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中銀香港(控股)有限公司

BOC HONG KONG (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(the “Company”, Stock Code: 2388)

ANNOUNCEMENT

ISSUE OF 5.55% SUBORDINATED NOTES DUE 2020 BY BANK OF CHINA (HONG KONG) LIMITED

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that BOCHK has proceeded with the offering and issue of the Subordinated Notes and, on 4 February 2010, BOCHK and the Lead Managers have entered into the Purchase Agreement to provide for the terms and conditions for the distribution of the Subordinated Notes.

The Subordinated Notes are denominated in U.S. dollars, have a maturity of 10 years due in 2020, and bear a fixed interest rate of 5.55% per annum during its term with interests payable semi-annually in arrears.

As the conditions precedent to completion of the Purchase Agreement may or may not be satisfied and the Purchase Agreement may be terminated upon the occurrence of certain events, shareholders of the Company and prospective investors are advised to exercise caution when dealing in the securities of the Company.

ISSUE OF 5.55% SUBORDINATED NOTES

Reference is made to the announcement made by the Company dated 3 February 2010 regarding BOCHK’s proposal to offer and issue the Subordinated Notes (the “**Previous Announcement**”). Unless otherwise indicated, capitalised terms used in this announcement shall have the same meanings as defined in the Previous Announcement.

The Board is pleased to announce that BOCHK has proceeded with the offering and issue of the Subordinated Notes and, on 4 February 2010, BOCHK and the Lead Managers have entered into the Purchase Agreement to provide for the terms and conditions for the distribution of the Subordinated Notes. Subject to completion of the Purchase Agreement on the closing date, which is expected to be on or about 11 February 2010 (the “**Closing Date**”), BOCHK will issue the Subordinated Notes with the aggregate principal amount of US\$1,600 million. The offering price of the Subordinated Notes will be 99.591% of the principal amount of the Subordinated Notes. The Subordinated Notes are denominated in U.S. dollars, have a maturity of 10 years due in 2020, and bear a fixed interest rate of 5.55% per annum during its term with interests payable semi-annually in arrears. The Subordinated Notes have received a rating of A1, BBB+ and A- from Moody’s, Standard & Poor’s and Fitch, respectively.

As a term of the Subordinated Notes, if BOCHK defaults in the payment of the principal or interest due in respect of the Subordinated Notes and the default continues for a period of 5 business days in Hong Kong or an order is made for the winding-up, liquidation, dissolution or a similar proceeding of BOCHK in Hong Kong, the trustee holding the Subordinated Notes may, with the consent of holders holding at least one-quarter in aggregate principal amount of the Subordinated Notes, institute proceedings for the winding-up of BOCHK in Hong Kong after giving notice to BOCHK.

The Subordinated Notes will qualify as Tier 2 Capital of BOCHK pursuant to the regulatory requirements of the HKMA. Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Subordinated Notes as selectively marketed securities. Listing and permission to deal in the Subordinated Notes are expected to become effective on or about 12 February 2010.

THE PURCHASE AGREEMENT

Pursuant to the Purchase Agreement, upon the satisfaction of certain conditions, the Lead Managers (as the initial purchasers) shall severally purchase the Subordinated Notes and offer them for resale to professional and institutional investors in accordance with applicable laws and selling restrictions and in transactions exempt from the registration requirements under the Securities Act. The Subordinated Notes will not be sold through a public offering in Hong Kong or the United States.

Conditions to completion of the Purchase Agreement

Completion of the purchase of the Subordinated Notes by the Lead Managers is conditional upon, among other things, the following:

- (i) all of the representations and warranties of BOCHK contained in the Purchase Agreement shall be true and correct on the date of the Purchase Agreement and as if made on and as of the Closing Date;
- (ii) BOCHK shall have performed or complied with all of the agreements and covenants contained in the Purchase Agreement which are required to be performed or complied with by BOCHK at or prior to the Closing Date;
- (iii) the printing and distribution of the final offering memorandum in respect of the issue; no stop order suspending the qualification or exemption from qualification of the Subordinated Notes in any jurisdiction shall have been issued and no proceeding for that purpose shall have been commenced or shall be pending or threatened; and

- (iv) there shall not have been any decrease in the rating of any debt or preferred stock of BOCHK or any of its subsidiaries, or any notice given of any intended or potential decrease in any such rating or of a possible change in any such rating that does not indicate the direction of the possible change.

Termination of the Purchase Agreement

The Lead Managers may terminate the Purchase Agreement at any time prior to the Closing Date by notice to BOCHK upon the occurrence of, among other things, the following circumstances:

- (i) trading in any securities of the Company, BOCHK or BOC or any of their subsidiaries shall be suspended or limited by the U.S. Securities and Exchange Commission, the China Securities Regulatory Commission or the Stock Exchange, or trading in securities generally on the New York Stock Exchange, the Nasdaq National Market, the Shanghai Stock Exchange or the Stock Exchange shall have been suspended or materially limited, or minimum prices shall have been established in respect of securities trading on such exchanges by any regulatory body or governmental authority having jurisdiction;
- (ii) a general moratorium shall have been declared by the HKMA or U.S. Federal authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the PRC or the United States shall have occurred;
- (iii) there shall have been in the Lead Managers' opinion any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions or currency exchange rates or foreign exchange controls such as would in the view of the Lead Managers be likely to prejudice materially the success of the offering and distribution of the Subordinated Notes or dealings in the Subordinated Notes in the secondary market; or
- (iv) an outbreak or escalation of hostilities or national or international calamity in any case involving the PRC, Hong Kong, the United States, on or after the date of the Purchase Agreement, or if there has been a declaration by the PRC, Hong Kong, the United States of a national emergency or war or other national or international calamity or crisis (economic, political, financial or otherwise) which affects the international markets, making it, in the Lead Managers' sole judgment, impracticable or inadvisable to proceed with the offering or delivery of the Subordinated Notes on the terms and in the manner contemplated.

As the conditions precedent to completion of the Purchase Agreement may or may not be satisfied and the Purchase Agreement may be terminated upon the occurrence of certain events, shareholders of the Company and prospective investors are advised to exercise caution when dealing in the securities of the Company.

USE OF PROCEEDS

BOCHK intends to apply the proceeds from the issue of the Subordinated Notes to partly repay the Subordinated Credit Facility provided by BOC to BOCHK in December 2008. HKMA has approved such early repayment of the Subordinated Credit Facility and BOC and BOCHK are expected to enter into an agreement to provide for the same.

By Order of the Board
Jason C.W. Yeung
Company Secretary

Hong Kong, 5 February 2010

As at the date of this announcement, the Board comprises Mr. XIAO Gang (Chairman), Mr. LI Lihui* (Vice-chairman), Mr. HE Guangbei (Vice-chairman and Chief Executive), Mr. LI Zaohang*, Mr. ZHOU Zaiqun*, Mdm. ZHANG Yanling*, Mr. GAO Yingxin, Dr. FUNG Victor Kwok King**, Mr. KOH Beng Seng**, Mr. SHAN Weijian**, Mr. TUNG Chee Chen**, Mr. TUNG Savio Wai-Hok** and Mdm. YANG Linda Tsao**.*

* *Non-executive Directors*

** *Independent Non-executive Directors*