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ANNOUNCEMENT

PROPOSED FURTHER ISSUE OF USD SUBORDINATED NOTES DUE 2020 BY BANK OF CHINA (HONG KONG) LIMITED

This announcement is jointly made by BOCHK Holdings pursuant to Rule 13.09 of the Listing Rules and by BOCHK pursuant to the listing agreement with the Stock Exchange.

BOCHK, the principal subsidiary of BOCHK Holdings and an authorised institution under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), proposes to carry out the Proposed Further Issue to offer and issue the Additional Notes to professional and institutional investors in transactions exempt from the registration requirements under the Securities Act. The Additional Notes, when issued, will be consolidated and form a single series with the Original Notes, and will rank *pari passu* with the Original Notes. There will be no public offering of the Additional Notes in Hong Kong or the United States.

The Additional Notes will qualify as Tier 2 Capital of BOCHK pursuant to the regulatory requirements of the HKMA. BOCHK intends to raise funding through the Proposed Further Issue to early repay part of the remaining outstanding amount of the Subordinated Credit Facility.

BOCHK has appointed BOC International, Deutsche Bank and UBS AG as the Lead Managers for the Proposed Further Issue. It is proposed that BOCHK enters into a Purchase Agreement with the Lead Managers after the pricing of the Additional Notes.

As BOCHK may or may not proceed with the Proposed Further Issue, owners of securities of BOCHK Holdings and BOCHK and prospective investors are advised to exercise caution when dealing in the securities of BOCHK Holdings and BOCHK.

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A. PROPOSED FURTHER ISSUE OF ADDITIONAL NOTES BY BOCHK

Proposed Further Issue of Additional Notes

Reference is made to the Previous Announcements issued by BOCHK Holdings and BOCHK respectively in respect of the offering and issue of the Original Notes as well as the listing of the Original Notes on the Stock Exchange as selectively marketed securities.

BOCHK, the principal subsidiary of BOCHK Holdings and an authorised institution under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), proposes to carry out the Proposed Further Issue to offer and issue the Additional Notes. Same as the Original Notes, the Additional Notes will be denominated in U.S. dollars, due 2020 and will bear interest at the rate of 5.55% per annum payable on the outstanding principal amount of the Additional Notes semi-annually in arrears. The terms and conditions for the offering and issue of the Additional Notes are intended to be substantially the same as those for the offering and issue of the Original Notes, except for the issue price, which is intended to be determined by reference to market demand and the recent trading prices of the Original Notes.

BOCHK intends to offer the Additional Notes to professional and institutional investors in transactions exempt from the registration requirements under the Securities Act. There will be no public offering of the Additional Notes in Hong Kong or the United States.

The Additional Notes, when issued, will be consolidated and form a single series with the Original Notes, and will rank *pari passu* with the Original Notes. An application has been made to the Stock Exchange for the listing of the Additional Notes as selectively marketed securities under the stock code “4316”.

All liabilities of BOCHK under the Additional Notes will be subordinated to the claims of depositors and other unsubordinated creditors of BOCHK but will rank *pari passu* with all its liabilities accruing under the Original Notes (as a single series of subordinated notes), the agreement in respect of a subordinated credit facility of €660 million between BOC and BOCHK dated 25 June 2008, and (if any) the outstanding amount on the Subordinated Credit Facility remaining unpaid on completion of the proposed early repayment (as described below).

The Additional Notes, as with the Original Notes, will qualify as Tier 2 Capital of BOCHK pursuant to the regulatory requirements of the HKMA.

Proposed Purchase Agreement

In connection with the Proposed Further Issue, it is proposed that BOCHK enters into a Purchase Agreement with the Lead Managers, as initial purchasers, to provide for the terms and conditions for the distribution of the Additional Notes by the Lead Managers severally (but not jointly) on behalf of BOCHK. These are the same Lead Managers as those engaged for the offering and issue of the Original Notes. It is proposed that the Purchase Agreement (the terms of which are substantially the same as those of the purchase agreement entered into between BOCHK and the Lead Managers for the offering and the issue of the Original Notes) will be entered into between the parties after the pricing of the Additional Notes.

To the best of the knowledge, information and belief of the directors of BOCHK Holdings and having made all reasonable enquiry, each of Deutsche Bank and UBS AG is an independent third party and not a connected person of BOCHK Holdings. BOC International and its intermediate holding company, BOC, are connected persons of BOCHK Holdings as BOC is an intermediate holding company of BOCHK Holdings. The directors of BOCHK Holdings (including its independent non-executive directors) consider that the terms of the Additional Notes and the proposed terms of the Purchase Agreement are on normal commercial terms, fair and reasonable and in the interest of BOCHK Holdings and its shareholders as a whole.

By virtue of BOC International being a connected person of BOCHK Holdings, the appointment of BOC International by BOCHK as one of the Lead Managers and the arrangements between BOCHK and BOC International under the Purchase Agreement will constitute a connected transaction of BOCHK Holdings under the Listing Rules. Based on the current expectation, the relevant percentage ratios of BOCHK Holdings in respect of the amount of fees and commissions payable by BOCHK to BOC International, in aggregation with such fees and commissions paid by BOCHK to BOC International in respect of the offering and issue of the Original Notes, should be less than 0.1%, and hence the connected transaction will be exempted from compliance with the relevant requirements under the Listing Rules. An independent board committee of BOCHK Holdings, comprising of all of its independent non-executive directors and chaired by Mr. Tung Chee Chen, has reviewed the terms and conditions of the appointment of BOC International as one of the Lead Managers and of the arrangement between BOCHK and BOC International under the proposed Purchase Agreement. As these terms and conditions are consistent with those for the appointment of, and arrangement with, the other two Lead Managers who are independent third parties of BOCHK Holdings, the independent board committee of BOCHK Holdings considers that these terms and conditions are fair and reasonable.

As no binding agreement in relation to the Proposed Further Issue has been entered into as at the date of this announcement, the Proposed Further Issue may or may not materialise. As BOCHK may or may not proceed with the Proposed Further Issue, owners of the securities of BOCHK Holdings and BOCHK and prospective investors are advised to exercise caution when dealing in the securities of BOCHK Holdings and BOCHK.

A further announcement in respect of the Proposed Further Issue will be made should the Purchase Agreement be signed between BOCHK and the Lead Managers.

Reasons for the Proposed Further Issue and proposed use of proceeds

On 11 February 2010, BOCHK repaid US\$1,590 million of the outstanding principal amount of the Subordinated Credit Facility using the proceeds derived from the offering of the Original Notes. Taking advantage of the improving market conditions, BOCHK intends to raise further funding through the Proposed Further Issue to early repay part of the remaining outstanding amount of the Subordinated Credit Facility. As at the date of this announcement, the amount outstanding under the Subordinated Credit Facility is US\$910 million. As the Additional Notes will qualify as Tier 2 Capital of BOCHK, which has the same capital quality as the capital obtained by BOCHK under the Subordinated Credit Facility, the repayment of the Subordinated Credit Facility using the proceeds derived from the Proposed Further Issue will not affect the capital position of BOCHK.

The HKMA has approved the early repayment of the Subordinated Credit Facility using the proceeds to be derived from the Proposed Further Issue. For details of the Subordinated Credit Facility, please refer to the announcement dated 12 December 2008 issued by BOCHK Holdings.

B. GENERAL

(a) Information of BOCHK Holdings

BOCHK Holdings was incorporated in Hong Kong on 12 September 2001 to hold the entire equity interest in BOCHK, its principal operating subsidiary. BOC holds a substantial part of the interests in the shares of BOCHK Holdings through certain of its direct and indirect wholly-owned subsidiaries.

BOCHK Holdings began trading on the main board of the Stock Exchange on 25 July 2002, with stock code “2388”, ADR OTC Symbol “BHKLY”.

(b) Information of BOCHK

The BOCHK Group is a leading commercial banking group in Hong Kong. As of 31 December 2009, the BOCHK Group had over 270 branches, 480 ATMs and other delivery channels in Hong Kong. With these channels, the BOCHK Group offers a comprehensive range of financial products and services to individual and corporate customers. BOCHK is one of the three banknote issuing banks in Hong Kong. BOCHK is appointed by the People’s Bank of China as the Clearing Bank for Renminbi business in Hong Kong. In addition, as of 31 December 2009, the BOCHK Group had 23 branches and sub-branches in the PRC. Through these branches and sub-branches, the BOCHK Group provides local and cross-border banking services to customers in Hong Kong and the PRC.

The Original Notes issued by BOCHK on 11 February 2010 are listed on the Stock Exchange as selectively marketed securities with stock code “4316”.

DEFINITIONS

In this announcement, the following terms have the meanings set forth below unless the context requires otherwise:

“Additional Notes”	the US\$ 5.55% subordinated notes due 2020 proposed to be issued and offered by BOCHK to professional and institutional investors which will be consolidated and form a single series with the Original Notes
“BOC”	Bank of China Limited, a joint stock commercial bank with limited liability established under the laws of the PRC and an intermediate holding company of BOCHK Holdings
“BOC International”	BOCI Asia Limited, a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of BOC and a connected person of BOCHK Holdings

“BOCHK”	Bank of China (Hong Kong) Limited, a company incorporated under the laws of Hong Kong and an authorised institution under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong). BOCHK is the principal subsidiary of BOCHK Holdings and is wholly-owned by BOCHK Holdings
“BOCHK Group”	BOCHK and its subsidiaries
“BOCHK Holdings”	BOC Hong Kong (Holdings) Limited
“Deutsche Bank”	Deutsche Bank Securities Inc.
“HKMA”	the Hong Kong Monetary Authority
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lead Managers”	BOC International, Deutsche Bank and UBS AG, acting as the joint lead managers and joint bookrunners for the Proposed Further Issue
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Original Notes”	the US\$1,600 million 5.55% subordinated notes due 2020 issued by BOCHK at the issue price of 99.591% of the principal amount on 11 February 2010
“PRC”	The People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Previous Announcements”	the announcements dated 3 February 2010 and 5 February 2010 issued by BOCHK Holdings and the announcement dated 9 February 2010 issued by BOCHK in respect of the offering and issue of the Original Notes
“Proposed Further Issue”	the proposed issue and offering of the Additional Notes by BOCHK
“Purchase Agreement”	the purchase agreement proposed to be entered into between BOCHK and the Lead Managers to provide for the terms and conditions for the distribution of the Additional Notes by the Lead Managers on behalf of BOCHK
“Securities Act”	U.S. Securities Act of 1933, as amended
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subordinated Credit Facility” the US\$2,500 million subordinated credit facility extended by BOC to BOCHK pursuant to a subordinated credit facility agreement dated 16 December 2008 as disclosed in the announcement of BOCHK Holdings dated 12 December 2008

“United States” the United States of America

“US\$” the U.S. dollar(s), the lawful currency of the United States

By Order of the board of BOCHK Holdings
Jason C.W. Yeung
Company Secretary

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Jason C.W. Yeung
Company Secretary

Hong Kong, 12 April 2010

As at the date of this announcement, the boards of BOCHK Holdings and BOCHK respectively comprise 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*