

**For Immediate Release**

**BEA Launches Capital Guaranteed Range Accrual (LIBOR)  
Index Linked Deposit – Series 3 (USD) / Series 4 (HKD)**

**Hong Kong, 29<sup>th</sup> March, 2005** – The Bank of East Asia (“BEA”) today announces the launch of two principal protected investment products, the Capital Guaranteed Range Accrual (LIBOR) Index Linked Deposit – Series 3 (USD) & Series 4 (HKD) (the “Linked Deposit”). The Linked Deposit will be offered from 30<sup>th</sup> March to 8<sup>th</sup> April, 2005.

Today’s announcement also marks the first time that BEA has offered a linked deposit product on the Mainland. Investors may subscribe to Linked Deposit Series 3 at BEA’s China branches in Beijing, Shanghai, Dalian, Xi’an, Chengdu, Xiamen, Guangzhou, Zhuhai, and Shenzhen. The Bank plans to offer additional investment products on the Mainland to meet the rising demand for such products from its customers in China.

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

The Linked Deposit is 100% principal protected and investors have the opportunity to earn a maximum of 5% p.a. (USD) or 4% p.a. (HKD). Coupon payments will be made quarterly according to the Daily Range Accrual structure. This unique structure enables investors to accumulate coupons on a daily basis if the 3-month USD LIBOR falls within the predefined range. The said range adopts a step-up mechanism, which allows investors to enjoy a greater opportunity to accumulate coupons to combat anticipated inflation even during a monetary tightening cycle when interest rates rise. The maximum tenor is three years and BEA has the right to call and terminate the Linked Deposit on any Coupon Payment Date, thus shortening the tenor. The shortest possible tenor will be three months.

The Linked Deposit is designed for investors with a low-risk threshold and who do not expect the interest rate to rise significantly during the life of the deposit but, in the meantime, are aiming for a better return than that currently being offered by normal time deposits.

No subscription fee or management fee will be levied when Linked Deposits are placed, and 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 facilities at a competitive interest rate to selected customers upon request.

For further details of the product, please refer to the Principal Brochure of the Capital Guaranteed Range Accrual (LIBOR) Index Linked Deposit – Series 3 & Series 4. For the contact information of BEA’s China branches, please visit its website at [www.hkbea.com](http://www.hkbea.com), or browse [www.hkbea.com.cn](http://www.hkbea.com.cn) to know more about the Bank’s China services.

Details of the Linked Deposit:

Offer Period	30 <sup>th</sup> March to 8 <sup>th</sup> April, 2005
Minimum Deposit Amount for Each Investor	USD5,000 or its multiple HKD50,000 or its multiple
Minimum Aggregate Deposit	USD20,000,000

Amount for All Investors	HKD200,000,000
Settlement Date	14 <sup>th</sup> April, 2005
Maturity Date	14 <sup>th</sup> April, 2008 (subject to the Bank's Callable Right)
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 or 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, investors are committed to holding the Linked Deposit until the Maturity Date (unless BEA calls and terminates the Linked Deposit prior to the Maturity Date).
3. The potential risk is that if the 3-month USD LIBOR rises sharply and trades beyond 3.75% immediately after the Settlement Date and keeps rising to above their predefined range in each subsequent quarter and never falls within any of the predefined ranges, investors will then receive no coupon payment on the relevant Coupon Payment Dates and need to hold the Linked Deposit for 3 years until maturity unless BEA calls and terminates the Linked Deposit during the investment tenor. The higher the 3-Month USD LIBOR, the greater the opportunity that no coupon will be paid.
4. Investors have to bear the reinvestment risk if BEA calls and terminates the Linked Deposit.
5. Investors should note that **if they choose to redeem the Linked Deposit before the Maturity Date, they might not receive the full original invested capital.** The invested capital would only be 100% protected if investors hold the Linked Deposit until the Maturity Date or BEA exercises its Callable Right, as the case may be.
6. Capital Guaranteed Range Accrual (LIBOR) Index Linked Deposit – Series 3 is denominated in USD. Investors who wish or intend to convert the Deposit Amount and / or Coupon into a different currency (e.g. Hong Kong Dollar) are subject to the relevant foreign exchange risk.
7. Investors should fully understand all risks associated with the Linked Deposit before making an investment decision.
8. Investors should seek independent legal and financial advice.

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For press enquiries, please contact:

Ms. Janice Lam  
 Senior Structured Products Manager  
 Structured Products Department, BEA

Tel: (852) 2528 9006