Centre
89 Queensway
Hong Kong

16 December 2004

The Independent Board Committee and the Independent Shareholders
Industrial and Commercial Bank of China (Asia) Limited
ICBC Asia Building
122-126 Queen's Road Central
Hong Kong

Dear Sirs,

ONGOING BANKING TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Ongoing Banking Transactions, details of which are contained in the circular to the Shareholders dated 16 December 2004 (the "Circular"), of which this letter forms part. Capitalised terms used herein shall have the same meanings as defined in the Circular.

BASES AND ASSUMPTION OF THE ADVICE

We have relied on the information and facts supplied, and the opinions expressed, by the Directors, which we have assumed to be true and accurate at the time they were made and continue to be true and accurate at the date of the despatch of the Circular. In formulating our advice, we have reviewed the information of the Company including, inter alia, the circular of the Company dated 18 November 2002, the annual report of the Company for the year ended 31 December 2003, its interim report for the six months ended 30 June 2004, and the Master Agreement. We have been advised by the Directors that no material facts have been omitted from the information supplied and opinions expressed by them.

We have been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

for our recommendation. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors or that any material facts have been omitted or withheld. We have not, however, conducted an independent in-depth investigation into the businesses and affairs of the Group and the ICBC Group.

DETAILS OF THE ONGOING BANKING TRANSACTIONS AND PRINCIPAL FACTORS AND REASONS CONSIDERED

We set out below details of each of the Ongoing Banking Transactions, and the principal factors and reasons behind our opinion in respect of the fairness and reasonableness of the terms of the Ongoing Banking Transactions:

1. *The Derivative Transactions*

For the purpose of balance sheet and interest rate risk management, and to meet requirements on counter-party risk demanded by issuers of derivatives, the Group enters into derivative transactions. The derivative transactions include interest rate swaps on a back-to-back basis with ICBC for hedging against certain assets acquired by the Company from ICBC in 2001 and various option contracts. Such transactions are also entered into with other financial institutions in Hong Kong.

It is common practice to enter into derivative contracts with whom they have signed master agreements (“ISDA Agreements”) under International Swaps and Derivatives Association (“ISDA”), which provides a set of standard terms and conditions for executing derivative contracts. There are 11 financial institutions which have signed ISDA Agreement with the Company, whilst ICBC has signed ISDA Agreement with 23 financial institutions as at the Latest Practicable Date.

As advised by the Directors, prior to entering into the derivative transactions, dealers of the Group will quote rate/premium from the ICBC Group and obtain market rate/premium information from Bloomberg or other independent financial institutions. If the rate/premium offered by the ICBC Group is no less favourable than the quoted market rate/premium, the Group may consider to enter into Derivative Transactions with the ICBC Group. As such, the terms of the Derivative Transactions are determined with reference to the market rate/premium. In addition, we note that the Middle Office of the Company monitors derivative transactions of the Group by comparing the terms of such transactions with market rate/premium from Bloomberg or other independent financial institutions. Material deviations will be reported to the Directors on monthly basis for further investigation.

We have performed test checking and compared certain Derivative Transactions in 2003 to the rate/premium as quoted from Bloomberg. We concur with the Directors’ representation that such rate/premium is generally no less favorable than the quoted market rate/premium.

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Based on the annual report of the Company for the year ended 31 December 2003, the notional amounts of the outstanding Derivative Transaction as at 31 December 2002 and 2003 were about HK\$8,427 million and HK\$6,783 million respectively, and the interest and option premium for each of the two years ended 31 December 2003 were as follows:

	Year ended 31 December	
	2002	2003
	HK\$'million	HK\$'million
Interest income	307	269
Interest expenses	345	295
Net option premium (expense)/income	(0.8)	8.9

Having regard to (i) the purpose of the Derivative Transactions is to manage the Group's risk exposure; (ii) the involvement of the ICBC Group increases the number of ISDA counter parties to the Company; (iii) the terms of the Derivative Transactions are generally no less favourable than those with independent financial institutions; and (iv) the ICBC Group serves as the last resort for the Group to enter into the Derivative Transactions, we consider that the Derivative Transaction is in the interests of the Company and the terms are fair and reasonable so far as the Independent Shareholders are concerned.

2. *The Foreign Exchange Transactions*

The Group also enters into Foreign Exchange Transactions with the ICBC Group for the purpose of managing the foreign exchange risk of the Group and satisfying customer-driven transactions in a similar way as mentioned above for derivative transactions.

As advised by the Directors, prior to entering into the foreign exchange transactions, the Group will quote relevant exchange rates from the ICBC Group and obtain market exchange rate through electronic brokers system. If the exchange rate offered by the ICBC Group is no less favourable than the quoted market exchange rate, the Group may consider to enter into Foreign Exchange Transactions with the ICBC Group. As such, the terms of the Foreign Exchange Transactions are made with reference to the market exchange rate. In addition, we noted that the Middle Office monitors foreign exchange transactions of the Group by comparing the terms of such transactions with relevant market exchange rate. Material deviations will be reported to the Directors on monthly basis for further investigation.

We have performed test checking and compared the rates of certain Foreign Exchange Transactions in 2003 to the rates as quoted from the electronic broker system and we concur with the Directors' representation that such exchange rate is no less favourable than the quoted market exchange rates.

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According to the annual report of the Company for the year ended 31 December 2003, the notional amount of the outstanding Foreign Exchange Transactions as at 31 December 2002 and 2003 were HK\$8.2 billion and HK\$11.4 billion respectively.

Having regard to (i) the purpose of the Foreign Exchange Transactions to manage the Group's risk exposure on foreign exchange positions; (ii) the exchange rates applicable to the Foreign Exchange Transactions are generally determined with reference to the prevailing market rate; and (iii) the ICBC Group serves as the last resort for the Group to enter into the Foreign Exchange Transactions, we consider that the Foreign Exchange Transaction is in the interests of the Company and the terms are fair and reasonable so far as the Independent Shareholders are concerned.

3. *The Inter-bank Capital Markets Transactions*

The Group enters into the following types of transactions with the ICBC Group:

- buying and selling debt securities, issued by independent third parties or by the ICBC Group, from and to the ICBC Group in the primary and secondary markets;
- buying and selling debt securities on behalf of the ICBC Group; and
- issuance of certificates of deposits ("CDs") and subordinated floating rate notes ("FRNs") by the Group to the ICBC Group.

The debt securities include CDs, subordinated FRNs, notes, bonds and commercial papers issued by financial and non-financial institutions. The inter-bank capital market transactions are entered into either on a back to back basis, or for the purposes of maintaining liquidity and meeting relevant regulatory requirements. The issue of CDs and subordinated FRNs to the ICBC Group provides long term funding to the Group for its general working capital purpose.

As advised by the Directors, the consideration of the sale and purchase of debt securities are on normal commercial terms and is determined with reference to quotations from independent financial institutions. We have performed test checking and compared the terms of such transactions with the ICBC Group to similar transactions with independent financial institutions in 2003 and we concur with the Directors' representation that the terms are on normal commercial terms and are determined with reference to the prevailing market rate range.

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According to the annual report of the Company for the year ended 31 December 2003, the principal amounts and the corresponding interest expenses for the Inter-bank Capital Market Transactions for each of the two years ended 31 December 2003 were as follows:

	Year ended 31 December	
	2002	2003
	HK\$'million	HK\$'million
Sale of debt securities issued by third parties to the ICBC Group	2,548	1,701
Purchase of debt securities issued by third parties from the ICBC Group	750	139
Issue of subordinated FRNs to the ICBC Group	2,046	936
Issue of CDs to the ICBC Group	700	3,820
Interest expenses attributable to the CDs	13	18
Interest expenses attributable to the subordinated FRNs	38	60

Having regard to (i) the purpose of the Inter-bank Capital Markets Transactions to maintain its liquidity and to meet relevant regulatory requirements; (ii) the Inter-bank Capital Markets Transactions are entered into on a back to back basis; (iii) the terms of the issue of CDs and subordinated FRNs are on normal commercial terms or at terms no less favourable than those with independent financial institutions, and are made reference to the prevailing market rate range; and (iv) the ICBC Group serves as the last resort to provide long term funding to the Group, we consider that the Inter-bank Capital Market Transactions are in the interests of the Group and the terms are fair and reasonable so far as the Independent Shareholders are concerned.

4. *The Capital Market Transactions*

The Capital Market Transactions are arisen from the Group's participation/sub-participation in syndicated loans, or issuance of debt securities, or tax efficient financing in which the ICBC Group is a lead arranger or manager, an agent bank, reference and paying agent, or vice versa, or sale and purchase of an interest in syndicated loans between the Group and the ICBC Group.

Being the largest state-owned commercial bank in the PRC in terms of its owner's equity and assets, the ICBC Group is with financial ability to participate in large size syndication project. The financial support from the ICBC Group allows the Company to proactively act as lead arranger to undertake loan syndication projects with large fund raising size. According to the periodic 'Basis Point Annual 2004', the Group together with the ICBC Group ranked the third in terms of loan size in Hong Kong/China syndicated loan market in 2003.

To maintain adequate liquidity level and funding for future lending operations, the Group may, from time to time, sell and purchase syndicated loans to and from the ICBC Group and independent financial institutions at the consideration determined with reference to market

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quotations on comparable transactions. The capital market transactions require prior approval from the credit committee of the Company in which half of the committee members are the Directors. The Directors advised that, similar to transactions with independent financial institutions, the terms of the Capital Market Transactions are determined after arm's length negotiation. We have performed test checking and compared the terms of such transactions with the ICBC Group to similar transactions with independent financial institutions in 2003 and we concur with the Directors' representations that the terms of transactions with the ICBC Group are generally no less favorable than transactions with independent financial institutions.

According to the annual report of the Company for the year ended 31 December 2003, the amounts for the Capital Market Transactions for each of the two years ended 31 December 2003 were as follows:

	Year ended 31 December	
	2002	2003
	<i>HK\$'million</i>	<i>HK\$'million</i>
Sale of syndicated loans to the ICBC Group	7,940	6,430
Purchase of syndicated loans from the ICBC Group	1,451	1,925

Having regard to (i) the enhancement of the Company's ability in undertaking syndicated loan business with participation of the ICBC Group as a syndicate member; (ii) the terms for the ICBC Group's participation in syndication projects are generally no less favourable than those of other independent syndicate members; (iii) the sale of syndicated loans maintains adequate liquidity and funding for future lending operation of the Group; and (iv) the ICBC Group serves as the last resort for the Group to sell or purchase syndicated loans, we consider that the Capital Markets Transaction is in the interests of the Company and the terms are fair and reasonable so far as the Independent Shareholders are concerned.

5. *The Forfaiting Transactions*

The Group enters into forfaiting transactions with other banks including the ICBC Group in relation to the sale and purchase of certain trade finance products such as letter of credit presented by customers. The ICBC Group may from time to time discount trade finance product to the Group, or vice versa, prior to its maturity. The calculation basis of the discount fee is based on its face value, tenor and credit rating of the issuing bank, which is generally accepted in the banking industry.

According to the annual report of the Company for the year ended 31 December 2003, no Forfaiting Transaction were entered into in each of the two years ended 31 December 2002 and 2003. Certain forfaiting transactions with the ICBC Group as well as other independent financial institutions have been entered into by the Group as at the Latest Practicable Date. The Directors are of the view that the CEPA arrangement and the extensive clientele of the ICBC Group in the PRC may increase the demand for the Forfaiting Transactions and may further increase the Group's income from such transactions.

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The Directors advised that, similar to forfeiting transactions with independent financial institutions, the terms of Forfeiting Transactions are on normal commercial terms and are determined after arm's length negotiation. We have performed test checking and compared the terms of such transactions with ICBC Group to transactions with independent financial institutions and we concur with the Directors' representations that the terms of the Forfeiting Transactions are no less favorable than those with independent financial institutions.

Having regard to (i) the extensive clientele of the ICBC Group in the PRC may enhance the Group's income generating ability through participation in Forfeiting Transactions; and (ii) the terms of the Forfeiting Transactions are generally no less favorable than those with independent financial institutions, we consider that the Forfeiting Transaction is in the interests of the Group and the terms are fair and reasonable so far as the Independent Shareholders are concerned.

MAXIMUM AGGREGATE ANNUAL VALUE

All the Ongoing Banking Transactions had been in existence since July 2001 when the Company acquired the business of ICBC Hong Kong Branch. Pursuant to the letter from the Stock Exchange dated 11 December 2002, a waiver was granted by the Stock Exchange that the Ongoing Banking Transactions were not subject to any maximum aggregate annual value for the 3 years ended 31 December 2004.

The Master Agreement provides for a framework for the entering into by members of the Group and the ICBC Group from time to time of the Ongoing Banking Transactions, which were previously not subject to any written master agreement, and each of the Ongoing Banking Transactions as entered into from time to time will be subject to a fixed term of three years commencing on the Effective Date, which is expected to be 3 January 2005 and all other terms and conditions in which each of the Ongoing Banking Transactions have been carried out will be on the same terms as entered into from time to time.

Pursuant to Chapter 14A.35(2) of the Listing Rules, a maximum aggregate annual value must be set and disclosed for each type of the Ongoing Banking Transactions. We note that the Company has made an application for a waiver from strict compliance with the requirements to set a maximum aggregate annual value for each of the Ongoing Banking Transactions for the three financial years ending 31 December 2007. As noted in the Letter from the Board, the Directors are of the following view regarding the application of the waiver:

- as each of the Ongoing Banking Transactions is entered into in the ordinary and usual course of business of the Group, the volume and aggregate value of each of the Ongoing Banking Transactions vary from time to time and from year to year. Given the volume and size of each of the Ongoing Banking Transactions, it is difficult and impracticable to set, and estimate, a maximum aggregate annual value for each of the transactions. Furthermore, references to volume of each of the Ongoing Banking Transactions in previous years may not be a fair indication as to the expected value of the transactions for the next three years;

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- in respect of the some of the Ongoing Banking Transactions, namely, the derivatives transactions, the foreign exchange transactions and the inter-bank capital markets transactions that are entered into partly for risk management purposes require the relevant transactions to be entered into in a timely and efficient manner. If the relevant transactions exceed the maximum aggregate annual value, the obligations to seek Shareholders' approval would cause significant delay to the entering into such transactions;
- in respect of the other Ongoing Banking Transactions, namely, the capital markets transactions and the forfeiting transactions, in the event that the relevant transactions exceed the maximum aggregate annual value, the potential obligations to obtain Shareholders' approval would cause significant delay to the transactions that are entered into on normal commercial terms and would hinder the potential business growth and profitability of the Group; and
- the inter-bank market is an open, competitive and transparent market in which the Ongoing Banking Transactions are, and will, continue to be entered into on an arm's length basis in an efficient way.

As discussed above, the Ongoing Banking Transactions are entered into in an ordinary and usual course of business of the Group and are on normal commercial terms and in the interests of the Group. We agree that the posting of any maximum aggregate annual value on the Ongoing Banking Transactions may hinder the potential business growth and profitability of the Group. Therefore, we concur with the Directors' view that there should not be maximum aggregate annual value for each of the Ongoing Banking Transactions.

RECOMMENDATION

Having considered all the principal factors as set out in this letter, we consider the Ongoing Banking Transactions is in the interests of the Company and the Independent Shareholders and that the terms for the Ongoing Banking Transactions, in the absence of a maximum aggregate annual value, are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve and implement the Ongoing Banking Transactions.

Yours faithfully,
For and on behalf of
Goldbond Capital (Asia) Limited
Stacey Wong
Managing Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement contained in this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) ("Associated Corporations") that are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the Register of Directors' and Chief Executives' Interests and Short Positions required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or the interests of the Directors or proposed director being a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Shares

Name of Director	Number of shares held		% of Shareholding
	Personal Interests	Total	
Dr. Jiang Jianqing	10,000	10,000	0.001%
Mr. Zhu Qi	50,000	50,000	0.005%
Mr. Tsui Yiu Wa, Alec	100,000	100,000	0.01%
Mr. Yuen Kam Ho, George	50,000	50,000	0.005%

All the interests stated above represent long positions. As at the Latest Practicable Date, no short positions were recorded in the Register of Directors' and Chief Executives' Interests and Short Positions required to be kept under section 352 of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company nor their spouses or children under 18 years of age were granted, or had exercised, any rights to subscribe for any equity or debt securities of the Company or any of its Associated Corporations.

3. OTHER PERSONS INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, of each person, other than a Director or chief executive of the Company, who has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital, were as follows:

Other persons for the purposes of the SFO

Name	Total Number of Shares held	% of Total Shareholding
The Industrial and Commercial Bank of China	602,888,957	57.53
Fortis N.V.*	94,317,000	9.00
Fortis SA/NV*	94,317,000	9.00
Fortis Brussels SA/NV*	94,317,000	9.00
Fortis Bank SA/NV*	94,317,000	9.00

* Each of Fortis N.V. and Fortis SA/NV is entitled to exercise, or control the exercise of, one third or more of the voting power at general meetings of Fortis Brussels SA/NV. Fortis Brussels SA/NV is entitled to exercise, or control the exercise of, one-third or more of the voting power at general meetings of Fortis Bank SA/NV. Fortis Bank SA/NV is entitled to exercise, or control the exercise of, one-third or more of the voting power at general meetings of Generale Belgian Holding B.V.. Generale Belgian Holding B.V. is a wholly-owned subsidiary of Fortis Bank SA/NV and is the legal owner of 94,317,000 Shares.

Substantial shareholder for the purposes of the Listing Rules

Name	Total Number of Shares held	% of Total Shareholding
The Industrial and Commercial Bank of China	602,888,957	57.53

4. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of the Director has interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which falls to be disclosed under the Listing Rules.

5. DIRECTOR'S SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors has any existing or proposed contract of service with any member of the Group which is not expiring or terminable within one year without payment of compensation (other than statutory compensation).

6. MATERIAL ADVERSE CHANGE

Save as disclosed herein, there has been no material adverse change in the financial or trading position of the Group since 31 December 2003, being the date to which the Group's latest published audited accounts were made up.

7. EXPERT'S CONSENT AND QUALIFICATION

The following is the qualification of the professional adviser who has given opinion or advice which is contained in this circular:

Name	Qualification
Goldbond Capital (Asia) Limited	A licensed corporation for types 1 and 6 regulated activities under the SFO

Goldbond Capital (Asia) Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and all references to its name in the form and context in which they appear.

As at the Latest Practicable Date, Goldbond Capital (Asia) Limited was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and so far as the Directors are aware, no litigation or claims of material importance are pending or threatened by or against the Company or any of its subsidiaries.

9. MISCELLANEOUS

- (a) Save as disclosed in this circular, there is no contract or arrangement entered into by any member of the Group subsisting at the date hereof in which any Director is materially interested and which is significant in relation to the business of the Group.

- (b) Save as disclosed in this circular, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to, or which are proposed to be acquired, disposed of or leased to, the Company or any of its subsidiaries since 31 December 2003, the date to which the latest published audited accounts of the Group were made up.
- (c) The secretary of the Company is Ms. Lai Wing Nga, an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of the Hong Kong Institute of Company Secretaries.
- (d) The registered office of the Company is situated at ICBC Asia Building, 122-126 Queen's Road Central, Hong Kong.
- (e) The share registrars of the Company is Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (f) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) at 16th Floor, ICBC Asia Building, 122-126 Queen's Road Central, Hong Kong from the date of this circular up to and including 31 December 2004 and at the EGM:

- (a) the letter from Goldbond Capital (Asia) Limited, the text of which is set out on pages 15 to 22 of this circular;
- (b) the written consent from Goldbond Capital (Asia) Limited referred to in paragraph 7 of this appendix;
- (c) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 14 of this circular; and
- (d) the Master Agreement.

According to the Articles of Association of the Company, a poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least three members in person or by proxy having the right to vote on the resolution; or
- (c) a member or members present in person or by proxy representing in aggregate not less than one-tenth of the total voting rights of all the members having the right to attend and vote at the meeting; or
- (d) a member or members present in person or by proxy holding shares conferring the right to attend and vote at the meeting on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right,

and a demand for a poll by a person as proxy for a member shall be as valid as if the demand were made by the member himself.

NOTICE OF EXTRAORDINARY GENERAL MEETING



中國工商銀行(亞洲)
I C B C (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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Industrial and Commercial Bank of China (Asia) Limited (the “Company”) will be held at 11th Floor, ICBC Asia Building, 122-126 Queen’s Road Central, Hong Kong at 10:00 a.m. on Friday, 31 December 2004 for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

“**THAT** (a) the transactions contemplated under each of the Ongoing Banking Transactions (as defined in the circular of the Company (the “Circular”) dated 16 December 2004, a copy of which was marked “A” and has been produced to the meeting and signed by the Chairman thereof for the purpose of identification), in the absence of a maximum aggregate annual value, as supplemented by the Master Agreement (as defined in the Circular); and (b) the Master Agreement, so far as it concerns each of the Ongoing Banking Transactions (as the case may be) and the extent to which the Master Agreement amends and supplements the Ongoing Banking Transactions be and are hereby approved and any one director of the Company be and is hereby authorised to do all such acts including any amendments to the Master Agreement which he considers necessary, desirable or expedient in connection with and for the purposes of the Ongoing Banking Transactions.”

By Order of the Board
Lai Wing Nga
Company Secretary

Hong Kong, 16 December 2004

Registered Office:
ICBC Asia Building
122-126 Queen’s Road Central
Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (a) A member entitled to attend and vote at the meeting is entitled to appoint one or a maximum of two proxies to attend and, on a poll, to vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed. A proxy need not be a member of the Company.
- (b) In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be lodged with the Company's Share Registrars, Tengis Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting (or any adjourned meeting) and in default the proxy shall not be treated as valid. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting (or any adjourned meeting) should they so wish.

As at the date of this notice, 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.



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)

**Form of Proxy for Extraordinary General Meeting to be held at 10:00 a.m.
on Friday, 31 December 2004**

I/We^(Note 1) _____
of _____
being the registered holder(s) of _____ shares^(Note 2) of HK\$2.00 each in
the share capital of Industrial and Commercial Bank of China (Asia) Limited (the “Company”), HEREBY
APPOINT **THE CHAIRMAN OF THE MEETING** (who represents _____ shares
held by me/us)^(Note 3) **and/or** _____
of _____
(who represents _____ shares held by me/us)^(Note 3) and/or _____ of
_____ (who represents _____ shares held by
me/us) as my/our proxy to attend and vote for me/us at the extraordinary general meeting (or at any adjournment
thereof) of the Company to be held at 11th Floor, ICBC Asia Building, 122-126 Queen’s Road Central, Hong Kong
on Friday, 31 December 2004 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the ordinary
resolution as set out in the notice convening the said meeting and at such meeting (or at any adjournment thereof)
to vote for me/us and in my/our name(s) in respect of the ordinary resolution as indicated below^(Note 4).

ORDINARY RESOLUTION	FOR	AGAINST
Ordinary Resolution (as set out in the Notice of the Meeting)		

Dated this _____ day of _____ 2004

Shareholder’s signature: _____ ^(Note 5)

Notes:

1. Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
2. Please insert the number of shares to which the proxy relates registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the shares of the Company registered in your name(s).
3. If any proxy other than the Chairman of the meeting is preferred, please strike out “**THE CHAIRMAN OF THE MEETING ... and/or**” and insert the name and address of the proxy desired in the space provided. You may appoint one or a maximum of two proxies to attend and, on a poll, to vote at the meeting provided that if more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed. **IF NO NAME IS INSERTED, THE CHAIRMAN OF THE MEETING WILL ACT AS YOUR PROXY. ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALED BY THE PERSON WHO SIGNS IT.**
4. **IMPORTANT: IF YOU WISH TO VOTE FOR THE RESOLUTION, TICK IN THE BOX MARKED “FOR”. IF YOU WISH TO VOTE AGAINST THE RESOLUTION, TICK IN THE BOX MARKED “AGAINST”.** Failure to complete any or all boxes will entitle your proxy to cast his votes or abstain at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the meeting other than those referred to in the notice convening the meeting.
5. This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either executed under its common seal or under the hand of an officer or attorney duly authorised.
6. In the case of joint registered holders of any share, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company.
7. To be valid, this form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the Company’s Share Registrars, Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof.
8. The proxy need not be a member of the Company but must attend the meeting in person to represent you.
9. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting (or at any adjournment thereof) if you so wish. In such event, this form of proxy will be deemed to have been revoked.
10. Votes given by proxy will not be counted if members attend the meeting and vote in person in respect of the same shares.