

For Immediate Release

BEA Launches Capital Guaranteed Target Redemption Equity Linked Deposit – Series 1

Hong Kong, 5th January, 2005 – The Bank of East Asia (“BEA”) today announces the launch of a principal protected investment product, the Capital Guaranteed Target Redemption Equity Linked Deposit – Series 1 (the “Linked Deposit”). The product will be offered from 6th to 19th January, 2005.

The Linked Deposit is one of many investment products currently being offered as part of BEA’s Linked Deposit Series. It is a highly competitive investment alternative to traditional time deposits.

The Linked Deposit is 100% principal protected and provides investors with an 11% guaranteed Target Coupon. Coupon payments will be made semi-annually with the first coupon rate set at 5%¹. The remaining payments set at 6%¹ will be paid to investors according to the performance of the Underlying Stock Basket. Investors will earn a Bonus Coupon once accumulated coupon payments reach the Target Coupon (Target Redemption Event). The longer it takes for the Target Redemption Event to occur, the higher the Bonus Coupon. The maximum coupon payment will be 33% (consisting of the 11% guaranteed Target Coupon plus a 22% Bonus Coupon) if the Target Redemption Event occurs on the last Coupon Payment Date (6.5 years).

When the Target Redemption Event occurs, the maximum investment period of 6.5 years will be shortened and the Linked Deposit will be terminated and mature automatically. The shortest tenor is 1.5 years. However, even if the Target Redemption Event never occurs, investors will still receive an Additional Coupon upon maturity. This Additional Coupon will be equal to the difference between the Target Coupon and the sum of all previously paid coupons, to ensure that the 11% guaranteed Target Coupon is paid in full.

The Linked Deposit is suitable for investors who have confidence in the Underlying Stock Basket, in which all 20 globally recognised stocks are carefully selected.

No subscription fee or management fee will be levied when Linked Deposits are placed. Early withdrawal of Linked Deposits is only allowed from the second year onwards (please refer to the table below for details). BEA will also provide overdraft facility at a competitive interest rate to selected customers upon request.

For further details, please refer to the Principal Brochure of the Capital Guaranteed Target Redemption Equity Linked Deposit – Series 1.

¹ The first semi-annual Coupon 5% is an indicative rate only and is based on the prevailing market condition as on 9th December, 2004. The actual rate will be determined on Trade Date and in any event will fall between the range of 4% - 6%. The remaining coupons will therefore be in the range of 5% to 7%. BEA will notify investors the actual first semi-annual Coupon in the Confirmation to be sent after the Settlement Date.

Details of the Linked Deposit:

Offer Period	6 th January, 2005 – 19 th January, 2005
Minimum Deposit Amount for Each Investor	HKD 50,000 or in the multiple
Minimum Aggregate Deposit Amount for All Investors	HKD 300,000,000
Trade Date	20 th January, 2005 (if not a Fixing Business Day, the next Fixing Business Day)
Settlement Date	25 th January, 2005 ² (subject to the condition that it is three Hong Kong Business Days after the Trade Date)
Maturity Date	23 rd July, 2011 (subject to the condition that 1) it is three Hong Kong Business Days after the last Observation Date or 2) the Target Redemption Event, whichever shall be earlier)
Fees & Charges	No fees and charges are payable by investors. All related charges incurred by BEA are already inherently contained in and subsumed into the calculation of the interest rate and other variables under the Linked Deposit.
Early Redemption	Redemption prior to maturity is only permitted from one year after the Settlement Date on the third Business Day of March, June, September, and December and is subject to costs, losses, and expenses absolutely determined by BEA. Please refer to the Early Redemption Section of the Principal Brochure.

Disclaimer:

1. This Linked Deposit is not the same as nor should it be treated as a substitute for normal time deposits.
2. By participating in such Linked Deposit, the investors are committed to holding the Linked Deposit until the Maturity Date (unless the accumulated coupon payment reaches the Target Coupon prior to the Maturity Date).
3. Investors have to hold the Linked Deposit for the full 6.5 years until the Maturity Date if the Target Redemption Event never occurs during the life of the investment tenor. Any outstanding Coupon (equal to the Target Coupon after deducting the first semi-annual Coupon) will be paid on the Maturity Date with assurance that investors will receive the guaranteed Target Coupon.
4. Investors should note that if they choose to redeem the Linked Deposit before the Maturity Date, they **may not receive the full original invested capital nor the Target Coupon**. The invested capital and the Target Coupon would only be 100% protected if investors hold the Linked Deposit until the Maturity Date or upon the occurrence of the Target Redemption Event, as the case may be.

² Settlement Date refers to the date when the Deposit Amount of the investors is settled to create such Linked Deposit.

5. Investors should fully understand about all the risks associated in the Linked Deposit before making an investment decision.
6. Investors should seek independent legal and financial advice.
7. Investment involves risk, information regarding the Linked Deposit is for reference only, please refer to the Principal Brochure for details.

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