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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)

**AGREEMENT BETWEEN THE BANK, THE SFC, THE HKMA AND
THE DISTRIBUTING BANKS TO REPURCHASE MINIBONDS**

On 22 July 2009, the Bank has, without admission of any liability, entered into an Agreement with the SFC, the HKMA and the Distributing Banks to make an offer to Eligible Customers to repurchase their holdings in Outstanding Minibonds subscribed through the Bank.

This is a voluntary announcement made by the Bank.

The Bank announces that on 22 July 2009, it has, without admission of any liability, entered into an Agreement with the SFC, the HKMA and the Distributing Banks to make an offer to Eligible Customers to repurchase their holdings in Outstanding Minibonds subscribed through the Bank.

Under the Repurchase Scheme, the Bank will, without admission of any liability, make an offer to repurchase from each Eligible Customer all Outstanding Minibonds at a price equivalent to 60% of the nominal value of the principal invested for Eligible Customers below the age of 65 as at 1 July 2009 or at 70% of the nominal value of the principal invested for Eligible Customers aged 65 or above as at 1 July 2009. The acceptance of the offer by Eligible Customers will result in the release of claims such Eligible Customers may have against the Bank, and any past or present director, officer or employee of the Bank, in relation to the sale, purchase, holding or liquidation of the Minibonds.

Based on the information currently available to the Bank, if all Eligible Customers accepted the offer, the estimated total amount involved in the repurchase exercise by the Bank is approximately HK\$88.71 million (excluding any future payments following recovery from collaterals).

In the event of recovery from collaterals underlying the Outstanding Minibonds repurchased by the Bank, the initial 10% (or less, depending on the actual level of recovery) of the principal invested, and any recovery in excess of 70% of the principal invested, will be paid to Eligible Customers below the age of 65 as at 1 July 2009 who accept the offer. For Eligible Customers at or above the age of 65 as at 1 July 2009 who accept the offer, any recovery in excess of 70% of the principal invested will be paid to them as well.

Under the Agreement, the Bank has also committed to make available to the Trustee a maximum amount of approximately HK\$3.85 million (being the total commission income received by the Bank through the distribution of the Outstanding Minibonds) to be used by the Trustee to fund collateral recoveries pursuant to the Expenses Funding Agreement. The Bank has agreed that it will not have any claim to the return of this money to the extent that it is utilized by the Trustee.

The Bank will also make a voluntary offer to pay *ex gratia* payment to customers who would have qualified as an Eligible Customer but have entered into settlement agreements with the Bank on terms which are financially less favourable than the Repurchase Scheme. Based on the information currently available to the Bank, the estimated total amount involved in the “top-up” exercise which will bring these customers in line with the Eligible Customers who accepted the Repurchase Scheme offer is approximately HK\$4,000 (excluding any future payments following recovery from collaterals).

The Agreement constitutes full and final settlement and conclusion of all reviews, investigations, disciplinary or enforcement proceedings (whether administrative, civil or criminal) commenced, conducted or intimated by the SFC relating to the distribution of Minibonds by the Bank (amongst others). On the basis of the information they currently have, the SFC has agreed not to take any disciplinary or enforcement action against the Bank and any past or present director, officer or employee of the Bank, in respect of any conduct relating to the distribution of Minibonds. Moreover, the HKMA does not intend to take any disciplinary or enforcement action in relation to the compliant of any Eligible Customer who accepts the repurchase offer made by the Bank under the Agreement.

The Board believes that it is in the interests of the Bank to have regard to the interests of the public and regulatory roles of the SFC and the HKMA to enter into the Agreement. The Bank is committed to maintaining and upholding high standards of corporate governance practices. The Repurchase Scheme and the *ex gratia* payment demonstrate the Bank’s strong commitment to protect the interests of its customers and shareholders as a whole, and is devoted to strengthening and reinforcing the public’s confidence in the banking and financial systems of Hong Kong.

DEFINITIONS:

In this announcement, the following capitalized terms shall have the following meanings:

“Agreement”	The Agreement between the Bank, the SFC, the HKMA and the Distributing Banks dated 22 July 2009 pursuant to section 201 of the SFO;
“Bank”	Industrial and Commercial Bank of China (Asia) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange;
“Board”	The board of directors of the Bank including independent non-executive directors;
“Code of Conduct”	The Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission issued by the SFC pursuant to section 399 of the SFO;
“Distributing Banks”	ABN AMRO Bank N.V., Bank of China (Hong Kong) Ltd, Bank of Communications Co Ltd, Chiyu Banking Corporation Ltd, Chong Hing Bank Ltd, CITIC Ka Wah Bank Ltd, Dah Sing Bank Ltd, Fubon Bank (Hong Kong) Ltd, Mevas Bank Ltd, Nanyang Commercial Bank, Ltd, Public Bank (Hong Kong) Ltd, Shanghai Commercial Bank Ltd, The Bank of East Asia, Limited, Wing Hang Bank Ltd and Wing Lung Bank Ltd;
“Eligible Customers”	Persons who, through the Bank, purchased Outstanding Minibonds as part of a primary offering and with open positions in such Outstanding Minibonds, except those who (i) have, in the three years preceding their first purchase of Minibonds, executed five or more transactions in Leveraged Products, Structured Products or a combination of these products; (ii) are non-individuals, meaning those who hold an account with the Bank in the name of an entity incorporated or formed in Hong Kong or elsewhere, excluding sole proprietorship and exempt charitable bodies under section 88 of the Inland Revenue Ordinance (Cap 112) and not-for-profit organizations whose assets are not managed by an SFC licensed fund manager; (iii) are

professional investors falling under paragraph (a) to (i) of the definition of “professional investor” in Part 1 of Schedule 1 to the SFO; (iv) are professional investors under section 3 of the Securities and Futures (Professional Investor) Rules (Cap. 571D) and classified by the Bank and agreed by the customers to be treated as such in accordance with paragraphs 15.3 and 15.4 of the Code of Conduct at the time they purchased the Minibonds; or (v) have previously settled their claims in relation to the distribution of Minibonds with the Bank;

“Expenses Funding Agreement”	The agreement to be entered into between the Trustee, the Bank and the Distributing Banks in relation to the recovery of the Minibonds collaterals;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKMA”	Hong Kong Monetary Authority;
“Leveraged Products”	Any unlisted securities which involve any method by which an investor increases his or her exposure to a particular market, risk or asset class, whether through borrowing of cash, through the use of derivatives or by any other means;
“Minibonds”	All retail structured notes issued under the “Secured Continuously Offered Note Programme” of Pacific International Finance Limited, commonly known as Lehman Brothers Minibonds;
“Outstanding Minibonds”	The following series of Minibonds: series 5, series 6, series 7, series 9, series 10, series 11, series 12, series 15, series 16, series 17, series 18, series 19, series 20, series 21, series 22, series 23, series 25, series 26, series 27, series 28, series 29, series 30, series 31, series 32, series 33, series 34, series 35, series 36;
“Repurchase Scheme”	The scheme to repurchase Outstanding Minibonds from Eligible Customers offered by the Bank pursuant to the Agreement;
“SFC”	The Securities and Futures Commission;
“SFO”	The Securities and Futures Ordinance, Cap 571;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Structured Product”	A derivative or other product which is structured in the form of a debenture, other security or deposit and which contains, references, or is based on, a derivative or a derivative strategy. The definition comprises: (i) credit-linked notes, (ii) equity-linked notes and equity-linked deposits and (iii) private placement notes, provided that, however, Structured Products do not include any principal-protected product or listed securities; and
“Trustee”	HSBC Bank USA, National Association.

By Order of the Board
Candace Tsang
Company Secretary

Hong Kong, 24 July 2009

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, Ms. Wang Lili and Mr. Hu Hao 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.