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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 TRANSACTION

The Board is pleased to announce that, on 4 August 2008, the Company and ICIC entered into the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, the Company agreed to purchase from ICIC the Vendor Loans, their Related Security and the Assumed Liabilities.

Completion of the Acquisition is conditional on and subject to the conditions set out in the paragraph headed “Conditions” below.

The total purchase consideration payable by the Company in respect of the Vendor Loans shall be the aggregate Net Loan Value attributable to the Vendor Loans as shown in the Completion Statement. The estimated amount of the consideration for the Vendor Loans as at the Latest Practicable Date is approximately HK\$1,592.2 million. The amount of Consideration was determined after arm’s length negotiation between the Company and ICIC.

As ICBC is the controlling shareholder of the Company, and ICIC is a wholly-owned subsidiary of ICBC, ICIC is a connected person of the Company for the purposes of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction for the Company under the Listing Rules and subject to approval by the Independent Shareholders. In addition, as the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the purposes of the Listing Rules.

The Company has established an Independent Board Committee comprising the independent non-executive Directors to consider and advise the Independent Shareholders with respect to the Acquisition. The Company has appointed Commerzbank as its Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders with respect to the Acquisition.

The Company will issue a circular to its shareholders as soon as practicable setting out among other things (i) details of the Acquisition, (ii) a letter from the Independent Board Committee of the Company, (iii) a letter of advice from Commerzbank; and (iv) a notice of the EGM to be held to approve the Acquisition.

THE SALE AND PURCHASE AGREEMENT

Date

4 August 2008

Parties

ICIC: ICIC, a wholly-owned subsidiary of ICBC and a connected person of the Company under the Listing Rules, acting as vendor of the Vendor Loans

The Company: the Company, acting as purchaser of the Vendor Loans

The Acquisition

Pursuant to the Sale and Purchase Agreement, the Company has agreed to purchase from ICIC the Vendor Loans and their Related Security, and to assume the burden of the Assumed Liabilities. The Vendor Loans comprise of:

- Bill Purchase Loans;
- Export Invoice Finance Loans;
- Hire-Purchase Loans;
- Letters of Credit;
- Mortgage Loans;
- Overdraft Loans;
- Re-financing Loans;
- Syndicated Loans;
- Term Loans; and
- Trust Receipts.

Conditions

Completion of the Acquisition is subject to the satisfaction or, where applicable, waiver, of each of the following conditions by 31 January 2009:

1. if required, approval of the Sale and Purchase Agreement by the Shareholders of the Company in accordance with the Listing Rules having been obtained;
2. if required, approval of the Sale and Purchase Agreement by the shareholders of ICBC in accordance with the Listing Rules having been obtained;
3. if required, the obtaining by ICIC, the Company and/or ICBC HK of the consent of the Hong Kong Monetary Authority to enter into the transactions contemplated hereunder;
4. the making of such enquiries, investigations and due diligence reviews by the Company in respect of the Vendor Loans which the Company in its absolute discretion deems necessary, desirable or appropriate and confirmation by the Company in writing, in its absolute opinion, that the results of such enquiries, investigations and due diligence reviews are satisfactory to the Company;
5. the execution by the Company and ICBC HK the Participation Agreement; and
6. the warranties as contained in the Sale and Purchase Agreement remaining true, complete and accurate in all respects at Completion.

The Company is entitled to waive the conditions set out in paragraphs 4, 5 and 6 above.

Completion

Completion of the Acquisition will take place within 10 business days following the due fulfilment of the last in time to be satisfied of the conditions specified above (except the condition set out under paragraph 6 above) or at such other time as the parties shall agree.

Consideration and payment of purchase price

The Consideration payable by the Company in respect of the Vendor Loans (including the Related Security) shall be the aggregate Net Loan Value attributable to the Vendor Loans as shown in the Completion Statement. The estimated amount of the consideration for the Vendor Loans as at the Latest Practicable Date is approximately HK\$1,592.2 million. The Consideration is expected to be funded by internal resources of the Company.

At Completion, the Company will pay ICIC the Estimated Purchase Price for the Vendor Loans.

Adjustment to the Consideration

The Consideration is subject to adjustment by reference to the Completion Statement to be prepared by ICIC following Completion and to be agreed by the Company.

Subject to such adjustment, the Company will be obliged to pay to ICIC any shortfall, and ICIC will be obliged to pay to the Company any excess, which the final consideration as so determined falls short of or exceeds (as the case may be) the Estimated Purchase Price paid at Completion. It is expected that the final settlement of the consideration will take place no later than 30 days after the date of Completion. Adjustment to the Estimated Purchase Price shall be on a dollar-to-dollar basis.

Currently, it is not expected that the adjustment to the Estimated Purchase Price will result in the Acquisition constituting a major transaction of the Company under the Listing Rules.

Basis of determination of the Consideration

The Consideration was determined after arm's length negotiation between the Company and ICIC. The adoption of Net Loan Value as the basis for the amount of the purchase price was made after negotiation between the parties. The Company is of the view that acquiring the Vendor Loans at Net Loan Value is fair and reasonable on the basis of the due diligence reviews carried out by the Company assessing the recoverability of the Vendor Loans.

Other key terms

The Sale and Purchase Agreement also provides for the following:

1. If any documents, consent or agreement of any third party is required to transfer the benefit of the Vendor Loans and has not been obtained prior to Completion to the reasonable satisfaction of the Company, ICIC and the Company shall use their respective reasonable endeavours to obtain such documents and/or consent or agreement as soon as possible following Completion.
2. The beneficial ownership of the Vendor Loans will pass at Completion. However, after Completion, and until such time as such documents and/or consent or agreement is obtained to the reasonable satisfaction of the Company and the full benefit of the Vendor Loans is transferred to the Company, ICIC shall be deemed to hold the benefit of the applicable Vendor Loans on trust for the Company and the Company shall be entitled to the use and enjoyment of those Vendor Loans as against ICIC and to receive the income therefrom to the extent that ICIC is not constrained by operation of law or the consent of any third party from granting such use or enjoyment or the right to receive any income to the Company. If the Company is not able to receive the benefit of such Vendor Loans by operation of law or the consent of any third party, ICIC shall agree to enter into a sub-participation agreement with the Company which the economic benefit of such Vendor Loans shall pass to the Company.

FINANCIAL INFORMATION RELATING TO THE VENDOR LOANS

As at the Latest Practicable Date, the aggregate value of the Vendor Loans amounts to approximately HK\$1,592.2 million.

The net profit before tax attributable to the Vendor Loans amounts to approximately HK\$7,073,842 and HK\$2,255,930 for the year ended 31 December 2006 and 31 December 2007 respectively; and the net profit after tax attributable to the Vendor Loans amounts to approximately HK\$7,073,842 and HK\$2,255,930 for the year ended 31 December 2006 and 31 December 2007 respectively.

REASONS FOR ENTERING INTO THE SALE AND PURCHASE AGREEMENT

The entering into of the Sale and Purchase Agreement shall enable the Company to expand its portfolio of loans. Acquisition of the Vendor Loans is in the course of the Company's ordinary business and allows the Company to expand its loan assets. As part of the Company's business and management of its loan portfolio, the Company also enters into participation agreements with third parties to manage its risk exposure. Under the Sale and Purchase Agreement, the Company has agreed to acquire from ICIC all of the Vendor Loans in their entirety. By entering into the Participation Agreement with ICBC HK, the Company would be able to divert its exposure on the ICBC HK Participation Loans to ICBC HK. The Participation Agreement and the transactions contemplated therein will constitute continuing connected transactions for the Company. However, such transactions constitute Capital Markets Transactions (as defined in the Company's circular dated 15 December 2007) and approved by Independent Shareholders at an extraordinary general meeting held on 31 December 2007. Accordingly, the Company will only be required to comply with the reporting requirements under Chapter 14A of the Listing Rules in respect of the Participation Agreement and no further announcement, circular or independent shareholder's approval will be required.

The Sale and Purchase Agreement was entered into on normal commercial terms following arm's length negotiations between ICIC and the Company. The Directors (excluding the independent non-executive Directors) consider that the Sale and Purchase Agreement, the consideration for the Acquisition and the terms thereof are on normal commercial terms, are fair and reasonable and that the Acquisition are in the interest of the Company and its Shareholders as a whole.

The independent non-executive Directors constituting the Independent Board Committee will give their view after considering the advice from Commerzbank appointed to advise the Independent Board Committee and the Independent Shareholders, and their view will be given in the circular to be despatched to the Shareholders of the Company.

INFORMATION ON THE COMPANY, ICIC AND ICBC

The Company is a fully licensed bank incorporated in Hong Kong 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 in Hong Kong. As at the date of this announcement, the Company has 42 retail branches, 5 business centres and 1 investment service centre 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.

ICIC is a company incorporated in Hong Kong and is wholly-owned by ICBC. It operates certain banking business comprising, inter alia, the Vendor Loans.

ICBC is a banking institution established under the laws of the PRC whose shares are listed on the Stock Exchange and the Shanghai Stock Exchange.

REQUIREMENTS OF THE LISTING RULES

As ICBC is the controlling shareholder of the Company, and ICIC is a wholly-owned subsidiary of ICBC, ICIC is a connected person of the Company for the purposes of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction for the Company under the Listing Rules and is subject to approval by the Independent Shareholders. In addition, as the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but less than 25%, the Acquisition is considered a discloseable transaction.

The Company has established an Independent Board Committee comprising the independent non-executive Directors to consider and advise the Independent Shareholders with respect to the Acquisition. The Company has appointed Commerzbank as its Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders with respect to the Acquisition.

The Company will issue a circular to its Shareholders as soon as practicable setting out among other things (i) details of the Acquisition, (ii) a letter from the Independent Board Committee, (iii) a letter of advice from Commerzbank and (iv) a notice of the EGM to be held to approve the Acquisition.

ICBC and its associates will abstain from voting in the EGM to approve the Acquisition.

DEFINITIONS

“Acquisition”	the acquisition by the Company from ICIC of, amongst other things, the Vendor Loans under the Sale and Purchase Agreement;
“Assumed Liabilities”	all obligations of ICIC outstanding at Completion in respect of Undrawn Facilities Advances (as defined in the Sale and Purchase Agreement);
“Bill Purchase Loans”	the bill purchase loans comprised in the Vendor Loans which will be sold and purchased under the Sale and Purchase Agreement;
“Board” or “Directors”	the directors of the Company;
“Company”	Industrial and Commercial Bank of China (Asia) Limited;
“Completion”	the completion of the Acquisition under the Sale and Purchase Agreement;
“Completion Date”	the date of Completion;
“Completion Statement”	the statement to be prepared by ICIC and agreed by the parties to the Sale and Purchase Agreement setting out the Net Loan Value of the Vendor Loans, as at the date of Completion;
“Consideration”	the purchase consideration payable by the Company to ICIC in respect of the Vendor Loans;
“EGM”	the extraordinary general meeting (including any adjournment thereof) of the shareholders of the Company to be convened to consider and, if appropriate, approve the Sale and Purchase Agreement, including the Acquisition;
“Estimated Purchase Price”	in relation to the Vendor Loans, the aggregate estimated Net Loan Value of the Vendor Loans as at the date of the Sale and Purchase Agreement;
“Export Invoice Finance Loans”	the export invoice finance loans comprised in the Vendor Loans which will be sold and purchased under the Sale and Purchase Agreement;

“Hire-Purchase Loans”	the hire purchase loans comprised in the Vendor Loans which will be sold and purchased under the Sale and Purchase Agreement;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong;
“ICBC HK”	the Hong Kong branch of ICBC, which is a licensed bank in Hong Kong and is registered with the Companies Registry as a non-Hong Kong company registered in Hong Kong under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“ICBC HK Participation Loans”	all of the Syndicated Loans and their Related Security;
“ICBC”	Industrial and Commercial Bank of China Limited, a banking institution established under the laws of the PRC whose shares are listed on the Stock Exchange and the Shanghai Stock Exchange;
“ICIC”	Industrial and Commercial International Capital Ltd., a company incorporated in Hong Kong as a restricted licence bank and a wholly-owned subsidiary of ICBC;
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors formed for the purpose of advising the Independent Shareholders with respect to the Acquisition;
“Independent Financial Adviser” or “Commerzbank”	Commerzbank AG, acting through its Hong Kong Branch, a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and an authorised financial institution under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 to the SFO, appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the Acquisition;

“Independent Shareholders”	shareholders of the Company other than ICBC and its associates (as defined in the Listing Rules);
“Latest Practicable Date”	1 August 2008, being the latest practicable date before this announcement;
“Letters of Credit”	the letters of credit comprised in the Vendor Loans which are to be sold and purchased under the Sale and Purchase Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mortgage Loans”	the mortgage loans comprised in the Vendor Loans which are to be sold and purchased under the Sale and Purchase Agreement;
“Net Loan Value”	in respect of each Vendor Loan, the total amount of principal and interest (if any) repayable by the relevant borrowers to ICIC as at Completion less all provisions made as shown in the Completion Statement;
“Overdraft Loans”	the overdraft loans comprised in the Vendor Loans which are to be sold and purchased under the Sale and Purchase Agreement;
“Participation Agreement”	the participation agreement to be entered into between the Company and ICBC HK with respect to ICBC HK’s participation in the ICBC HK Participation Loan in such form and substance as the Company shall determine appropriate;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Taiwan, Hong Kong and Macau;
“Re-financing Loans”	the LC re-financing loans and TT re-financing loans which are to be sold and purchased under the Sale and Purchase Agreement;
“Related Security”	in relation to any Vendor Loans, the mortgages, pledges, guarantees and other securities given by the obligor(s) in respect thereof;

“Sale and Purchase Agreement”	the sale and purchase agreement dated 4 August 2008 between the Company and ICIC in relation to the Acquisition;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shares”	ordinary shares of par value of HK\$2.00 each in the capital of the Company;
“Shareholders”	holders of Shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Syndicated Loans”	the syndicated loans comprised in the Vendor Loans which are to be sold and purchased under the Sale and Purchase Agreement;
“Term Loans”	the term loans comprised in the Vendor Loans which are to be sold and purchased under the Sale and Purchase Agreement;
“Trust Receipts”	the trust receipts comprised in the Vendor Loans which are to be sold and purchased under the Sale and Purchase Agreement;
“Undrawn Facilities Advances”	with respect to the Vendor Loans advances or obligations which ICIC is obliged to make to borrowers under existing facilities as at the Completion Date; and
“Vendor Loans”	the loans advanced by ICIC to borrowers and their Related Security as at the date of Completion to be sold by ICIC pursuant to the Sale and Purchase Agreement.

By Order of the Board
Tsang Mei Kuen
Company Secretary

Hong Kong, 4 August 2008

As at the date of this announcement, the Board comprises Mr. Chen Aiping, Mr. Wong Yuen Fai and Mr. Zhang Yi as executive directors, Dr. Jiang Jianqing and Ms. Wang Lili as non-executive directors and Professor Wong Yue Chim, Richard, S.B.S., J.P., Mr. Tsui Yiu Wa, Alec and Mr. Yuen Kam Ho, George as independent non-executive directors.