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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares.

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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)**

**DISCLOSEABLE AND CONNECTED TRANSACTIONS INVOLVING  
THE ACQUISITION OF THE ENTIRE EQUITY INTEREST OF  
CHINESE MERCANTILE BANK  
AND  
ISSUE OF NEW SHARES**

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



**Goldbond Capital (Asia) Limited**

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A letter from the Independent Board Committee is set out on page 12 of this circular.

A letter from Goldbond Capital (Asia) Limited, the Independent Financial Adviser, containing its recommendation to the Independent Board Committee and the Independent Shareholders, is set out on pages 13 to 20 of this circular.

A notice convening an EGM to be held at 33rd Floor, ICBC Tower, 3 Garden Road, Central, Hong Kong at 10:00 a.m. on Monday, 7 February 2005 is set out on pages 26 to 27 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.

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21 January 2005

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## DEFINITIONS

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

“Acquisition”	the proposed acquisition of the entire equity interest of CMB by the Company pursuant to the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 30 December 2004 entered into between the Company, ICBC and CITIC Ka Wah
“Actual Consideration Value”	the amount which is equal to 1.1 times of the audited net asset value of CMB as at the Completion Date as determined by reference to the Completion Accounts
“Announcement”	the announcement dated 30 December 2004 issued by the Company in relation to the Acquisition
“Anti-dilution Right”	the right of GBH or Fortis Bank (as the context requires) to subscribe for Shares as described under the paragraph headed “Anti-dilution Right” on page 9 of this circular
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of ICBC (Asia)
“CBRC”	China Banking Regulatory Commission
“CITIC Ka Wah”	CITIC Ka Wah Bank Limited, a company incorporated under the laws of Hong Kong
“CMB”	Chinese Mercantile Bank, a sino-foreign equity joint venture bank established under the laws of the PRC
“Completion”	completion of the Acquisition Agreement in accordance with its terms and conditions
“Completion Accounts”	the audited completion accounts of CMB in respect of the period beginning on 1 January 2004 and ending on the Completion Date to be prepared in accordance with generally accepted accounting principles of the PRC together with certain adjustments as provided under the Acquisition Agreement
“Completion Date”	the date on which Completion takes place
“Consideration”	an amount in Hong Kong Dollars which is equal to 1.1 times of the audited net asset value of CMB as at the Completion Date

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## DEFINITIONS

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“Consideration Shares”	such number of new Shares as shall be allotted and issued by the Company to ICBC at Completion, determined by dividing (a) the Unaudited Consideration Value by (b) the Consideration Shares Price
“Consideration Shares Price”	the higher of the closing price per Share on 30 December 2004 (being the date of the Acquisition Agreement) and the average closing price per Share for the 30 trading days up to the date of the Acquisition Agreement
“Directors”	the directors of ICBC (Asia), including the independent non-executive Directors
“EGM”	an extraordinary general meeting (including any adjournment thereof) of ICBC (Asia) to be convened to consider, and if thought fit, approving the Acquisition Agreement and the transactions contemplated thereunder, and a copy of the notice of which is set out on pages 26 to 27 of this circular
“Fortis Bank”	a limited liability company incorporated in Belgium under the name “Fortis Bank” (RPR/RPM 0403.199.702), also referred to as “Fortis Bank SA/NV”
“GBH”	Generale Belgian Holding B.V., a company incorporated under the laws of the Netherlands and wholly-owned by Fortis Bank
“Group”	ICBC (Asia), its subsidiaries and associated companies from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“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
“Independent Board Committee”	the committee of the independent non-executive Directors formed to advise the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder

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## DEFINITIONS

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“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
“Latest Practicable Date”	20 January 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (presently in force as at the Latest Practicable Date)
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“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 Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Unaudited Consideration Value”	an amount in Hong Kong Dollars which is equal to 1.1 times of the unaudited net asset value of CMB determined by reference to the latest available management accounts prior to the Completion Date
“US\$”	United States Dollar, the lawful currency of the United States of America, for the purpose of illustration only, translated into Hong Kong dollars at the rate of US\$1.00 to HK\$7.80
“Vendors”	ICBC and CITIC Ka Wah

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LETTER FROM THE BOARD

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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. Wong Yuen Fai

*(Deputy General Manager & Alternate Chief Executive)*

*Registered office:*

33/F., ICBC Tower

3 Garden 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*

21 January 2005

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS INVOLVING  
THE ACQUISITION OF THE ENTIRE EQUITY INTEREST OF  
CHINESE MERCANTILE BANK  
AND  
ISSUE OF NEW SHARES**

**INTRODUCTION**

The Directors refer to the Announcement in relation to the Acquisition Agreement entered into between the Company, ICBC and CITIC Ka Wah, pursuant to which ICBC and CITIC Ka Wah have agreed to sell and transfer their 75% and 25% equity interest in CMB respectively and the Company has agreed to purchase and accept the transfer of the entire 100% equity interest in CMB, subject to the terms and conditions of the Acquisition Agreement.

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## LETTER FROM THE BOARD

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An Independent Board Committee comprising Mr. Tsui Yiu Wa, Alec, Professor Wong Yue Chim, Richard, SBS, JP and Mr. Yuen Kam Ho, George has been formed to advise the Independent Shareholders in respect of the Acquisition Agreement and the transactions 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 Acquisition Agreement and the transactions contemplated thereunder.

The purposes of this circular are to set out: (a) details of the terms of the Acquisition Agreement; (b) further information on the Acquisition; (c) the recommendation of the Independent Board Committee in respect of the Acquisition Agreement and the transactions 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 Acquisition Agreement and the transactions contemplated thereunder.

### THE ACQUISITION

#### The Acquisition Agreement

**Date:**

30 December 2004

**Parties:**

Vendors: (1) ICBC, the controlling shareholder of the Company and a connected person of the Company under the Listing Rules

(2) CITIC Ka Wah

Purchaser: the Company

**Asset to be acquired:**

The entire 100% equity interest of CMB.

#### Consideration and payment

According to the Acquisition Agreement, the Consideration to be paid to ICBC shall be an amount which is equal to 1.1 times of the audited net asset value of CMB as at the Completion Date as determined by reference to the Completion Accounts. CITIC Ka Wah will receive no consideration for the transfer of its 25% equity interest in CMB as it in effect held that interest on behalf of ICBC. The Consideration payable to ICBC shall be satisfied in the following manner:

- (i) at Completion, such number of Consideration Shares, determined by dividing (a) the Unaudited Consideration Value by (b) the Consideration Shares Price, will be allotted and issued by the Company to ICBC; and

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## LETTER FROM THE BOARD

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- (ii) following Completion and determination of the audited net asset value of CMB as at Completion, to the extent that there is any difference in value between the Unaudited Consideration Value and the Actual Consideration Value, an amount in cash (payable in US Dollars) representing the shortfall or excess to such audited net asset value will be paid by the Company or ICBC (as the case may be) to the other within 30 days of the issuance of the Completion Accounts.

Pursuant to the Acquisition Agreement, the Consideration Shares will be issued at the Consideration Shares Price of HK\$11.0583 per Share, being the higher of the closing price per Share on 30 December 2004 and the average closing price per Share for the 30 trading days up to the date of the Acquisition Agreement. On the basis of the unaudited net asset value of CMB as at 30 November 2004, the Unaudited Consideration Value would amount to approximately US\$96.06 million (equivalent to approximately HK\$749.3 million), and a total of 67,759,057 Consideration Shares will be issued to ICBC at Completion, which would represent approximately 6.47% of the existing issued share capital of the Company and approximately 6.07% of the issued share capital as enlarged by the issue of the Consideration Shares assuming that the Anti-dilution Right is not exercised. Application will be made to the Stock Exchange for the listing of, and for permission to deal in, the Consideration Shares. So far as the Company is aware, it is expected that there will be no significant change in the unaudited net asset value of CMB prior to Completion from the unaudited net asset value of CMB as at 30 November 2004, and hence, it is expected that the number of Consideration Shares to be issued at Completion will not be significantly different to the 67,759,057 Consideration Shares as referred to in the above. Further announcement will be made by the Company as soon as practicable after the number of Consideration Shares to be issued at Completion is determined.

The Company has been notified of GBH's intention to exercise its Anti-dilution Right. For reference purposes, if the Anti-dilution Right is exercised by Fortis Bank following an intra group transfer and the assignment of the Anti-dilution Right, pursuant to which 6,701,259 new Shares are issued to Fortis Bank, the Consideration Shares will represent approximately 6.42% of the existing issued share capital of the Company as enlarged by the Shares to be issued pursuant to the exercise of the Anti-dilution Right and approximately 6.04% of the enlarged issued share capital of the Company (including the Consideration Shares and the Shares to be issued pursuant to the exercise of the Anti-dilution Right). Further announcement will be made by the Company as soon as practicable after the Company has been notified by Fortis Bank of the exercise of the Anti-dilution Right and the number of Shares to be issued to Fortis Bank is determined. Please refer to the paragraph headed "Anti-dilution Right" below for further details.

To further enhance the scale of the operations of CMB, ICBC has also undertaken to lend US\$100 million to CMB for its acquisition of a loan portfolio of the same amount from ICBC prior to Completion. ICBC, CMB and the Company have agreed that the acquisition of the US\$100 million loan portfolio shall be subject to the Company having been satisfied with the results of the due diligence review of the loan portfolio, and, prior to the acquisition of the loans, the Company may request for the substitution of the individual component(s) of the loan portfolio. In respect of the US\$100 million loan from ICBC, interest is calculated with reference to London Interbank Offer Rate and the term of such loan shall not be less than two years.

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## LETTER FROM THE BOARD

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The Consideration and other terms of the Acquisition Agreement have been agreed between the Company and the Vendors after arm's length negotiations, taking into account of the reasons for the Acquisition as set out in the paragraph headed "Reasons and benefits of the Acquisition" below. The Directors are of the view that the Consideration and other terms of the Acquisition Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

### Conditions to Completion

The Acquisition Agreement shall take effect upon the CBRC having approved the transactions contemplated under the Acquisition Agreement and Completion is conditional upon, amongst other things, the following conditions having been fulfilled or (if applicable) waived by the relevant parties:

1. there being on the Completion Date, no breaches of the representations, warranties and undertakings given by the Vendors which would materially and adversely affect the business and financial position of CMB;
2. an independent valuation on CMB having been performed by a PRC valuer in accordance with the relevant PRC laws and regulations in respect of the transfer of the administration of state-owned assets and such valuation report having been filed with the PRC Ministry of Finance;
3. shareholders' resolutions having been obtained by CMB in approving the terms and conditions contemplated under the Acquisition Agreement;
4. consent, approval or clearances for the transactions contemplated under the Acquisition Agreement having being obtained from the CBRC and other relevant governmental authorities in the PRC;
5. the Company having received clearances in terms reasonably satisfactory to the Company from the Hong Kong Monetary Authority and the CBRC in respect of the transactions contemplated under the Acquisition Agreement and fulfilment of any conditions to which such clearances are subject and which are required to be satisfied prior to Completion;
6. the Independent Shareholders having passed the relevant resolution(s) approving the Acquisition Agreement and the transactions contemplated thereunder including the allotment and issue of the Consideration Shares;
7. the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Consideration Shares; and
8. the acquisition by CMB of the US\$100 million loan portfolio from ICBC having been completed and the corresponding funding for the acquisition of the US\$100 million loan portfolio having been provided by ICBC to CMB.

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## LETTER FROM THE BOARD

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### Reasons and benefits for the Acquisition

At present, foreign banks face several restrictions in carrying on banking business in the PRC, one of which is that such banks are restricted from carrying on Renminbi banking business without a specific licence. It is anticipated that the restrictions will be gradually relaxed after 2006 and as a result, this will intensify competition in the PRC banking sector. The Directors are of the view that the banking sector in the PRC will be further expanded as the PRC economy continues to grow and we believe that the PRC banking sector is of huge business potential. As many foreign banks have already entered into the PRC banking sector by acquiring minority stakes in domestic banks in the PRC, the Directors are therefore of the view that the Acquisition will provide the Company with the opportunity to immediately capitalize on the platform and network of CMB.

Following Completion, CMB will become a subsidiary of the Company and the assets and liabilities of CMB will be consolidated with those of the Group. The Directors do not expect the Acquisition will have any immediate material effect on the earnings, assets or liabilities of the Company or the Group (as enlarged after Completion).

### General

As at the Latest Practicable Date, ICBC, the controlling shareholder of the Company, owns approximately 57.53% of the entire issued share capital of the Company and is a connected person of the Company for the purposes of the Listing Rules. The Acquisition is therefore a connected transaction of the Company under the Listing Rules and is conditional upon, among other things, the approval by the Independent Shareholders at the EGM to be convened for this purpose. ICBC and its associates will abstain from voting in the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

Based on the results of the calculations for the applicable percentage ratios as set out under Chapter 14 of the Listing Rules, the Acquisition also constitutes a discloseable transaction of the Company under the Listing Rules.

As the Acquisition will involve the issuance of new Shares to ICBC as consideration for the acquisition of assets by the Company from ICBC, the Anti-dilution Right will become exercisable. Fortis Bank's wholly-owned subsidiary, GBH, has notified the Company that it intends to exercise the Anti-dilution Right and, as such, Fortis Bank will abstain from voting in the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder. Please refer to the paragraph headed "Anti-dilution Right" below for further details.

### INFORMATION ON THE COMPANY

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, it has 42 retail branches, 5 business centres and one wealth

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## LETTER FROM THE BOARD

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management centre (including those currently operating under the name of “Belgian Bank”) in Hong Kong, and an overseas branch established in the Cayman Islands. The Company is the listed flagship for the overseas banking business of ICBC in Hong Kong and ICBC is an enterprise established under the laws of the PRC.

### INFORMATION ON CMB

CMB is a sino-foreign equity joint venture bank incorporated in the PRC on 23 June 1993 and its registered capital amounted to US\$85.3 million. As at the Latest Practicable Date, ICBC, the controlling shareholder of the Company, and CITIC Ka Wah, an independent third party not connected with the Directors, substantial shareholders or the chief executive of the Company, its subsidiaries or any of their respective associates, own as to 75% and 25% of the equity interest of CMB respectively. The net profit before taxation and extraordinary items of CMB for the years ended 31 December 2002 and 2003 were US\$296,000 and US\$152,000 respectively, and the net profit after taxation and extraordinary items of CMB for the years ended 31 December 2002 and 2003 were US\$152,000 and US\$128,000 respectively. Such profit figures of CMB were derived from the accounts of CMB prepared in accordance with the generally accepted accounting principles of the PRC.

CMB is principally engaged in non-Renminbi banking business in Shenzhen, the PRC. The head office of CMB is located in the Futian District, Shenzhen, the PRC, with a branch bank located in Shekou, Shenzhen, the PRC. After Completion, the Company intends to procure CMB to apply for a Renminbi banking business licence and to commence Renminbi banking business in Shenzhen, the PRC upon receipt of, and in accordance with, such licence.

### ANTI-DILUTION RIGHT

Pursuant to the sale and purchase agreement dated 31 December 2003 entered into between the Company, GBH and Fortis Bank in relation to the acquisition of the entire issued share capital of Fortis Bank Asia HK (now renamed as “Belgian Bank”), the Anti-dilution Right of GBH will become exercisable in the event of (but not limited to) an issuance of new Shares to ICBC as consideration for the acquisition of assets by the Company from ICBC. The Anti-dilution Right entitles GBH to subscribe for such number of Shares as will enable it to maintain the same percentage shareholding in the Company as that immediately prior to the proposed issue of Shares to ICBC. Such subscription of Shares by GBH will be at the same price at which such new Shares are to be issued to ICBC. By an announcement dated 14 January 2005, the Company informed the Shareholders that it has been notified of GBH’s intention to exercise its Anti-dilution Right. On 17 January 2005, an intra group transfer of all the Shares held by GBH to Fortis Bank was completed. Upon the completion of such intra group transfer, the Anti-dilution Right was assigned to Fortis Bank. As a result, the Anti-dilution Right will now be exercisable by Fortis Bank.

As the transactions contemplated under the Acquisition Agreement will involve an issuance of new Shares to ICBC as consideration for the acquisition of assets by the Company from ICBC, the Anti-dilution Right will become exercisable. Fortis Bank will abstain from voting in the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder. The Shares to be issued pursuant to the exercise of the Anti-dilution Right will be issued under the general mandate given to the Directors for the purposes of the allotment and issuance of Shares.

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## LETTER FROM THE BOARD

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### SHAREHOLDING STRUCTURE

The effect on the shareholding structure of the Company pursuant to the issuance of the Consideration Shares and the exercise of the Anti-dilution Right is as follows:

	As at the Latest Practicable Date		Immediately after the issuance of the Consideration Shares (assuming the Anti-dilution Right is not exercised)		Immediately after the issuance of the Consideration Shares and the issuance of new Shares (assuming the Anti-dilution Right is exercised)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
ICBC	602,888,957	57.53%	670,648,014	60.11%	670,648,014	59.75%
Fortis						
Bank	94,317,000	9.00%	94,317,000	8.45%	101,018,259	9.00%
Public	350,758,826	33.47%	350,758,826	31.44%	350,758,826	31.25%
Total	1,047,964,783	100.00%	1,115,723,840	100.00%	1,122,425,099	100.00%

*Note: Following the issue of the Consideration Shares and irrespective of the exercise of the Anti-dilution Right, the Acquisition will not result in a change of control of the Company. The number of Shares to be issued under the different scenarios above is calculated based on the Unaudited Consideration Value by reference to the unaudited net asset value of CMB as at 30 November 2004, and the above number of Shares is for reference only. As at the Latest Practicable Date, the authorised share capital of the Company was HK\$5,160,000,000 divided into 2,000,000,000 Shares and 232,000,000 convertible non-cumulative preference shares of HK\$5.00 each and the issued share capital of the Company was HK\$2,095,929,566 comprising 1,047,964,783 Shares.*

### EGM

Set out in this circular is a notice convening the EGM which will be held at 33rd Floor, ICBC Tower, 3 Garden Road, Central, Hong Kong at 10:00 a.m. on Monday, 7 February 2005 for the purpose of considering and, if thought fit, passing an ordinary resolution to approve the Acquisition Agreement and the transactions contemplated thereunder as discloseable and connected transactions of the Company for the purposes of the Listing Rules.

ICBC, its associates and Fortis Bank 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.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

Your attention is drawn to (a) the letter from the Independent Board Committee set out on page 12 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders concerning the Acquisition Agreement and the transactions contemplated thereunder; and (b) the letter from the Independent Financial Adviser set out from pages 13 to 20 of this circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders concerning the Acquisition Agreement and the transactions contemplated thereunder and the principal factors and reasons considered by the Independent Financial Adviser in arriving at its recommendations.

After taking into account the principal factors and reasons considered by the Independent Financial Adviser and its recommendation, the Independent Board Committee is of the opinion that the Acquisition Agreement and the transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole and that the terms of the Acquisition Agreement 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 Acquisition Agreement and the transactions contemplated thereunder as discloseable and connected transactions of the Company for the purposes of the Listing Rules.

### 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*

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)

21 January 2005

*To the Independent Shareholders*

Dear Sir or Madam,

We have been appointed as the Independent Board Committee to advise you in connection with the Acquisition Agreement and the transactions contemplated thereunder as discloseable and connected transactions for the purposes of the Listing Rules, details of which are set out in the Letter from the Board contained in the circular to the shareholders of the Company dated 21 January 2005 (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 Acquisition Agreement and the transactions contemplated thereunder, the principal factors and reasons considered by the Independent Financial Adviser and its recommendation in relation thereto as set out on pages 13 to 20 of the Circular, we are of the opinion that the Acquisition Agreement and the transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole and that the terms of the Acquisition Agreement and the transactions 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 Acquisition Agreement and the transactions contemplated thereunder as discloseable and connected transactions for the purposes of the Listing Rules.**

Yours faithfully,

**Tsui Yiu Wa, Alec**

*Independent non-executive Director*

*(Chairman of the Independent Board Committee)*

**Wong Yue Chim, Richard**, SBS, JP  
*Independent non-executive Director*

**Yuen Kam Ho, George**  
*Independent non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter received from the Independent Financial Adviser setting out its recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement 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

21 January 2005

Independent Board Committee and the Independent Shareholders  
Industrial and Commercial Bank of China (Asia) Limited  
33rd Floor, ICBC Tower  
3 Garden Road, Central  
Hong Kong

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS INVOLVING  
THE ACQUISITION OF THE ENTIRE EQUITY INTEREST OF  
CHINESE MERCANTILE BANK  
AND  
ISSUE OF NEW SHARES**

### INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition Agreement, details of which are contained in 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

In formulating our opinions and recommendations, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company, 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. We have discussed the information supplied, and opinions expressed, by the Directors and management of the Company who have confirmed to us 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 for our opinions and recommendations. We have no reason to doubt the truth, accuracy and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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completeness of the information and representations provided to us by the Directors and management of the Company 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, CMB and the ICBC Group.

### PRINCIPAL FACTORS AND REASONS

In arriving at our opinion in respect of the fairness and reasonableness of the terms of the Acquisition Agreement, we have considered the following principal factors and reasons:

#### 1. Information on assets to be acquired

The Company has conditionally agreed to acquire the entire equity interest of CMB. CMB is a sino-foreign equity joint venture bank incorporated in the PRC on 23 June 1993, with a registered capital of US\$85.3 million. Pursuant to its business licence, the principal activities of CMB include the provision of all non-RMB banking services, such as deposit taking, loan financing, bill discounting, trading of government and corporate bonds, security instruments other than share, trade financing and guarantee, fund settlement and clearing, foreign exchange trading, inter-banking lending and borrowing, and safety deposit box services.

The head office of CMB is located in the Futian District, Shenzhen, with one branch bank located in Shekou District, Shenzhen. As the restrictions in carrying out banking business in the PRC have been relaxed after the PRC's entry into the World Trade Organisation ("WTO"), CMB is allowed to open branches to carry out non-RMB banking businesses in other cities in the PRC without any geographical restriction upon Completion. Pursuant to the Acquisition Agreement, ICBC undertakes to inject portfolio of loan assets of US\$100 million into CMB prior to Completion.

We noted that the major asset of CMB as at 30 November 2004 was cash or its equivalent. We have also discussed the loan portfolio and balance sheet items of CMB with the Directors and management of the Company. Based on such discussion, there is no reason for us to believe there is any material risk in potential write down of loans and assets, or of any major mismatch of loans and deposits, which are mainly denominated in US\$, that would have a material adverse effect on CMB. For further details on CMB, please refer to the paragraph headed "Information on CMB" in the "Letter from the Board" as set out in the Circular for further information on CMB.

CMB recorded an audited net profit in 2002 and 2003. The Directors have advised us that CMB is qualified to apply for a RMB banking business licence. Pursuant to the Acquisition Agreement, ICBC has undertaken to assist the Company and CMB to apply for the RMB banking business licence. We would draw to the attention of the Independent Shareholders to that there is no guarantee that the RMB banking business licence will be obtained by CMB.

#### 2. Reasons and benefits of the Acquisition

The Company is a full licensed bank incorporated in Hong Kong and 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. The Group had expanded its banking operations in

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Hong Kong through the acquisition of the banking business of the Hong Kong branch of ICBC in July 2001 and Belgian Bank (formerly known as “Fortis Bank Asia HK”) in April 2004. As noted in the “Letter from the Board” in the Circular, the Directors are of the view that the banking sector in the PRC will be further expanded as its economy continues to grow and the Directors believe that the PRC banking sector is of huge business potential. Therefore, the Directors are of the view that participation in the PRC banking sector is in the interest of long term development of the Group.

We note that the PRC has experienced strong economic growth since 1980’s and, based on a recent economic estimate report issued by the World Bank, it is expected that the gross domestic product of the PRC will grow at a rate of 7.8% and 7% in 2005 and 2006 respectively. According to the People’s Bank of China, the total deposits and bank loans in the PRC grew at compound annual growth rates of about 19% and 16% respectively between 2000 and 2004. Therefore, we concur with the Directors’ view that the PRC banking sector is of huge business potential and the participation in it is in the interest of the long term development of the Group.

The Group can apply for a RMB banking business licence under the applicable arrangements provided by Closer Economic Partnership Agreement (“CEPA”) regime or the WTO regime. Under CEPA, a Hong Kong incorporated and licensed bank is qualified to apply for a RMB banking business licence if it has at least US\$6 billion of total assets and has a branch office in the PRC which has two consecutive years of profitable operations. Under WTO, a foreign financial institution is qualified to apply for a RMB banking business licence (with restrictions on geographical area and customer type) if it has a branch office, joint venture bank or wholly foreign owned subsidiary bank, in the PRC which has three years of operations with at least two consecutive years being profitable. The Group meets the total assets requirement under CEPA but it has not established any branch office in the PRC. We note that most other banks listed in Hong Kong have established operations in the PRC. Hence, the Group is considered a late entrant to the PRC banking sector as compared to the other competitors.

The Acquisition provides the Company with an immediate access to the non-RMB banking business in the PRC with an existing platform and tradename. In addition, CMB is eligible for applying for a RMB banking business licence. After the Completion, the Directors will procure CMB to apply for a RMB banking business licence and to engage in the RMB banking business upon the receipt of such licence. The Acquisition therefore provides the Company with a shortcut to establish a banking business operation in the PRC and enables the Company to leapfrog some of its Hong Kong competitors in this respect.

We have been advised by the Directors and management of the Company that certain corporate customers of the Group have business operations in Southern China and require banking services in the PRC. The Acquisition therefore allows the Group to offer a more comprehensive range of services to its corporate customers in Hong Kong that have business interests/ operations in the PRC and the Group will benefit accordingly.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on the above, we are of the view that the Acquisition is in the interest of the Company and its Shareholders as a whole. However, Independent Shareholders should note that the operation of CMB is relatively small in terms of its asset size as compared to most commercial banks in the PRC and the future development of its business depends on the management of the Company following the completion of the Acquisition.

### 3. Basis of the Consideration

According to the Directors, the terms of the Acquisition Agreement have been agreed between the Company and the Vendors after arm's length negotiations. The Consideration is based on 1.1 times of the audited net asset value of CMB as stated in the Completion Accounts on the Completion Date, it has been determined by the Directors with reference to the recent comparable transactions in the PRC banking sector.

In assessing the fairness and reasonableness of the Consideration, we note that CMB has carried out minimal operations in 2004 and its major assets as at 30 November 2004 were cash and its equivalent. Therefore, although the Unaudited Consideration Value based on the unaudited net asset value of CMB as at 30 November 2004 represents a historical price/earning ratio of about 750 times for 2003, we are of the view that this is not an appropriate benchmark in considering the fairness and reasonableness of the Consideration. Valuation methodologies based on earnings and cashflow are not appropriate benchmarks as the operation of CMB remained small in the past few years. Accordingly, we concur with the Directors' view that the price/book ("P/B") ratio approach is an appropriate benchmark for valuing CMB.

Based on official announcement published, we have carried out a research on the market statistics for the PRC banking sector and have identified five transactions involving acquisition of equity interest in a domestic bank by foreign bank enterprises (the "Comparable Transactions"). We set out below details of the Comparable Transactions for the purposes of comparison:

Date	Foreign bank	Domestic bank	Equity interests acquired	P/B ratio	Premium amount (US\$'M)
Dec 2002	CitiBank N.A.	Shanghai Pudong Development Bank	5.0%	1.45	23
Dec 2003	Hang Seng Bank	Industrial Bank	16.0%	1.80	92
Jun 2004	Newbridge Capital, LLC	Shenzhen Development Bank	17.9%	1.75	64
Aug 2004	HSBC	Bank of Communications	19.9%	1.75	749
Oct 2004	Asia Financial Holdings PTE., Ltd.	China Minseng Bank	4.55%	1.95	668

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The P/B ratios of the Comparable Transactions in 2002 and 2003 ranged from 1.45 times to 1.8 times with an average of 1.63 times, whereas the P/B ratios of Comparable Transactions in 2004 ranged from 1.75 times to 1.95 times. The P/B ratio as referred to in the Acquisition Agreement of 1.1 times is below the lower end of the above.

All the domestic banks included in the Comparable Transactions are conducting RMB banking business in the PRC at the time of their respective acquisition transactions, whilst CMB is currently engaged in the provision of non-RMB banking business only. By taking into consideration that CMB is qualified to apply for the RMB banking licence as advised by the Directors, and the Company is acquiring a 100% interest rather than a minority stake, we are of the view that the Consideration is fair and reasonable in so far as the Independent Shareholders are concerned.

#### 4. Consideration Shares

Pursuant to the Acquisition Agreement, the Consideration Shares will be issued at the Consideration Shares Price of HK\$11.0583 per Share, being the higher of the closing Share price on 30 December 2004 (the "Last Trading Date") and the average closing Share price for the 30 trading days up to the date of the Acquisition Agreement. On the basis of the unaudited net asset value of CMB as at 30 November 2004, the Unaudited Consideration Value would amount to US\$96.06 million (equivalent to approximately HK\$749.30 million), and 67,759,057 Consideration Shares will be issued at Completion, representing approximately 6.47% of the existing issued Shares and approximately 6.07% of the issued Shares as enlarged by the issue of the Consideration Shares before the exercise of the Anti-dilution Right. The shareholdings of ICBC and the public in the Company immediately following the Completion will be changed from about 57.53% and 33.47% to about 60.11% and 31.44% respectively.

Pursuant to the announcement of the Company dated 14 January 2005, the Company had received a notice from Fortis Bank that its wholly-owned subsidiary, GBH, intends to exercise the Anti-dilution Right, subject to the Company having allotted and issued the Consideration Shares to ICBC in accordance with the terms of the Acquisition Agreement. Immediately following the Completion and the exercise of the Anti-dilution Right, the shareholdings of ICBC and the public in the Company will be changed to about 59.75% and 31.25% respectively.

We are of the view that the increase in the shareholding of ICBC, and the corresponding dilution of the shareholding of the public, in the Company is immaterial.

##### (i) *The Consideration Shares Price*

The Consideration Shares Price of HK\$11.0583 per Share represents:

- (a) a premium of approximately 0.53% over HK\$11.00, being the closing price of the Shares on the Stock Exchange on the Last Trading Date;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (b) a premium of approximately 0.30% over HK\$11.025, being the average closing price of the Shares on the Stock Exchange during the period of 10 trading days up to the Last Trading Date;
- (c) a premium of approximately 2.87% over HK\$10.75, being the closing price of the Shares on the Stock Exchange on the Latest Practicable Date;
- (d) a premium of approximately 40.50% over the latest unaudited net assets value of the Group as at 30 June 2004 of HK\$7.87 attributable to each Share;
- (e) a premium of approximately 37.20% over the unaudited net asset value of the Group as at 30 June 2004 of HK\$8.06 attributable to each Share after accounting for the issuance of the Consideration Shares but before the exercise of the Anti-dilution Right; and
- (f) a premium of approximately 36.86% over the unaudited net asset value of the Group as at 30 June 2004 of HK\$8.08 attributable to each Share after accounting for the issuance of the Consideration Shares and the exercise of the Anti-dilution Right.

(ii) *Comparable transactions of the Consideration Shares Price*

In assessing the fairness and reasonableness of the Consideration Shares Price, we have carried out research on the market statistics of the 2004 announced issuance of new shares by Hong Kong listed companies for the settlement of asset acquisition transactions with connected parties or independent third parties. In identifying the comparable transactions, we have considered the nature of these transactions, size of these transactions and market capital of the acquirers, size of the share issues as a percentage of the market capital of the acquirers. We have identified 12 comparable transactions, which indicated that the issue prices of these

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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comparable transactions ranged from a discount of 15.8% to a premium of 15.4% on the closing market price on the last trading day before the respective announcement. Summary of such 12 comparable transactions are set out below:

Date of Announcement	Company	Issue Price <i>HK\$</i>	Last Trading Price <i>HK\$</i>	Premium/ (Discount)
2-Feb	CITIC Resources Holdings Ltd	1.45	1.62	(10.5%)
12-Mar	China United International Holdings Ltd	1.80	1.66	8.4%
16-Mar	Semtech International Holding Ltd	0.80	0.80	0.0%
17-Mar	Artfield Group Ltd	0.80	0.70	14.3%
24-May	Sun Media Group Holdings Ltd	0.03	0.03	15.4%
7-Sep	Heritage International Holding Ltd	0.01	0.01	0.0%
10-Sep	Sun Media Group Holdings Ltd	0.01	0.01	0.0%
5-Nov	Titan Petrochemicals Group Ltd	0.70	0.80	(12.4%)
9-Nov	Matsunichi Communication Ltd	2.00	1.89	5.8%
30-Nov	China United International Holdings Ltd	0.24	0.29	(15.8%)
3-Dec	China Resources Enterprise Ltd	11.39	11.50	(1.0%)
22-Dec	Sun Innovation Holdings Ltd	0.07	0.08	(11.2%)
	High			15.4%
	Average			(0.6%)
	Low			(15.8%)
	The Acquisition	11.0583	11.0	0.53%

The Consideration Shares Price of HK\$11.0583 per Share represents a premium of 0.53% over the closing market price on Last Trading Date, which falls within the premium/discount range of the comparable transactions and slightly better than the average figure of the comparable transactions.

Based on the above, we are of the view that the Consideration Shares Price is fair and reasonable in so far as the Independent Shareholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having considered the above principal factors and reasons, we would draw your attention to the following key factors in arriving our recommendation:

- (a) the Acquisition provides the Group with a shortcut to establish banking business in the PRC and significantly expedites the application for a RMB banking business licence;
- (b) the Acquisition provides the Group with the opportunity to immediately capitalize on the platform and network of CMB;
- (c) the Acquisition allows the Group to better serve corporate customers that have operations in the PRC;
- (d) the Acquisition has been negotiated on an arm's length basis and the basis of the Consideration is considered to be fair and reasonable;
- (e) the Consideration will be fully satisfied by the Consideration Shares, subject to a cash adjustment depending on the audited net assets value of CMB according to the Completion Accounts, which will be issued at the Consideration Shares Price of HK\$11.0583 per Share. The basis of determining the Consideration Shares Price is considered fair and reasonable; and
- (f) the dilution effect on the shareholding of the Independent Shareholders is considered immaterial.

Having considered all the principal factors as set out in this letter, we consider the Acquisition Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders and the terms of the Acquisition Agreement are fair and reasonable so far as 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 the Acquisition Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Goldbond Capital (Asia) Limited**  
**Stacey Wong**  
*Head of Corporate Finance*

**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**

<b>Name of Director</b>	<b>Number of shares held</b>		<b>% of Shareholding</b>
	<b>Personal Interests</b>	<b>Total</b>	
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*

<b>Name</b>	<b>Total Number of Shares in which interested</b>	<b>% of Total Shareholding</b>
The Industrial and Commercial Bank of China	602,888,957	57.53
Fortis Bank SA/NV	94,317,000	9.00
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 is the legal owner of 94,317,000 Shares. Each of Fortis N.V., Fortis SA/NV and Fortis Brussels SA/NV is interested in such Shares as a result of Fortis N.V. and Fortis SA/NV being entitled to exercise, or control the exercise of, one-third or more of the voting power at general meetings of Fortis Brussels SA/NV and Fortis Brussels SA/NV being entitled to exercise, or control the exercise of, one-third or more of the voting power at general meetings of Fortis Bank SA/NV.

*Substantial shareholder for the purposes of the Listing Rules*

<b>Name</b>	<b>Total Number of Shares held</b>	<b>% of Total Shareholding</b>
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 determinable 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:

<b>Name</b>	<b>Qualification</b>
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 Group 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 qualified accountant of the Company is Mr. Tang Kam Sun, a Certified Public Accountant.
- (e) The registered office of the Company is situated at 33rd Floor, ICBC Tower, 3 Garden Road, Central, Hong Kong.
- (f) 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.
- (g) 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 33rd Floor, ICBC Tower, 3 Garden Road, Central, Hong Kong from the date of this circular up to and including 7 February 2005 and at the EGM:

- (a) the letter from Goldbond Capital (Asia) Limited, the text of which is set out on pages 13 to 20 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 12 of this circular; and
- (d) the Acquisition 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.

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NOTICE OF EXTRAORDINARY GENERAL MEETING

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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 33rd Floor, ICBC Tower, 3 Garden Road, Central, Hong Kong at 10:00 a.m. on Monday, 7 February 2005 for the purpose of considering and, if thought fit, passing the following resolution:

**ORDINARY RESOLUTION**

“**THAT** the acquisition agreement dated 30 December 2004 (the “Acquisition Agreement”) entered into between the Company, The Industrial and Commercial Bank of China and CITIC Ka Wah Bank Limited in relation to the acquisition of the entire equity interest of Chinese Mercantile Bank, a copy of which was marked “A” and has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification, and the transactions contemplated thereunder, in particular, the issue of the Consideration Shares (as defined in the Acquisition Agreement) be and are hereby approved and confirmed and any one director of the Company be and is hereby authorised to do all such acts including any amendments to the Acquisition Agreement which he considers necessary, desirable or expedient in connection with and for the purposes of the Acquisition Agreement and the transactions contemplated thereunder.”

By Order of the Board  
**Lai Wing Nga**  
*Company Secretary*

Hong Kong, 21 January 2005

*Registered Office:*  
33/F., ICBC Tower  
3 Garden Road  
Central  
Hong Kong

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**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 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 Monday, 7 February 2005**

I/We<sup>(Note 1)</sup> \_\_\_\_\_  
of \_\_\_\_\_  
being the registered holder(s) of \_\_\_\_\_ shares<sup>(Note 2)</sup> 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)<sup>(Note 3)</sup> **and/or** \_\_\_\_\_  
of \_\_\_\_\_  
(who represents \_\_\_\_\_ shares held by me/us)<sup>(Note 3)</sup> 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 33rd Floor, ICBC Tower, 3 Garden Road, Central, Hong Kong at 10:00 a.m.  
on Monday, 7 February 2005 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<sup>(Note 4)</sup>.

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2005

Shareholder's signature: \_\_\_\_\_ <sup>(Note 5)</sup>

*Notes:*

1. Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
2. Please insert the number of shares registered in your name(s) in which the proxy relates to. 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.