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**ICBC**  **中国工商银行**

**Industrial and Commercial Bank  
of China Limited**

*(a joint stock limited company incorporated in the People's  
Republic of China with limited liability)*

**(Stock Code: 1398)**



**中國工商銀行(亞洲)**

**ICBC (Asia)**

**Industrial and Commercial Bank  
of China (Asia) Limited**

*(incorporated in Hong Kong  
with limited liability)*

**(Stock Code: 349)**

## **JOINT ANNOUNCEMENT**

# **PROPOSAL TO PRIVATISE INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 166 OF THE COMPANIES ORDINANCE**

## **PROPOSED WITHDRAWAL OF LISTING OF INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED**

## **RESUMPTION OF TRADING IN SHARES OF INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED**

**Joint financial advisers to Industrial and Commercial Bank of China Limited**

**ICBC**  **工銀國際**

**ICBC INTERNATIONAL**

**ICBC International Capital Limited**

**Goldman  
Sachs**

**Goldman Sachs (Asia) L.L.C.**

## THE PROPOSAL

The board of directors of the Offeror and the Board jointly announce that on 28 July 2010, the Offeror requested the Board to put forward to the Scheme Shareholders the Proposal for the proposed privatisation of the Company which, if approved, would result in the withdrawal of listing of the Shares on the Hong Kong Stock Exchange. The Offeror owns approximately 72.81% of the issued share capital of the Company as at the date of this announcement. The Board has reviewed the Proposal and has agreed to put it forward to the Scheme Shareholders.

The Proposal will be implemented by way of a scheme of arrangement under Section 166 of the Companies Ordinance. Upon the Scheme of Arrangement becoming effective, the Scheme Shares will be cancelled and the New Shares will be issued as fully paid to the Offeror. The Company will make an application for the listing of the Shares to be withdrawn from the Hong Kong Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect from the date on which the Scheme of Arrangement becomes effective.

Under the Scheme of Arrangement, the Offeror has proposed that the Scheme Shareholders will receive from the Offeror as Cancellation Consideration HK\$29.45 for every Scheme Share cancelled. **The Offeror has advised that the Cancellation Consideration will not be revised in the course of the Scheme of Arrangement and the Offeror does not reserve the right to do so.**

The Cancellation Consideration of HK\$29.45 in cash for every Scheme Share cancelled under the Scheme of Arrangement represents: (i) a premium of approximately 27.77% over the closing price of HK\$23.05 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day; (ii) a premium of approximately 41.18% over the average closing price of approximately HK\$20.86 per Share as quoted on the Hong Kong Stock Exchange for the 30 Trading Days up to and including the Last Trading Day; (iii) a premium of approximately 47.92% over the average closing price of approximately HK\$19.91 per Share as quoted on the Hong Kong Stock Exchange for the 60 Trading Days up to and including the Last Trading Day; (iv) a premium of approximately 48.74% over the average closing price of approximately HK\$19.80 per Share as quoted on the Hong Kong Stock Exchange for the 90 Trading Days up to and including the Last Trading Day; (v) a premium of approximately 21.79% over the historically highest closing price of HK\$24.18 per Share as quoted on the Hong Kong Stock Exchange on 1 September 1997; and (vi) a premium of approximately 114.49% over the audited consolidated net asset value of approximately HK\$13.73 per Share as at 31 December 2009.

The Proposal is conditional upon the fulfilment or waiver, as applicable, of the conditions described in the section headed "Conditions of the Proposal" of this announcement, which include, among others, the approval by the Minority Shareholders at the Court Meeting and the sanction of the Scheme of Arrangement by the High Court. If the conditions are not fulfilled or, if applicable, not waived on or before 1 March 2011 (or such later date as the Offeror and the Company may agree or (to the extent applicable) as the High Court may direct and as may be permitted under the Takeovers Code), the Scheme of Arrangement will lapse. The listing of the Shares on the Hong Kong Stock Exchange will not be withdrawn if the Scheme of Arrangement is withdrawn, not approved or lapses.

The Shares beneficially owned by the Offeror, representing approximately 72.81% of the issued Shares, will not form part of the Scheme Shares and, as such, will not be voted at the Court Meeting. Although the Shares beneficially owned by parties acting in concert with the Offeror in respect of the Company may form part of the Scheme Shares, such Shares will not, in compliance with the Takeovers Code, be voted at the Court Meeting.

## **FINANCIAL RESOURCES**

The total cash payment under the Proposal will be approximately HK\$10,828.67 million which will be funded from the internal resources of the Offeror.

ICBCI and Goldman Sachs, the joint financial advisers to the Offeror, are satisfied that sufficient financial resources are available to the Offeror to implement the Proposal in accordance with its terms.

## **SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this announcement, the authorised share capital of the Company is HK\$5,160,000,000 comprising HK\$4,000,000,000 divided into 2,000,000,000 Shares of par value HK\$2.00 each and HK\$1,160,000,000 divided into 232,000,000 Preference Shares of par value HK\$5.00 each and the issued share capital of the Company is HK\$2,704,123,066 divided into 1,352,061,533 Shares of par value HK\$2.00 each. No Preference Shares are outstanding.

As at the date of this announcement, the Offeror is interested in 984,364,740 Shares, representing approximately 72.81% of the issued Shares. As at the date of this announcement, the Goldman Sachs group (other than those members of the Goldman Sachs group that are conducting exempt principal trader activities and exempt fund manager activities), presumed to be acting in concert with the Offeror, holds 300,000 Shares, representing approximately 0.02% of the issued Shares.

As at the date of this announcement, the Company does not have any outstanding options, warrants, derivatives or securities convertible into Shares in issue.

Assuming that no new Shares will be issued after the date of this announcement up to the Record Time, the Offeror will immediately after the Scheme of Arrangement becomes effective be interested in 1,352,061,533 Shares, representing all of the Shares then in issue.

Mr. Jiang Jianqing, a non-executive Director, Mr. Zhang Yi, an executive Director, and Mr. Yuen Kam Ho, George, an independent non-executive Director are interested in 15,453 Shares, 2,223 Shares and 19,293 Shares, respectively, representing approximately 0.0011%, 0.0002% and 0.0014%, respectively, of the issued Shares as at the date of this announcement. Mr. Jiang Jianqing is the chairman and an executive director of the Offeror and hence is acting in concert with the Offeror and is not entitled to vote at the Court Meeting. Based on the confirmation from Mr. Zhang Yi and Mr. Yuen Kam Ho, George that they are not acting in concert with the Offeror and parties acting in concert with it, they will be entitled to vote at the Court Meeting since their rights under the Scheme of Arrangement will not be any different from those of any other Minority Shareholder. Mr. Zhang Yi has confirmed that he intends to vote in favour of the Proposal.

Save as aforesaid, the Offeror and persons who are parties acting in concert with the Offeror (including Huijin) do not hold any other Shares or any options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company. Huijin has undertaken to the Offeror that it will not deal in any Shares or any options, warrants, derivatives or securities convertible into Shares until the earlier of (i) the listing of the Shares being withdrawn from the Hong Kong Stock Exchange and (ii) 1 March 2011. As at the date of this announcement, the Minority Shareholders are interested in an aggregate of 367,381,340 Shares, representing approximately 27.17% of the issued Shares, and they will be entitled to vote at the Court Meeting.

## **INFORMATION ON ICBC**

ICBC, formerly known as Industrial and Commercial Bank of China, was wholly restructured as a joint-stock limited company on 28 October 2005 and was listed on both the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 27 October 2006. Through its continuous endeavour and stable development, ICBC has developed into the world's top listed bank with the highest market capitalisation, customer deposits and profit. As of 31 December 2009, ICBC provides comprehensive financial products and services to 3.61 million corporate banking customers and 216 million personal banking customers through its distribution network comprising 16,232 domestic institutions, 162 overseas institutions and over 1,504 correspondent banks worldwide, as well as through its E-banking network comprising a range of internet and telephone banking services and self-service banking centres. The controlling shareholders of ICBC are MOF and Huijin, a wholly-State-owned investment company incorporated with the approval of the State Council.

## **INFORMATION ON THE COMPANY**

The Company is a licensed bank incorporated in Hong Kong, the Shares of which are listed on the Hong Kong Stock Exchange. The Company is principally engaged in banking, financial and other financial related services with a focus on retail banking, commercial banking as well as corporate banking business. As at the date of this announcement, the Company has 44 retail branches, 10 "Elite Club" wealth management centres and 4 commercial business centres in Hong Kong, and an overseas branch established in the Cayman Islands. The Company is the listed flagship of the Hong Kong banking business of ICBC.

## **FUTURE PLANS FOR ICBC ASIA**

It is the intention of ICBC to continue the core business of ICBC Asia in banking and financial services after the successful privatisation of the Company. ICBC Asia will also actively expand its client base and business in the Greater China region in the future.

In the event that the proposed privatisation of the Company by ICBC is not successful, the Company will continue to carry on its core businesses in banking and financial services. At the same time, the Company may need to consider increasing its capital through methods which are feasible under its existing shareholding structure (including but not limited to rights issue) and implementing measures such as appropriately controlling the distribution of any dividend to satisfy the Company's future business needs.

## **SCHEME OF ARRANGEMENT**

### **Independent board committee of the Company**

An independent committee of the Board (comprising Professor Wong Yue Chim, Richard, S.B.S., J.P., Mr. Tsui Yiu Wa, Alec and Mr. Yuen Kam Ho, George, being independent non-executive Directors) has been formed to advise the Minority Shareholders in connection with the Proposal. As for the non-executive Directors: (1) Mr. Jiang Jianqing is the chairman and an executive director of the Offeror, (2) Ms. Wang Lili is an executive director of the Offeror and (3) Mr. Hu Hao is an employee of the Offeror. They have not been included in the independent committee of the Board so as to avoid a conflict of interest.

An independent financial adviser will be appointed (with the approval of the independent committee of the Board) to advise the independent committee of the Board in connection with the Proposal and the Scheme of Arrangement.

### **Scheme document**

A scheme document including further details of the Proposal, the Scheme of Arrangement, an explanatory statement, the expected timetable relating to the Proposal, the recommendations of the independent committee of the Board, the letter of advice from the independent financial adviser, notices of the Court Meeting and the EGM as well as other particulars required by the Takeovers Code will be despatched to the Shareholders within 21 days from the date of this announcement or such later date as may be permitted under the Takeovers Code. A further announcement will be made regarding the expected timetable for the Proposal.

## **IMPLICATIONS UNDER THE LISTING RULES**

With respect to ICBC, all the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Proposal are below 5%. Accordingly, under the Listing Rules, the Proposal does not constitute a notifiable transaction for ICBC.

## **SUSPENSION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares on the Hong Kong Stock Exchange was suspended from 9:30 a.m. on 27 July 2010 pending the release of this announcement. Application has been made to the Hong Kong Stock Exchange for a resumption of trading in the Shares with effect from 9:30 a.m. on 11 August 2010.

**The Shareholders and/or potential investors should be aware that the implementation of the Proposal is subject to the conditions set out below being fulfilled or waived, as applicable, and thus the Proposal may or may not become effective. Accordingly, they are advised to exercise caution when dealing in the Shares.**

## INTRODUCTION

On 28 July 2010, the Offeror requested the Board to put forward to the Scheme Shareholders the Proposal which, if implemented, will result in the Company becoming wholly-owned by ICBC. The Offeror owns approximately 72.81% of the issued Shares. The Proposal will be implemented by way of a scheme of arrangement under Section 166 of the Companies Ordinance. Upon the Scheme of Arrangement becoming effective, the Scheme Shares will be cancelled and the New Shares will be issued as fully paid to the Offeror.

The Board resolved to put forward the Proposal to the Scheme Shareholders for consideration. The Company will make an application for the listing of the Shares to be withdrawn from the Hong Kong Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect from the date on which the Scheme of Arrangement becomes effective.

### The Proposal

Under the Proposal, if the Scheme of Arrangement becomes effective, the Scheme Shareholders will receive from the Offeror as Cancellation Consideration HK\$29.45 in cash for every Scheme Share cancelled. **The Offeror has advised that the Cancellation Consideration will not be revised in the course of the Scheme of Arrangement and the Offeror does not reserve the right to do so.**

## SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the authorised share capital of the Company is HK\$5,160,000,000 comprising of HK\$4,000,000,000 divided into 2,000,000,000 Shares of par value HK\$2.00 each and HK\$1,160,000,000 divided into 232,000,000 Preference Shares of HK\$5.00 each, and the issued share capital of the Company is HK\$2,704,123,066 divided into 1,352,061,533 Shares. No Preference Shares are outstanding.

The table below sets out the shareholding structure of the Company as at the date of this announcement and immediately upon the Scheme of Arrangement becoming effective and assuming no other new Shares will be issued prior thereto:

Shareholders	As at the date of this announcement		Upon the Scheme of Arrangement becoming effective	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
The Offeror	984,364,740	72.81	1,352,061,533	100
Other concert parties	315,453	0.02	0	0
The Offeror and parties acting in concert with it	984,680,193	72.83	1,352,061,533	100
Minority Shareholders	367,381,340	27.17	0	0
Total issued share capital	<u>1,352,061,533</u>	<u>100</u>	<u>1,352,061,533</u>	<u>100</u>

As at the date of this announcement, the Offeror is interested in 984,364,740 Shares, representing approximately 72.81 % of the issued Shares. The Shares beneficially owned by the Offeror will not form part of the Scheme Shares and, as such, will not be voted at the Court Meeting. However, the Offeror has indicated that, if the Scheme of Arrangement is approved at the Court Meeting, the Offeror will vote in favour of the special resolution to be proposed at the EGM to approve and give effect to the Scheme of Arrangement, including the approval of the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and of the issue to the Offeror of such number of New Shares as is equal to the number of the Scheme Shares cancelled. As at the date of this announcement, the Goldman Sachs group (other than those members of the Goldman Sachs group that are conducting exempt principal trader activities and exempt fund manager activities), presumed to be acting in concert with the Offeror, holds 300,000 Shares, representing approximately 0.02% of the issued Shares. Although the Shares beneficially owned by parties acting in concert with the Offeror may form part of the Scheme Shares, such Shares will not, in compliance with the Takeovers Code, be voted at the Court Meeting.

Mr. Jiang Jianqing, a non-executive Director, Mr. Zhang Yi, an executive Director, and Mr. Yuen Kam Ho, George, an independent non-executive Director are interested in 15,453 Shares, 2,223 Shares and 19,293 Shares, respectively, representing approximately 0.0011%, 0.0002% and 0.0014%, respectively, of the issued Shares as at the date of this announcement. Mr. Jiang Jianqing is the chairman and an executive director of the Offeror and hence is acting in concert with the Offeror and is not entitled to vote at the Court Meeting. Based on the confirmation from Mr. Zhang Yi and Mr. Yuen Kam Ho, George that they are not acting in concert with the Offeror and parties acting in concert with it, they will be entitled to vote at the Court Meeting since their rights under the Scheme of Arrangement will not be any different from those of any other Minority Shareholder. Mr. Zhang Yi has confirmed that he intends to vote in favour of the Proposal.

As at the date of this announcement, the Company does not have any outstanding options, warrants, derivatives or securities convertible into Shares in issue.

Save as aforesaid, the Offeror and persons who are parties acting in concert with it (including Huijin) do not hold any other Shares or any options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company. Huijin has undertaken to the Offeror that it will not deal in any Shares or any options, warrants, derivatives or securities convertible into Shares until the earlier of (i) the listing of the Shares being withdrawn from the Hong Kong Stock Exchange and (ii) 1 March 2011. As at the date of this announcement, the Minority Shareholders are interested in an aggregate of 367,381,340 Shares, representing approximately 27.17% of the issued Shares, and they will be entitled to vote at the Court Meeting.

As of the date of this announcement, none of the Offeror or parties acting in concert with it has received any irrevocable voting commitment from the Minority Shareholders in respect of the Court Meeting.

As of the date of this announcement, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to Shares or shares of the Offeror which might be material to the Proposal or the Scheme of Arrangement.

As of the date of this announcement, the Offeror and any person acting in concert with it have not borrowed or lent any relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) except the Goldman Sachs group (other than those members of the Goldman Sachs group that are conducting exempt principal trader activities and exempt fund manager activities) has borrowed 258,000 Shares to cover its short position, representing approximately 0.02% of the issued Shares.

## **CONDITIONS OF THE PROPOSAL**

The Proposal will become effective and binding on the Company, the Offeror and all the Scheme Shareholders subject to the fulfilment or waiver, as applicable, of the following conditions:

- (a) the approval of the Scheme of Arrangement (by way of poll) by a majority in number of the Scheme Shareholders, representing not less than three-fourths in nominal value of the Scheme Shares, present and voting either in person or by proxy at the Court Meeting, provided that:
  - (i) the Scheme of Arrangement is approved (by way of poll) by at least 75% of the votes attaching to the Scheme Shares held by the Minority Shareholders that are cast either in person or by proxy at the Court Meeting; and
  - (ii) the number of votes cast (by way of poll) against the resolution to approve the Scheme of Arrangement at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by the Minority Shareholders;
- (b) the passing of a special resolution by a majority of not less than 75% of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve and give effect to the Scheme of Arrangement, including the approval of the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and of the issue to the Offeror of such number of New Shares as is equal to the number of the Scheme Shares cancelled;
- (c) the sanction of the Scheme of Arrangement (with or without modifications) and the confirmation of the reduction of the issued share capital of the Company involved in the Scheme of Arrangement by the High Court and the delivery to the Registrar of Companies of a copy of the order of the High Court for registration;
- (d) the compliance with the procedural requirements of Section 61 and Section 166 of the Companies Ordinance in relation to the reduction of the issued share capital of the Company and the Scheme of Arrangement, respectively;
- (e) all necessary authorisations, consents and approvals (including approval in-principle) of any governmental or regulatory body (including approval from the China Banking Regulatory Commission) in relation to the Proposal (including its implementation) having been obtained and remaining in full force and effect pursuant to the provisions of any laws or regulations in Hong Kong, the PRC and other relevant jurisdictions;



- (f) all necessary third party consents in relation to the Proposal required pursuant to any agreement to which any member of the ICBC Asia Group is a party (where any failure to obtain a consent would have a material adverse effect on the business of the ICBC Asia Group taken as a whole) having been obtained or waived by the relevant party(ies);
- (g) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Proposal void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to, the Proposal (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Offeror to proceed with or consummate the Proposal);
- (h) all Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any of the Relevant Authorities which is not expressly provided for, or is in addition to the requirements expressly provided for, in the relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each case up to and at the time when the Scheme of Arrangement becomes effective;
- (i) no event having occurred which would make the Proposal or the cancellation of the Scheme Shares void, unenforceable or illegal or which would prohibit the implementation of the Proposals or impose any additional material conditions or obligations with respect to the Proposal or any part thereof or on the cancellation of the Scheme Shares; and
- (j) since the date of this announcement, there having been no material adverse change in the business, financial or trading position of the ICBC Asia Group, taken as a whole.

ICBC reserves the right to waive all or any of the conditions (except for the conditions referred to in paragraphs (a) to (e), (g) and (i) above) in whole or in part. ICBC Asia does not have the right to waive any of the conditions. All of the above conditions will have to be fulfilled or waived, as applicable, on or before 1 March 2011 (or such later date as the Offeror and the Company may agree or (to the extent applicable) as the High Court may direct and as may be permitted under the Takeovers Code), otherwise the Scheme of Arrangement will lapse. If the Scheme of Arrangement is withdrawn, not approved or lapses, the listing of the Shares on the Hong Kong Stock Exchange will not be withdrawn.

As of the date of this announcement, there are no agreements or arrangements to which ICBC is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal.

In accordance with Rule 31.1 of the Takeovers Code, except with the consent of the Executive, neither the Offeror nor any person who is acting in concert with it in relation to the Proposal, may within 12 months from which the Proposal is withdrawn or lapses, either announce an offer or possible offer for the Company or acquire any voting rights of the Company if the Offeror or persons acting in concert with it would thereby become obliged under Rule 26 of the Takeovers Code to make an offer.

## **COMPARISON OF VALUE**

The Cancellation Consideration of HK\$29.45 in cash for every Scheme Share cancelled under the Scheme of Arrangement represents:

- (i) a premium of approximately 27.77% over the closing price of HK\$23.05 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 41.18% over the average closing price of approximately HK\$20.86 per Share as quoted on the Hong Kong Stock Exchange for the 30 Trading Days up to and including the Last Trading Day; and
- (iii) a premium of approximately 47.92% over the average closing price of approximately HK\$19.91 per Share as quoted on the Hong Kong Stock Exchange for 60 Trading Days up to and including the Last Trading Day;
- (iv) a premium of approximately 48.74% over the average closing price of approximately HK\$19.80 per Share as quoted on the Hong Kong Stock Exchange for the 90 Trading Days up to and including the Last Trading Day;
- (v) a premium of approximately 21.79% over the historically highest closing price of HK\$24.18 per Share as quoted on the Hong Kong Stock Exchange on 1 September 1997; and
- (vi) a premium of approximately 114.49% over the audited consolidated net asset value of approximately HK\$13.73 per Share as at 31 December 2009.

## **TOTAL CONSIDERATION AND CONFIRMATION OF FINANCIAL RESOURCES**

The total cash payment under the Proposal will be approximately HK\$10,828.67 million which will be funded from the internal resources of the Offeror.

ICBCI and Goldman Sachs, the joint financial advisers to the Offeror, are satisfied that sufficient financial resources are available to the Offeror to implement the Proposal in accordance with its terms.

## **REASONS FOR AND BENEFITS OF THE PROPOSAL**

The Proposal will facilitate business integration between ICBC Asia and ICBC and will provide ICBC with greater flexibility to support the future business development of ICBC Asia. The Offeror currently holds approximately 72.81% of the total issued Shares and the Listing Rules require a minimum public float of 25%. As the business scale of ICBC Asia is expected to continue to develop in the next few years, its capital requirements may need to increase correspondingly and the listing status of ICBC Asia will limit the flexibility of ICBC in providing additional capital to ICBC Asia.

In addition, the listing of the Shares requires ICBC Asia to bear listing-related costs and expenses. If the privatisation of ICBC Asia is successful, these costs and expenses can be saved.

During the six-month period preceding the Last Trading Day, the highest closing price of the Shares as quoted on the Hong Kong Stock Exchange was HK\$23.05 per Share on the Last Trading Day, and the lowest closing price of the Shares as quoted on the Hong Kong Stock Exchange was HK\$15.20 per Share on 27 January 2010. In addition, the historically highest closing price of the Shares as quoted on the Hong Kong Stock Exchange was HK\$24.18 per Share on 1 September 1997. ICBC believes that the Cancellation Consideration represents a premium to the prices at which the market had valued ICBC Asia and has reflected the potential value of the development of the business of ICBC Asia in the next few years under its current state and provides an opportunity for the Scheme Shareholders to immediately realise their investments. However, if the Proposal does not proceed, the ongoing compliance of the relevant legal requirements to maintain the listing status of ICBC Asia, including continuing connected transaction and minimum public float requirements, could restrict the future business development of ICBC Asia and thereby adversely affect Shareholders in realising the value of their investment. At the same time, ICBC Asia may need to consider increasing its capital through methods which are feasible under its existing shareholding structure (including but not limited to rights issue) and implementing measures such as appropriately controlling the distribution of any dividend to satisfy the Company's future business needs. Further information about the future intention for ICBC Asia is set out in the section below headed "Future Plans for ICBC Asia".

## **INFORMATION ON ICBC**

ICBC, formerly known as Industrial and Commercial Bank of China, was wholly restructured as a joint-stock limited company on 28 October 2005 and was listed on both the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 27 October 2006. Through its continuous endeavour and stable development, ICBC has developed into the world's top listed bank with the highest market capitalisation, customer deposits and profit. As of 31 December 2009, ICBC provides comprehensive financial products and services to 3.61 million corporate banking customers and 216 million personal banking customers through its distribution network comprising 16,232 domestic institutions, 162 overseas institutions and over 1,504 correspondent banks worldwide, as well as through its E-banking network comprising a range of internet and telephone banking services and self-service banking centres. The controlling shareholders of ICBC are the MOF and Huijin, a wholly-State-owned investment company incorporated with the approval of the State Council.

## **INFORMATION ON THE COMPANY**

The Company is a licensed bank incorporated in Hong Kong, the Shares of which are listed on the Hong Kong Stock Exchange. The Company is principally engaged in banking, financial and other financial related services with a focus on retail banking, commercial banking as well as corporate banking business. As at the date of this announcement, the Company has 44 retail branches, 10 "Elite Club" wealth management centres and 4 commercial business centres in Hong Kong, and an overseas branch established in the Cayman Islands. The Company is the listed flagship of the Hong Kong banking business of ICBC.

A summary of the audited consolidated results of the Company for each of the two financial years ended 31 December 2008 and 2009, as extracted from the annual report of the Company published on 22 April 2010, is set out below:

	<b>For the year</b>		<b>Increase/ Decrease</b>
	<b>ended 31 December</b>	<b>2009</b>	<b>compared to</b>
	<b>2008</b>	<b>2009</b>	<b>previous year</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
Operating income	3,752,311	4,190,181	11.67
Profit before taxation	1,063,837	3,070,201	188.60
Profit attributable to Shareholders	969,023	2,526,142	160.69
Dividends*	596,305	1,115,241	87.03
Basic earnings per Share ( <i>HK cents</i> )	77	195	153.25

\*Note: Includes interim dividend paid during the year and underprovision of final dividend in respect of the previous year.

Based on the annual report of the Company published on 22 April 2010, the audited consolidated net assets attributable to the Shareholders were approximately HK\$13,937,778,000 as at 31 December 2008 and approximately HK\$18,104,597,000 as at 31 December 2009.

## **FUTURE PLANS FOR ICBC ASIA**

It is the intention of ICBC to continue the core business of ICBC Asia in banking and financial services after the successful privatisation of the Company. ICBC Asia will also actively expand its client base and business in the Greater China region in the future. ICBC does not have any plans to make any material adjustments with respect to the assets and existing employees of ICBC Asia.

In the event that the proposed privatisation of the Company by ICBC is not successful, the Company will continue its core business in banking and financial services. At the same time, the Company may need to consider increasing its capital through methods which are feasible under its existing shareholding structure (including but not limited to rights issue) and implementing measures such as appropriately controlling the distribution of any dividend to satisfy the Company's future business needs.

## **WITHDRAWAL OF LISTING OF THE SHARES**

Upon the Scheme of Arrangement becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Hong Kong Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect from the date on which the Scheme of Arrangement becomes effective. Subject to the requirements of the Takeovers Code, the Scheme of Arrangement will lapse if any of the conditions described in the section headed "Conditions of the Proposal" has not been fulfilled or waived, as applicable, on or before 1 March 2011 (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Court may direct and as may be permitted under the

Takeovers Code). The Scheme Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the Shares and on which the Scheme of Arrangement and the withdrawal of the listing of the Shares on the Hong Kong Stock Exchange will become effective. A detailed timetable of the Scheme of Arrangement will be included in the scheme document referred to in the section headed “Scheme document” below. The scheme document will also contain, among other things, further details of the Proposal and the Scheme of Arrangement.

If the Scheme of Arrangement is withdrawn or not approved or lapses, the listing of the Shares on the Hong Kong Stock Exchange will not be withdrawn.

## **OVERSEAS SHAREHOLDERS**

Offers made under the Proposal to those Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions where such Scheme Shareholders are located. Such Scheme Shareholders should inform themselves about and observe any applicable legal and regulatory requirements of their own jurisdictions. It is the responsibility of any overseas Scheme Shareholders wishing to accept the offers under the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

In the event that the receipt of the scheme document by overseas Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Offeror regard as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror or the shareholders of the Offeror), the Scheme Document will not be despatched to such overseas Scheme Shareholders. For that purpose, the Offeror will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the scheme document is made available to such Scheme Shareholders.

If any such waiver is granted by the Executive, the Offeror reserves the right to make arrangements in respect of Scheme Shareholders who are not resident in Hong Kong in relation to the terms of the Proposal. Such arrangements may include notifying any matter in connection with the Proposal to the Scheme Shareholders having a registered overseas address by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction within which such persons are resident. The notice will be deemed to have been sufficiently given, despite any failure by such Scheme Shareholders to receive or see that notice.

Scheme Shareholders are recommended to consult their own professional advisors if they are in any doubt as to the taxation implications of accepting the Proposal. It is emphasised that none of the Company, the Offeror, ICBCI or Goldman Sachs or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

# **SCHEME OF ARRANGEMENT**

## **Independent committee of the Board**

An independent committee of the Board (comprising Professor Wong Yue Chim, Richard, S.B.S., J.P., Mr. Tsui Yiu Wa, Alec and Mr. Yuen Kam Ho, George, being independent non-executive Directors), has been formed to advise the Minority Shareholders in connection with the Proposal. As for the non-executive Directors, (1) Mr. Jiang Jianqing is the chairman and an executive director of the Offeror, (2) Ms. Wang Lili is an executive director of the Offeror and (3) Mr. Hu Hao is an employee of the Offeror. They have not been included in the independent committee of the Board so as to avoid a conflict of interest.

An independent financial adviser will be appointed (with the approval of the independent committee of the Board) to advise the independent committee of the Board in connection with the Proposal and the Scheme of Arrangement. A separate announcement will be made as soon as possible after the independent financial adviser has been appointed.

## **Scheme document**

A scheme document including, among other things, further details of the Proposal and the Scheme of Arrangement, an explanatory statement, the expected timetable relating to the Proposal, the recommendations of the independent committee of the Board, the letter of advice from the independent financial adviser, notices of the Court Meeting and the EGM as well as other particulars required by the Takeovers Code will be despatched to the Shareholders within 21 days from the date of this announcement or such later date as may be permitted under the Takeovers Code. A further announcement will be made regarding the expected timetable for the Proposal.

## **IMPLICATIONS UNDER THE LISTING RULES**

With respect to ICBC, all the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Proposal are below 5%. Accordingly, under the Listing Rules, the Proposal does not constitute a notifiable transaction for ICBC.

## **SUSPENSION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares on the Hong Kong Stock Exchange was suspended from 9:30 a.m. on 27 July 2010 pending the release of this announcement. Application has been made to the Hong Kong Stock Exchange for a resumption of trading in the Shares with effect from 9:30 a.m. on 11 August 2010.

## **GENERAL**

Associates of the Company and the Offeror are reminded to disclose their dealings in any securities in the Company.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.*

*Intermediaries are expected to co-operate with the Executive under the Takeovers Code in its dealings enquiries. Therefore, those who deal in the securities of the Company should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.*

## **WARNING**

**Shareholders and/or potential investors should be aware that the implementation of the Proposal are subject to the conditions set out above being fulfilled or waived, as applicable, and thus the Proposal may or may not become effective. Accordingly, they are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

<b>“acting in concert”</b>	has the meaning given to it in the Takeovers Code, and “parties acting in concert” and “concert parties” shall be construed accordingly
<b>“Associate(s)”</b>	has the meaning given to it in the Takeovers Code
<b>“Authorisations”</b>	all necessary authorisations, registrations, filings, rulings, consents, permissions, waivers, exemptions and approvals required from the Relevant Authorities or other third parties which are necessary for the Company to carry on its business
<b>“Board”</b>	the board of the directors of the Company
<b>“Cancellation Consideration”</b>	the consideration of HK\$29.45 in cash for every Scheme Share cancelled

<b>“Companies Ordinance”</b>	Companies Ordinance, Chapter 32 of the Laws of Hong Kong
<b>“Company” or “ICBC Asia”</b>	Industrial and Commercial Bank of China (Asia) Limited, a company incorporated in Hong Kong with limited liability whose Shares are listed on the Hong Kong Stock Exchange (stock code: 349)
<b>“Court Meeting”</b>	a meeting of the Minority Shareholders to be convened at the direction of the High Court for the purpose of approving the Scheme of Arrangement
<b>“Director(s)”</b>	director(s) of the Company
<b>“Effective Date”</b>	the date on which the Scheme of Arrangement becomes effective
<b>“EGM”</b>	an extraordinary general meeting of the Company to be held immediately following the Court Meeting for the purpose of approving the reduction of the share capital of the Company and implementing the Scheme of Arrangement
<b>“Executive”</b>	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
<b>“Goldman Sachs”</b>	Goldman Sachs (Asia) L.L.C., the joint financial adviser to the Offeror. Goldman Sachs is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
<b>“High Court”</b>	High Court of Hong Kong
<b>“HK\$”</b>	Hong Kong dollar(s), the lawful currency of Hong Kong
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the PRC
<b>“Hong Kong Stock Exchange”</b>	the Main Board of The Stock Exchange of Hong Kong Limited
<b>“Huijin”</b>	Central Huijin Investment Ltd.
<b>“ICBC Asia Group”</b>	the Company and its subsidiaries
<b>“ICBCI”</b>	ICBC International Capital Limited, the joint financial adviser to the Offeror. ICBCI is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities



<b>“Last Trading Day”</b>	26 July 2010, being the last full trading day in the Shares immediately before the suspension of trading in the Shares pending publication of this announcement
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“Minority Shareholders”</b>	Shareholders other than the Offeror or parties acting in concert with it
<b>“MOF”</b>	Ministry of Finance of the PRC
<b>“New Shares”</b>	new Shares to be issued to the Offeror pursuant to the Scheme of Arrangement, and being the same in number as the number of the Scheme Shares
<b>“Offeror” or “ICBC”</b>	Industrial and Commercial Bank of China Limited, a joint stock limited company incorporated in the PRC and the H shares and A shares of which are listed on the Hong Kong Stock Exchange (stock code: 1398) and the Shanghai Stock Exchange (stock code: 601398), respectively
<b>“PRC”</b>	People’s Republic of China
<b>“Preference Shares”</b>	preference shares of HK\$5.00 each in the capital of the Company
<b>“Proposal”</b>	the proposed privatisation of the Company by the Offeror by way of the Scheme of Arrangement
<b>“Record Time”</b>	4:00 p.m. Hong Kong time on the trading day immediately preceding the day when the Scheme of Arrangement becomes effective, being the record time for determining entitlements of the Scheme Shareholders under the Scheme of Arrangement
<b>“Registrar of Companies”</b>	the Registrar of Companies appointed under the Companies Ordinance
<b>“Relevant Authorities”</b>	applicable governments or governmental bodies, regulatory bodies, courts or institutions including but not limited to the SFC, the Hong Kong Stock Exchange, the Hong Kong Monetary Authority and the Hong Kong Insurance Authority
<b>“Scheme of Arrangement”</b>	the scheme of arrangement under Section 166 of the Companies Ordinance for the implementation of the Proposal
<b>“Scheme Shareholders”</b>	registered holders of the Scheme Shares

“Scheme Shares”	Shares in issue at the Record Time, including any Shares which may be issued by the Company following the date of this announcement, other than those beneficially owned by the Offeror
“SFC”	Securities and Futures Commission
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholders”	registered holders of the Shares
“Shares”	ordinary shares of HK\$2.00 each in the capital of the Company
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers (as revised from time to time)

By Order of the Board  
**INDUSTRIAL AND COMMERCIAL BANK  
OF CHINA LIMITED**  
**Jiang Jianqing**  
*Chairman*

By Order of the Board  
**INDUSTRIAL AND COMMERCIAL BANK  
OF CHINA (ASIA) LIMITED**  
**Chen Aiping**  
*Managing Director and Chief Executive Officer*

Hong Kong, 10 August 2010

*The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than those relating to the Company, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement, other than those expressed by the Company, have been arrived at after due and careful consideration and there are no facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to the Company, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement, other than those expressed by the Offeror, have been arrived at after due and careful consideration and there are no facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the board of directors of the Offeror comprises Mr. Jiang Jianqing, Mr. Yang Kaisheng and Ms. Wang Lili as executive directors, Mr. Huan Huiwu, Mr. Gao Jianhong, Ms. Li Chunxiang, Mr. Li Jun, Mr. Li Xiwen and Mr. Wei Fusheng as non-executive directors, Mr. Leung Kam Chung, Antony, Mr. Qian Yingyi, Mr. Xu Shanda, Mr. Wong Kwong Shing, Frank, Sir Malcolm Christopher McCarthy and Mr. Kenneth Patrick Chung as independent non-executive directors.*

*As at the date of this announcement, the Board comprises Mr. Chen Aiping, Mr. Wong Yuen Fai and Mr. Zhang Yi as executive directors, Mr. 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.*