

**BANK OF CHINA LIMITED, HONG KONG BRANCH**  
**2-year HKD Step-Up Fixed Rate Certificates of Deposit**  
**Product Code: BKC006512**

Term Sheet

Date 16 Aug 2010

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Issuer : BANK OF CHINA LIMITED, HONG KONG BRANCH ("Issuer")

Issue : 2-year HKD Step-Up Fixed Rate Certificates of Deposit ("CD"), under Issuer's HKD 30 Billion CD Programme (product code: BKC006512)

Dealer : Bank of China (Hong Kong) Limited /Nanyang Commercial Bank, Limited / Chiyu Banking Corporation Limited ("Bank")

Currency : Hong Kong Dollars

Offering Period : 16 August 2010 – 3 September 2010 2 pm

Deposit Date : 10 September 2010

Maturity Date : 10 September 2012

Interest Rate Basis : Fixed Rate

Interest Rate (Fixed Rate) : (i) 0.65%p.a. for the first Interest Period, and  
(ii) 1.00%p.a. for the second Interest Period, and  
(iii) 1.50%p.a. for the third Interest Period, and  
(iv) 1.85%p.a. for the fourth Interest Period

Interest Payment Dates : (i) The first Interest Payment Date: 10 March 2011  
(ii) The second Interest Payment Date: 12 September 2011  
(iii) The third Interest Payment Date: 12 March 2012  
(iv) The fourth Interest Payment Date: 10 September 2012

Issue Price : 100.00%

Redemption Price : 100.00%

Denomination : HKD 50,000

Minimum Trading Size : HKD 100,000 and after that in whole multiple(s) of HKD50,000

Day Count Fraction : Actual / 365 (fixed)

Business Day Convention : Modified Following; adjusted

Business Days : Hong Kong

Clearing System : CMU System

Governing Law : Hong Kong Law

Documentation : (1) This Term Sheet must be read in conjunction with the Information Memorandum by Bank of China Limited, Hong Kong Branch dated 11 June 2010. (2) You may apply to place the CD with the Bank on the terms set out herein by signing and submitting to the Bank the Application Form for the CD and such other documents as the Bank may require. Your application will be subject to acceptance or rejection by the Bank in its sole and absolute discretion. (3) If your application is accepted by the Bank, the Bank will issue to you a written Confirmation.

## **RISK DISCLOSURE STATEMENT**

Investment in the CD involves significant risks. This Risk Disclosure Statement only sets out some of the risks relating to an investment in the CD for your reference and does not disclose all possible risks associated with such an investment. You should obtain any necessary and appropriate professional advice before investing in the CD.

### **Issuer's Risk:**

The CD are backed by full faith and credit of the Bank of China Limited, Hong Kong Branch and are not secured. They are subject to both the actual and perceived measures of credit worthiness of the issuer. There is no assurance of protection against a default by the Issuer in respect of the repayment obligations.

### **Interest Rate Risk:**

The CD carry fixed interest rates. The market prices of the CD may decrease if interest rates increase during the term of the CD. Under this situation, you may incur a loss from the decrease in the market price if you sell the CD before final maturity.

### **Liquidity Risk:**

The CD are designed to be held to maturity and have a fixed term. There is no arrangement in place for the CD to be listed on any stock exchange and there may not be an active secondary market. If you try to sell the CD, you may not be able to find a buyer or the sale price could be lower than the amount you invested.

### **Difference from Deposit:**

The CD do not constitute "protected deposit" and are not protected by the Deposit Protection Scheme in Hong Kong. The CD involve risks that general deposit does not possess, therefore it should not be treated as a substitute of general saving or fixed deposit.

## **DISCLAIMER**

The contents of this term sheet have not been reviewed by any regulatory authority in any country in which it is distributed. You are advised to exercise caution in relation to the contents of this term sheet. If you are in doubt about any of the contents of this term sheet, you should obtain independent professional advice.

This term sheet does not constitute an offer, an invitation or solicitation for applications or offers, to invest in the CD or enter into any transaction by any person, or a recommendation to invest in the CD or enter into any transaction. The information contained in this term sheet is being provided at your request and for your information only.

The price of CD can and does fluctuate. Any individual CD's price may appreciate or depreciate, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling CD. The investment decision is yours but you should not invest unless the intermediary who sells this CD to you has advised you that it is suitable for you and has explained why, including how buying this CD would be consistent with your investment objectives. If you are not sure of the suitability of this CD, you should not subscribe to it.

In the worst case scenario (e.g. upon insolvency of issuer), you might not be able to recover the principal and any coupon of the CD.

**Potential conflict of interest**—There could be conflicts of interest arising out of the activities of the Bank and/or any of its affiliates (collectively, the "**BOC Group Members**"). The BOC Group Members may possess material information about any relevant interest rates. The BOC Group Members owe no duty to disclose them to you. The BOC Group Members may also engage in transactions involving the relevant interest rates for its proprietary accounts and/or for accounts under its management and/or to hedge against the market risks associated with the CD. The BOC Group Members owe no duty to you to avoid or disclose any of the above conflicts.