

**For Immediate Release**

## **BEA Launches Performance Locker Equity Linked Deposit - Series 5**

**Hong Kong, 4<sup>th</sup> July, 2005** – The Bank of East Asia (“BEA”) today announces the launch of Performance Locker Equity Linked Deposit – Series 5 (the “Linked Deposit”), the return of which is linked to the performance of five larger-cap Hong Kong stocks. It guarantees an 8.5% First Fixed Coupon and provides unlimited upside potential. The offering period will be from 4<sup>th</sup> July to 14<sup>th</sup> July, 2005.

The tenor is set at two years and coupons will be paid annually with the First Fixed Coupon (payable at the end of the first year) predefined at 8.5% plus a potentially unlimited upside coupon in the second year. The unlimited second year coupon is subject to the performance of five larger cap Hong Kong stocks with strong presence in their respective industries. The stocks are HSBC (0005.HK), Sun Hung Kai Properties (0016.HK), Swire A (0019.HK), PetroChina (0857.HK), and Bank of China (Hong Kong) (2388.HK). The second year coupon will also be determined by a unique Locked Performance mechanism.

Based on the Locked Performance mechanism, the better the Locked Performance, the higher the second year coupon will be. If on any monthly Observation Date starting at 13 months from the Trade Date, the Average Basket Performance is better than 0% or the immediately preceding Locked Performance (if any), whichever is higher, the Locked Performance on such Observation Date will be automatically triggered. And at maturity, all Locked Performances from all Observation Dates will be averaged to determine the amount of the second year coupon. Thus, even if the Underlying Stock Basket does not perform well after a Locked Performance, the unique Locked Performance mechanism will guarantee a coupon payable at maturity.

The Linked Deposit is a non-principal protected investment. The original deposit amount payable on the maturity date will depend on the Fixing Value of the Least Performing Stock on the Determination Date, and will either be paid in cash or in shares of the Least Performing Stock. If the said Fixing Value falls below 92% of its Initial Spot Price on the Determination Date, shares of the Least Performing Stock will be delivered, and in which case, investors will incur a loss as a result. If the Fixing Value of the Least Performing Stock falls to zero on the Determination Date, the investor’s mark-to-market loss will be the Deposit Amount. However, the 8.5% First Fixed Coupon and the coupon for the second year (if any) will still be paid in cash.

The Linked Deposit is suitable for investors who have confidence in the Underlying Stock Basket, and it is a highly competitive investment alternative to traditional time deposits. No subscription fee or management fee will be levied when the Linked Deposit is placed. If the linked stocks are delivered to investors at maturity, the only fee payable by investors will be the stamp duty (please refer to the “Fees and Charges” section below).

During the offering period from now to 14<sup>th</sup> July, 2005, investors will be entitled to HKD100 PARKnShop gift coupon for the first subscription amount of HKD100,000 and an additional HKD50 PARKnSHOP gift coupon for every subsequent amount of HKD50,000. The higher subscription amount the investors place, the more gift coupons they will receive. For details, please refer to the Terms and Conditions of the PARKnSHOP gift coupon leaflet.

For further product details, please refer to the Principal Brochure of the Performance Locker Equity Linked Deposit – Series 5.

**Details of the Linked Deposit:**

Offer Period	4 <sup>th</sup> July, 2005 – 14 <sup>th</sup> July, 2005
Minimum Deposit Amount for Each Investor	HKD50,000 or multiple
Minimum Aggregate Deposit Amount for All Investors	HKD100,000,000
Trade Date	15 <sup>th</sup> July, 2005 (subject to the Offer Period)
Settlement Date	Second Hong Kong Business Day after the Trade Date
Determination Date	Two years from the Trade Date (the last Observation Date)
Maturity Date	Second Hong Kong Business Day after the Determination Date
Fees & Charges	No fees or charges are payable by investors. All related charges incurred by the Bank are already inherently contained in and subsumed into the calculation of the interest rate and other variables under the Linked Deposit.

**Risk Factors:**

1. This Linked Deposit is not the same as, nor should it be treated as, a substitute for normal time deposits.
2. Investors should realise that this is not a principal protected investment, as they may receive shares of the Least Performing Stock at maturity instead of their original deposit amount, and the mark-to-market value of the received stocks may be substantially less than their original investment.
3. If no Locked Performance has ever occurred, investors will only receive the First Fixed Coupon.
4. Investors should note that this Linked Deposit does not allow early redemption. Investors are required to hold the Linked Deposit until maturity.
5. Investors should fully understand all the risks associated with the Linked Deposit before making an investment decision.
6. Investors should seek independent legal and financial advice.

7. This Linked Deposit is rather sophisticated in structure when compared to normal Equity Linked Deposit. Investors should refer to the Risk Declaration on the Application Form before participating in this Linked Deposit.
8. Investors should realise that The Bank of East Asia, Limited may at its sole discretion shorten or extend the Offer Period. **For the avoidance of doubt, if the Offer Period has been shortened or extended, investors do not have any right to refund / cancel their placed order. Please refer to the Principal Brochure for details.**

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