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INTERNATIONAL BANK OF ASIA LIMITED

港基國際銀行有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 00636)

CONTINUING CONNECTED TRANSACTIONS BUSINESS CO-OPERATION AGREEMENTS BETWEEN THE COMPANY, IBA CREDIT, TAIPEI FUBON, FUBON LIFE AND FUBON SECURITIES

The directors of the Company announce that, on 23 February 2005, the Business Co-operation Agreements were each entered into, each for a fixed term of three years expiring on 22 February 2008, pursuant to which members of the Fubon Group have agreed in certain circumstances to introduce prospective customers from Taiwan to the Company and IBA Credit for certain services. If a transaction is concluded between the customer and the Company or IBA Credit following such an introduction, the Company or IBA Credit, as the case may be, will pay a fee in cash to the relevant member of the Fubon Group, being an agreed percentage of the fee paid to the Company or IBA Credit, as the case may be, by such customer. In the case of the IBA/Taipei Fubon Business Co-operation Agreement, the Company has agreed to introduce prospective customers from Hong Kong to Taipei Fubon in exchange for the agreed percentage of fees payable by that customer to Taipei Fubon. Further details of the Business Co-operation Agreements are set out in Sections 1 to 4 below.

Fubon Life, Fubon Securities and Taipei Fubon are each wholly-owned subsidiaries of Fubon. Fubon, holding approximately 75% of the issued shares of the Company, is a substantial shareholder of the Company. Therefore, Fubon Life, Fubon Securities and Taipei Fubon are each a connected person of the Company under the Listing Rules and, accordingly, the entering into and performance of the IBA/Fubon Life Business Co-operation Agreement, the IBA/Fubon Securities Business Co-operation Agreement and the IBA/Taipei Fubon Business Co-operation Agreement each constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.10 of the Listing Rules, transactions between a subsidiary of a listed issuer and a connected person of such listed issuer are connected transactions for the purposes of the Listing Rules. IBA Credit is a wholly-owned subsidiary of the Company. Taipei Fubon is an associate of Fubon and Fubon is a substantial shareholder of the Company. Therefore, the entering into and performance of the IBA Credit/Taipei Fubon Business Co-operation Agreement also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

1. PARTICULARS OF THE BUSINESS CO-OPERATION AGREEMENTS

On 23 February 2005 the Company entered into three of the Business Co-operation Agreements and IBA Credit entered into the IBA Credit/Taipei Fubon Business Co-operation Agreement, each with a member of the Fubon Group. Each Business Co-operation Agreement is for a fixed term of three years expiring on 22 February 2008.

As set out in more detail below, the Business Co-operation Agreements provide for the Company and IBA Credit to pay fees to members of the Fubon Group and, in the case of the IBA/Taipei Fubon Business Co-operation Agreement, for Taipei Fubon to pay fees to the Company, in each case primarily based on a share of the fees or profits derived from transactions entered into by the Company, IBA Credit or Taipei Fubon, as the case may be, with a customer referred by a member of the Fubon Group or the Company, as relevant, thereunder. The percentage of fees or profits to be shared has been determined by arm's length negotiations between the parties with a view to achieving a fair and reasonable distribution of the fees or profits derived from transactions under the Business Co-operation Agreements taking into account the nature and circumstances of each party.

The aggregate of the fees payable by (a) the Company and IBA Credit to the Fubon Group and (b) Taipei Fubon to the Company, under the Business Co-operation Agreements are subject to the Annual Cap described in more detail in Section 4 below.

1.1 IBA/Taipei Fubon Business Co-operation Agreement

Under the IBA/Taipei Fubon Business Co-operation Agreement, Taipei Fubon

Details of the Business Co-operation Agreements will be included in the annual report and accounts of the Company in accordance with Rule 14A.46 of the Listing Rules and the Company will also comply with Rules 14A.37 to 14A.40 of the Listing Rules.

4. AGGREGATE ANNUAL FEE CAP

The fees payable by (a) the Company and IBA Credit to members of the Fubon Group and (b) Taipei Fubon to the Company, under the Business Co-operation Agreements will vary depending on the number and nature of the Services provided by the relevant parties. However, each Business Co-operation Agreement contains a clause whereby the parties agree that the maximum aggregate annual fees (the "Annual Cap") payable by (a) the Company and IBA Credit to members of the Fubon Group and (b) Taipei Fubon to the Company, under the Business Co-operation Agreements (taken together) will not exceed an annual aggregate amount of HK\$10,000,000.

If the Annual Cap of HK\$10,000,000 were to be exceeded, the thresholds set out in Rules 14A.34(2) of the Listing Rules would be breached (as set out in Section 3 above). Therefore, the parties to the Business Co-operation Agreements have agreed that the Annual Cap will not be exceeded without the approval of the independent shareholders of the Company first being sought. Any shareholder of the Company with a material interest in the Business Co-operation Agreements (and its associates) will be required to abstain from voting on any resolution to approve the Business Co-operation Agreements.

the nature and circumstances of each party.

The aggregate of the fees payable by (a) the Company and IBA Credit to the Fubon Group and (b) Taipei Fubon to the Company, under the Business Co-operation Agreements are subject to the Annual Cap described in more detail in Section 4 below.

1.1 IBA/Taipei Fubon Business Co-operation Agreement

Under the IBA/Taipei Fubon Business Co-operation Agreement, Taipei Fubon agrees to introduce prospective Taiwanese customers (individuals and corporates) to the Company for the purpose of the Company promoting and selling financial, wealth management, treasury/investment products (“Investment Products”), corporate loans and trade loan facilities (“Corporate Loans”) to such customers. Further, the Company agrees to introduce prospective Hong Kong customers to Taipei Fubon for the purpose of Taipei Fubon promoting and selling Investment Products and Corporate Loans to such customers.

If a sale of an Investment Product is concluded by the Company with a customer introduced by Taipei Fubon thereunder, a fee will be payable by the Company to Taipei Fubon being a share of the fee income (or any other income of whatsoever nature) received from the customer. If the customer was introduced to the Company by Taipei Fubon’s Wealth Management Group, Taipei Fubon will receive 70% of such fees. If the customer was introduced to the Company by any other department of Taipei Fubon, Taipei Fubon will receive 50% of such fees. In the case of customers referred by the Company to Taipei Fubon, a fee will be payable by Taipei Fubon to the Company. Such fees are payable in the same circumstances and at the same rates as those in relation to customers referred by Taipei Fubon to the Company, as set out above.

If a Corporate Loan is extended to a customer introduced hereunder, a fee will be payable to the referring party being a share of the profits from such Corporate Loan. Taipei Fubon/the Company will receive a US\$5 rebate for each Letter of Credit payable by the Letter of Credit advising bank (being either Taipei Fubon or the Company, as the case may be). All front-end arrangement fees and/or handling fees for loan transactions will be shared on a 50/50 basis for all types of facilities or transactions regardless of facility amount. In addition, 25% of net interest income payable for the first year of a term loan and 25% of net interest income (on an assumed 30% utilisation) for a revolving loan facility will be payable to the referring party. The sums due from sharing of arrangement fees, handling fees and interest will be payable quarterly on a gross basis (i.e. there will be no set-off between amounts owed by the Company to Taipei Fubon and amounts owed by Taipei Fubon to the Company).

1.2 IBA/Fubon Life Business Co-operation Agreement

Under the IBA/Fubon Life Business Co-operation Agreement, Fubon Life agrees to introduce prospective Taiwanese customers to the Company for the purpose of the Company promoting and selling financial and investment products (the “Products”) to such customers.

If a sale of a Product is concluded by the Company with a customer introduced thereunder, a fee will be payable by the Company to Fubon Life being a 50% share of the fee income which the Company receives from the customer.

1.3 IBA/Fubon Securities Business Co-operation Agreement

Under the IBA/Fubon Securities Business Co-operation Agreement, Fubon Securities agrees to introduce prospective Taiwanese customers to the Company for the purpose of the Company promoting and selling financial and investment products (the “Products”) to such customers.

If a sale of a Product is concluded by the Company with a customer introduced thereunder, a fee will be payable by the Company to Fubon Securities being a 50% share of the fee income which the Company receives from the customer.

1.4 IBA Credit/Taipei Fubon Business Co-operation Agreement

Under the IBA Credit/Taipei Fubon Business Co-operation Agreement, Taipei Fubon agrees to introduce prospective Taiwanese corporate customers to IBA Credit for the purpose of IBA Credit providing loans including but not limited to machinery loans (the “Loans”) to such customers, being “Hire-purchase Loans” or “Loans by Pledge of Machinery and Equipment”. Further Taipei Fubon will provide support services in Taiwan in relation to loans by IBA Credit to such customers including advisory, agreement and document crosschecks, creation of collateral and registration of collateral.

If a Loan is extended by IBA Credit to a customer introduced thereunder, a fee will be payable by IBA Credit to Taipei Fubon. IBA Credit will pay a sum equivalent to 1% of the contractual loan amount to Taipei Fubon after execution of the agreements for a Loan. The fees for support services payable by IBA Credit are as follows:

Advisory	HK\$500 per case
Document crosschecks	HK\$1,000 per case
Services relating to creation of collateral	HK\$500 per case
Supporting services for registration of collateral	HK\$500 per case

Each application for loan, financing or credit facility submitted by a customer is regarded as one case.

Rules 14A.34(2) of the Listing Rules would be breached (as set out in Section 3 above). Therefore, the parties to the Business Co-operation Agreements have agreed that the Annual Cap will not be exceeded without the approval of the independent shareholders of the Company first being sought. Any shareholder of the Company with a material interest in the Business Co-operation Agreements (and its associates) will be required to abstain from voting on any resolution to approve the Business Co-operation Agreements.

Further, as provided in the Listing Rules, should the Annual Cap be exceeded the Company will comply with the requirements under Rule 14A.36 of the Listing Rules.

The Annual Cap has been determined by reference to the projected annual level of Services to be entered into under the Business Co-operation Agreements in the next three financial years. As the parties have not entered into similar arrangements previously, no reliable historical data exists on which to base such projections.

Therefore, the projected amounts were determined on the basis of a reasonable estimate by the parties of the level of Services to be provided by (a) the Fubon Group to the Company and IBA Credit and (b) the Company to Taipei Fubon, with the Company having taken into account the business development objectives reflected in the Company’s 2005 financial budget which was formally approved by the Board of Directors of the Company on 7 December 2004. Further, in determining the reasonableness of the projected amounts the Company has made direct reference to the net profit of the Company for the six-month period ended 30 June 2004 as stated in the Company’s published 2004 interim report. Also taken into consideration was (A) the Fubon Group’s knowledge of the past demand for financial services in Hong Kong of the Fubon Group’s customers, (B) the size and nature of the Fubon Group’s customer base with known business interests in Hong Kong, (C) the Company’s knowledge of the past demand for financial services in Taiwan of the Company’s customers, and (D) the size and nature of the Company’s customer base with known business interests in Taiwan.

The projections were also made on the principal underlying assumptions that, for the duration of the projected period, (i) the business of the Company and IBA Credit and the Fubon Group remains consistent with previous patterns, (ii) there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which materially affect the business of the Company, IBA Credit or the Fubon Group, and (iii) the industries in which the Company, IBA Credit and the Fubon Group operate remain stable.

5. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY, IBA CREDIT AND THE FUBON GROUP

5.1 The Company

The Company is authorised by the Hong Kong Monetary Authority pursuant to section 16 of the Banking Ordinance to carry on banking business in Hong Kong. The Company is principally engaged in banking, securities broking and other financial related services to corporate and individual customers in Hong Kong including credit card services, personal loans, investment banking, corporate banking and treasury services. Fubon holds approximately 75% of the issued shares of the Company and is, therefore, a substantial shareholder of the Company.

5.2 IBA Credit

IBA Credit is authorised by the Hong Kong Monetary Authority pursuant to section 16 of the Banking Ordinance as a deposit-taking company in Hong Kong. IBA Credit, a wholly-owned subsidiary of the Company, is principally engaged in hire purchase and leasing transactions pursuant to which it provides its customers with machinery and equipment financing.

5.3 Fubon Life

Fubon Life is principally engaged in the provision of life assurance services in Taiwan. Fubon Life is a wholly-owned subsidiary of Fubon.

5.4 Fubon Securities

Fubon Securities is principally engaged in the provision of financial services relating to securities in Taiwan. Fubon Securities is a wholly-owned subsidiary of Fubon.

5.5 Taipei Fubon

Taipei Fubon was formed as a result of a merger between Fubon Commercial Bank Co., Ltd and TaipeiBank Co., Ltd with effect from 1 January, 2005. Taipei Fubon is principally engaged in banking and other financial related services to corporate and individual customers in Taiwan. Taipei Fubon is a wholly-owned subsidiary of Fubon.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Annual Cap” an annual aggregate amount of HK\$10,000,000 (being the maximum aggregate annual fees payable by the Company, IBA Credit and Taipei Fubon under the Business Co-operation Agreements taken together)

Created as follows:

Advisory	HK\$500 per case
Document crosschecks	HK\$1,000 per case
Services relating to creation of collateral	HK\$500 per case
Supporting services for registration of collateral	HK\$500 per case

Each application for loan, financing or credit facility submitted by a customer is regarded as one case.

2. REASONS FOR ENTERING INTO, AND THE BENEFITS OF, THE BUSINESS CO-OPERATION AGREEMENTS

The members of the Fubon Group are engaged in the provision of financial services to their diversified base of customers in Taiwan. Their customers may have business interests in the Hong Kong market but the members of the Fubon Group cannot directly provide their customers with significant banking and financial related services in Hong Kong to meet their customers' needs.

The Company and IBA Credit provide a wide range of banking and financial related services in Hong Kong. However, neither the Company or IBA Credit has any presence in the Taiwan market. Therefore, currently Taiwanese individuals or corporate entities with business interests in the Hong Kong market may or may not engage the Company or IBA Credit should they require banking and financial related services in Hong Kong.

The Directors of the Company consider that entering into the Business Co-operation Agreements will give the Company and IBA Credit better access to Taiwanese individuals and corporate entities with business interests in Hong Kong and who require banking and financial related services in Hong Kong. Further, the Company's customers with business interests in Taiwan will, under the IBA/Taipei Fubon Business Co-operation Agreement, have greater access to Taiwanese banking and financial related services. This will also generate fee income for the Company. Therefore, the Directors consider it to be beneficial to the Company to enter into the Business Co-operation Agreements to which it is a party.

The terms of the Business Co-operation Agreements have been reached after arms length negotiations between the parties thereto. The Directors of the Company (including the independent non-executive Directors) are of the view that the terms of the Business Co-operation Agreements are entered into in the ordinary and normal course of business of the Company, on normal commercial terms and that they are fair and reasonable and in the interests of the Company and the shareholders as a whole.

3. REQUIREMENTS OF THE LISTING RULES

The Business Co-operation Agreements and the provision of the Services thereunder constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules.

The Directors of the Company expect that the annual aggregate consideration payable by (a) the Company and IBA Credit to the Fubon Group and (b) Taipei Fubon to the Company, in respect of the Services under the Business Co-operation Agreements will exceed the threshold stipulated under Rule 14A.33(3) of the Listing Rules but will not exceed either (a) 25% of the applicable ratios under Rule 14.07 of the Listing Rules, or (b) HK\$10,000,000, as set out in Rule 14A.34(2) of the Listing Rules. Accordingly, the above-mentioned transactions will be subject to the reporting and announcement requirements under Rules 14A.46 to 14A.47 of the Listing Rules but will not require approval by the independent shareholders of the Company.

If the annual aggregate consideration payable by (a) the Company and IBA Credit to the Fubon Group and (b) Taipei Fubon to the Company, under the Business Co-operation Agreements should reach or exceed the thresholds set out in Rules 14A.34(2) of the Listing Rules, approval by the independent shareholders of the Company will be sought.

This announcement is made for the purpose of, inter alia, satisfying the announcement requirements stipulated under Rule 14A.47 of the Listing Rules in respect of the Business Co-operation Agreements and the transactions contemplated thereunder.

Further, the Directors of the Company expect that the annual aggregate consideration payable by (a) the Company and IBA Credit to the Fubon Group and (b) Taipei Fubon to the Company, under the Business Co-operation Agreements will not exceed 5% of the applicable ratios under Rule 14.07 of the Listing Rules. Therefore, the above-mentioned transactions will not be discloseable transactions (as defined in Rule 14.06(2) of the Listing Rules) for the purposes of Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"Annual Cap"	an annual aggregate amount of HK\$10,000,000 (being the maximum aggregate annual fees payable by the Company, IBA Credit and Taipei Fubon under the Business Co-operation Agreements taken together)
"Business Co-operation Agreements"	the IBA/Taipei Fubon Business Co-operation Agreement, the IBA Credit/Taipei Fubon Business Co-operation Agreement, the IBA/Fubon Life Business Co-operation Agreement and the IBA/Fubon Securities Business Co-operation Agreement
"Company"	International Bank of Asia Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange, Fubon holds approximately 75% of the issued shares of the Company
"Fubon"	Fubon Financial Holding Co., Ltd., a company incorporated in the ROC
"Fubon Group"	Fubon Life, Fubon Securities and Taipei Fubon
"Fubon Life"	Fubon Life Assurance Co., Ltd., a company incorporated in the ROC, and a wholly-owned subsidiary of Fubon
"Fubon Securities"	Fubon Securities Co., Ltd., a company incorporated in the ROC, and a wholly-owned subsidiary of Fubon
"IBA Credit"	IBA Credit Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of the Company
"IBA Credit/Taipei Fubon Business Co-operation Agreement"	the business co-operation agreement between IBA Credit and Taipei Fubon dated 23 February 2005
"IBA/Fubon Life Business Co-operation Agreement"	the business co-operation agreement between the Company and Fubon Life dated 23 February 2005
"IBA/Fubon Securities Business Co-operation Agreement"	the business co-operation agreement between the Company and Fubon Securities dated 23 February 2005
"IBA/Taipei Fubon Business Co-operation Agreement"	the business co-operation agreement between the Company and Taipei Fubon dated 23 February 2005
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"ROC"	means The Republic of China
"Services"	the services to be provided under the Business Co-operation Agreements by members of the Fubon Group to the Company and IBA Credit, or vice versa
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Taipei Fubon"	Taipei Fubon Commercial Bank Co., Ltd., a company incorporated in the ROC, and a wholly-owned subsidiary of Fubon

By order of the Board of
International Bank of Asia Limited
Ivan Young
Company Secretary

As of the date of this announcement, the Company's Directors comprise Jin-Yi Lee (Managing Director and Chief Executive Officer), Fan Sheung Yam, Horace as Executive Directors; Ming-Hsing (Richard) Tsai (Chairman), Ming-Chung (Daniel) Tsai (Vice Chairman), Wing-Fai Ng, Victor Kung, Jesse Ding as Non-Executive Directors; and Robert James Kenrick, Moses Tsang, Hung Shih as Independent Non-Executive Directors.
Hong Kong, 23 February, 2005