



**Dr. Jiang Jianqing**  
*Chairman*

Hong Kong's economy was extremely volatile in 2003. The overall economy was badly hit by the SARS outbreak, which in turn adversely affected the operating environment of the banking industry. Despite such challenges, Industrial and Commercial Bank of China (Asia) Limited has once again achieved remarkable performance following two years of robust growth, attributable to the pragmatic leadership of the management, our effective development strategies, and the continuous hard work of all staff members. For the year 2003, the Bank's audited consolidated after tax profit increased 10% to HK\$522 million.

The Bank has been making great efforts to improve the quality of its assets. During the year, non-performing loans dropped from 2.3% to 1.7%. The Bank continued to play an active part in loan syndication business and other capital market financing activities, maintaining our superior position in the large-scale financing market. A particularly encouraging note is the considerable growth achieved by our retail banking and commercial banking divisions, which respectively recorded a growth of 88% and 61%. This has significantly strengthened the Bank's income structure and profitability.

ICBC (Asia) has continued to strengthen since its acquisition by the Industrial and Commercial Bank of China ("ICBC") in 2000. On 31st December 2003, the Bank entered into an agreement with Fortis Bank for the acquisition of the entire issued share capital of Fortis Bank Asia HK ("FBAHK"). The acquisition is expected to broaden our customer base and strengthen the competitiveness of our commercial and retail banking business. In addition to improving the cost efficiency of the Bank, which eventually creates a more favorable operating platform and a competitive position for generating business from China, Hong Kong and Europe.

# Chairman's Statement

In accordance with the acquisition, ICBC (Asia) placed 124,874,000 ordinary shares to independent investors on 9th February 2004. After the completion of the placement, ICBC held a 53.18% interest in the entire issued ordinary shares capital of ICBC (Asia).

Being the listed flagship company for the overseas business of ICBC, ICBC (Asia) has interacted closely with its parent to strategically expand our different areas of business in Hong Kong. Taking advantage of ICBC's brand name, branch networks, customer base and settlement system in the Mainland, the Bank has worked closely with ICBC's Mainland branches to jointly develop the domestic and the financial market by providing efficient, high quality and integrated cross-border services for our customers in Hong Kong and the Mainland.

In the area of retail banking, ICBC (Asia) was among the first batch of banks to offer personal Renminbi banking business in Hong Kong, including deposits, exchange and remittance services, following the signing of the CEPA and the permission granted to Hong Kong banks to operate Renminbi business. As for Renminbi financing business, the Bank has assisted customers whose enterprises are located in the Mainland to obtain Renminbi financing by providing guarantees and issuing letters of credits to ICBC mainland branches. In the long term, capitalising on our parent bank's leadership position in Renminbi business in the Mainland, we will strive to become a key player in the Renminbi market in Hong Kong.

As regards Taiwan business, ICBC (Asia) has capitalised on the growing demand for cross-strait and cross-border financial services from Taiwan enterprises by acting as a bridge between banks in the Mainland and Taiwan, providing a variety of services such as remittance, settlement, trade finance, Renminbi financing, factoring and forfeiting services.

For credit card business, since the end of 2002, the Bank has been acting as agent for ICBC's brand-new dual-currency credit card that carries both Renminbi and Hong Kong Dollar accounts. In addition, the Bank has also helped the ICBC Hong Kong Credit Card Centre to market a HKD credit card that was first issued in October 2003 - ICBC Xplore Visa, which targets at the juvenile market.

Looking forward to 2004, with the recovery of the Hong Kong economy and closer economic links between Hong Kong and the Mainland, we expect a rapid increase in the demand of financial services and ample development opportunities for the banking industry. We will continue to capitalise on the reputation and resources of our parent company and interact closely with our branches in the Mainland to further expand our corporate banking service, as well as our commercial and retail banking activities and wealth management services in order to enhance our competitive edge. ICBC (Asia) also endeavours to become one of the leading banks in Hong Kong and to maximise return for our shareholders.

I wish to take this opportunity to extend my sincere gratitude to our customers, business partners and shareholders for their enormous support, and express my heartfelt thanks to the hard work of all members of our staff.

**Dr. Jiang Jianqing**

*Chairman*

22 March 2004