

**KBC CALLABLE RANGE ACCRUAL
EQUITY LINKED INVESTMENTS**



This Indicative Term Sheet must be read in conjunction with the information memorandum dated 6th September, 2006 (as amended, supplemented or restated from time to time, the Information Memorandum), the product booklet for KBC Callable Range Accrual Equity Linked Investments dated 6th September, 2006 (as amended, supplemented or restated from time to time, the Product Booklet), each issued by KBC Investments Cayman Islands Limited (the Issuer). As at 19 April 2007, the Issuer has not published any addendum to the Information Memorandum or the Product Booklet. In this Indicative Term Sheet, capitalised terms have the meanings given in the Terms and Conditions of KBC Callable Range Accrual Equity Linked Investments in the Product Booklet unless this Indicative Term Sheet specifies otherwise.

You must read the Information Memorandum, the Product Booklet and this Indicative Term Sheet before deciding to invest in a KBC Callable Range Accrual Equity Linked Investment ("KBC CRA ELI"). Copies of these documents are available from KBC Financial Products Hong Kong Limited (the "Agent") or the Distributors.

KBC CRA ELI Indicative Term Sheet Series K070430-101

Offer Period:	09:00 AM on 23 April 2007 to 02:30 PM on 26 April 2007 (may change without prior notice)
Series Number:	K070430-101
Basket:	Country Garden Holdings Company Limited (Country Garden) www.bgy.com.cn China Life Insurance Co Ltd (CHINA LIFE) www.chinalife.com.cn Agile Property Holdings Limited (AGILE) www.agile.com.cn
Reference Share:	Worst Performing Share
Fixing Date:	26 April 2007 (subject to adjustment)
Issue Date:	30 April 2007
Final Valuation Date:	28 April 2009 (subject to adjustment)
Final Settlement Date:	2nd Business Day or Scheduled Trading Day after the Final Valuation Date (expected to be 30 April 2009) (subject to adjustment)
Currency:	HKD
Unit Value:	HKD 10,000
Minimum Application Amount:	HKD 10,000 and in multiples of HKD 10,000 thereafter
Purchase Price:	100% of the Unit Value
Potential Annualised Maximum Return:	25.02% per annum

The potential annualised maximum return is calculated on the assumption that an investor receives the maximum distribution amounts on each distribution settlement date and the final settlement amount with a value equal to the unit value on the final settlement date (being the maximum amount the investor may receive). It is for illustration purposes only. It is not an assurance that the investor will receive such return during the investment period. Any event which reduces the amount received by the investor on the final settlement date

will reduce the yield actually achieved by the investor in respect of the KBC CRA ELIs.

Additional Business Centre:	Hong Kong
Additional Taxation Jurisdiction:	N/A
[Is Condition 5(b) applicable?]:	Applicable
Applicable Terms and Conditions:	The section headed "Terms and Conditions of KBC Callable Range Accrual Equity Linked Investments" in the Product Booklet (pages 42 to 60) applies to this Series.

Distributor(s):	<u>Name</u>	<u>Hotline</u>	<u>Website</u>
	BOCI Securities Limited #	2718-9338	
	China Construction Bank (Asia) Corporation Limited #	2805 2383	www.asia.ccb.com
	Core Pacific - Yamaichi International (H.K.) Limited #	2826 0729	www.cpy.com.hk
	Core Pacific - Yamaichi Securities (H.K.) Limited #	2826 0729	www.cpy.com.hk
	Fubon Bank (Hong Kong) Limited #	2842 6008	www.fubonbank.com.hk
	Grand Cathay Securities (Hong Kong) Limited #	2521 2982	www.grandcathay.com
	IBTS ASIA(HK) LTD #	21070888	www.ibts.com.hk
	KGI Asia Limited	2878 5555	www.kgiworld.com
	Shanghai Commercial Bank Limited #	2818 0282	www.shacombank.com.hk
	Shenyin Wanguo Securities (H.K.) Ltd. #	2841 5190	www.sywg.com.hk
	Sun Hung Kai Financial #	2822 5001	
	Taifook Securities Company Limited #	2213 8888	www.taifook.com
	UOB Kay Hian #	2524 9239	www.uobkayhian.com.hk
	# Distributor(s) is/are acting as "distributing agent(s)" - see the Information Memorandum for further details.		

Please refer to the tables below for other details relating to the shares, distributions and call feature.

<u>Share</u>	<u>Exchange</u>	<u>Stock Code</u>	<u>Initial Spot Price</u>	<u>Fixed Distribution Strike Price (% of Initial Spot Price)</u>	<u>Distribution Reference Price (% of Initial Spot Price)</u>	<u>Settlement Conversion Price (% of Initial Spot Price)</u>
Counrty Garden	HKSE	2007	Closing Price on Fixing Date	10%	87.00%	87.00%
CHINA LIFE	HKSE	2628	Closing Price on Fixing Date	10%	87.00%	87.00%
AGILE	HKSE	3383	Closing Price on Fixing Date	10%	87.00%	87.00%

HKSE means Hong Kong Stock Exchange.

Call Valuation Date	Call Settlement Date ^A	Call Strike Price (% of Initial Spot Price)
29 June 2007	04 July 2007	96.00%
29 August 2007	31 August 2007	96.00%
29 October 2007	31 October 2007	96.00%
28 December 2007	02 January 2008	96.00%
28 February 2008	03 March 2008	96.00%
29 April 2008	02 May 2008	96.00%
27 June 2008	02 July 2008	96.00%
29 August 2008	02 September 2008	96.00%
29 October 2008	31 October 2008	96.00%
29 December 2008	31 December 2008	96.00%
27 February 2009	03 March 2009	96.00%

Distribution Period	Calculation Start Date (inclusive)	Calculation End Date (inclusive)	Distribution Observation Date	Distribution Settlement Date ^A	Distribution Rate
1	30 April 2007	29 June 2007	29 June 2007	04 July 2007	4.17%
2	03 July 2007	29 August 2007	N/A	31 August 2007	X%*
3	30 August 2007	29 October 2007	N/A	31 October 2007	X%*
4	30 October 2007	28 December 2007	N/A	02 January 2008	X%*
5	31 December 2007	28 February 2008	N/A	03 March 2008	X%*
6	29 February 2008	29 April 2008	N/A	02 May 2008	X%*
7	30 April 2008	27 June 2008	N/A	02 July 2008	X%*
8	30 June 2008	29 August 2008	N/A	02 September 2008	X%*
9	01 September 2008	29 October 2008	N/A	31 October 2008	X%*
10	30 October 2008	29 December 2008	N/A	31 December 2008	X%*
11	30 December 2008	27 February 2009	N/A	03 March 2009	X%*
12	02 March 2009	28 April 2009	N/A	30 April 2009	X%*

^A These are expected dates only. Call Settlement Date and Distribution Settlement Date shall be the day that falls on the 2nd Scheduled Trading Day (in the case of a physical delivery of shares) or Business Day (in the case of a cash payment), as the case may be, after the relevant Call Valuation Date, Distribution Observation Date or Calculation End Date, as the case may be, in accordance with the Conditions.

* The Distribution Rate X% is capped at 4.17% (being the Accrual Factor) per Distribution Period, which will be calculated by reference to the daily performance of the Reference Share on each Exchange Business Day in the relevant Distribution Period as follows:

$$X\% = \text{Accrual Factor} \times \frac{\text{Accrued Days}}{\text{Total Days}}$$

where,

- **Accrual Factor** means the rate of 4.17% per Distribution Period;
- **Accrued Days** means the number of Exchange Business Days in the relevant Distribution Period on which the Closing Price of the Reference Share is at or above its Distribution Reference Price; and

- **Total Days** means the total number of Exchange Business Days in the relevant Distribution Period.

The Reference Share is determined on the basis of each Exchange Business Days in the relevant Distribution Period.

For the purpose of determining whether an Exchange Business Day during a Distribution Period is an "Accrued Days" and "Total Days" in the Accrual Formula, (A) if the Calculation Agent determines, in its sole and absolute discretion, that any day during a Distribution Period is not a Scheduled Trading Day for any Share, then that day shall be disregarded, or (B) if the Calculation Agent determines, in its sole and absolute discretion, that an Exchange Business Day during a Distribution Period is a Disrupted Day in respect of a Share in the Basket, then the Exchange Business Day for the affected Share(s) shall be postponed until the first succeeding Exchange Business Day which is not a Disrupted Day for the affected Share(s), unless the postponement of the Exchange Business Day for the affected Share(s) would result in such Exchange Business Day falling after the Calculation End Date in respect of the relevant Distribution Period, in which case, that Calculation End Date shall be deemed to be the Exchange Business Day for the affected Share(s), notwithstanding the fact that it is a Disrupted Day and the Calculation Agent shall determine the Closing Price of the affected Share(s) based on its good faith estimate of the value of the affected Share(s) as of the closing time of the Exchange on that Calculation End Date. For the avoidance of doubt, the Closing Price of the unaffected Share(s) shall not be adjusted.

You should note that the dates stated in this Indicative Term Sheet may be (i) changed if the offer period changes or (ii) adjusted in accordance with the terms and conditions of the KBC CRA ELI.

Market making arrangements

KBC Financial Products Hong Kong Limited as the Market Agent intends to (but is under no obligation to do so) provide a bid/offer price every Friday, determined or calculated by the Issuer or one of its affiliates; and such market making activities are expected to commence one month after the issue date. Investors should refer to the section headed "How to invest in structured products" in the Information Memorandum.

Commissions

The Issuer may pay commission to the Distributors. Please refer to the section headed "Further Information - Are there any commissions on the sale of the KBC CRA ELIs" in the Product Booklet.

Information on the Shares

An investor may consider taking the following steps to obtain information on each Share such as the historical prices of the Share or financial information relating to the Listed Entity:

- consulting a financial adviser or ask the Distributor whether it is able to provide any information.
- viewing the website of Hong Kong Stock Exchange (<http://www.hkex.com.hk>).
- viewing the website (if any) of the Listed Entity, as stated in the "Basket" section on the first page in this Indicative Term Sheet.

Please also refer to the section headed "Further Information - Finding out more information" in the Product Booklet.

Special Notice:

The basket contains a share that has been listed for less than 60 days. Newly-listed shares may be less liquid and their prices may be more volatile than other listed shares. Please refer to the section headed "A share in the basket may be a newly listed share; it may be more volatile or less liquid than other listed shares" on page 33 of the product booklet for additional risk factors relating to KBC CRA ELIs linked to newly-listed shares.

Disclaimers and Important Notice:

Investing in the KBC CRA ELIs involves substantial risks. You should note that the value of any investment in the ELIs is subject to market fluctuations and the risks inherent in all investments. The return on your KBC CRA ELIs will depend on the performance or value (or both) of the Shares in the Basket. Fluctuations in the market can be substantial. You must therefore be prepared to receive the physical delivery of the relevant Share or the cash in lieu thereof, the value of which may be substantially less than your initial investment and you may suffer a total loss of your initial investment. Please refer to the sections entitled "Risk Factors" in the Information Memorandum and the Product Booklet for further information.

The information in the Information Memorandum and the Product Booklet (taken together with and as updated by this Indicative Term Sheet) is accurate as at the date of this Indicative Term Sheet. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this Indicative Term Sheet and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief this Indicative Term Sheet, the Product Booklet and the Information Memorandum, when read

together, contain no untrue statement (including a statement which is misleading in the form and context in which it is included and including a material omission).

The offer is made solely on the basis of this Indicative Term Sheet in conjunction with the Information Memorandum and the Product Booklet (each as updated, supplemented and amended from time to time). You should exercise an appropriate degree of caution when assessing the value of other sources of information relating to the Issuer, the Guarantor, the KBC CRA ELIs and/or the Shares.

Information included on the websites referred to in this Indicative Term Sheet does not form part of this Indicative Term Sheet, the Information Memorandum or the Product Booklet. None of the Issuer, the Guarantor, the Arranger, the Agent or any of their respective affiliates accepts any responsibility for information on those websites (other than those websites which are published by them).

The Securities and Futures Commission (**SFC**) has authorised, subject to certain conditions, the term sheet in standard approved format in connection with each Series of KBC CRA ELIs under Section 105(1) of the Securities and Futures Ordinance. SFC authorisation does not imply SFC's endorsement or recommendation of the equity linked investments referred to in this Indicative Term Sheet. The SFC takes no responsibility as to the contents of this Indicative Term Sheet.