

For Immediate Release

BEA Launches USD and HKD Floating Booster Index Linked Deposits

Hong Kong, 17 February 2004 – The Bank of East Asia (“BEA”) today announced the launch of a principal protected investment product – Floating Booster Index Linked Deposit (the “Booster Deposit”) on 18 February 2004. This Booster Deposit is an alternate investment opportunity for investors who anticipate that the interest rate will remain static or only rise gradually over “a considerable period of time”.

Floating Booster Index Linked Deposit is one of the many investment products that are currently being offered under the Linked Deposit Series of BEA. Under the Booster Deposit arrangement, investors have the choice to choose between USD or HKD for their investment denomination. Booster Deposit guarantees a 100% principal protection along with the first year annual coupon rate fixed at 5.5% for USD deposit and 4.5% for HKD deposit respectively. The return of the Booster Deposit is linked to the movements of the LIBOR (London Interbank Offered Rate) for USD denominated Booster Deposit and HIBOR (Hong Kong Interbank Offered Rate) for HKD denominated Booster Deposit. Coupon payments will be paid semi-annually and the investment tenor is 5 years. BEA can exercise its right to call and terminate the Booster Deposit (the “Callable Right”) on any scheduled Coupon Payment Date, which in turn may shorten the investment period.

This Booster Deposit should be suitable for investors who expect the interest rate to be relatively stable during the investment tenor. This view is supported by the accommodating policies adopted by the US Fed as its economy is experiencing a steady growth in most areas as shown in minimal inflation along with a drastic increase in business spending plus a modest rise in consumption. In addition, based on past experience, it is rather unusual for the Fed to increase interest rate in an election year, thus it is generally believed that any aggressive rate tightening policies is not expected before the US presidential election this November.

As in the Hong Kong front, substantial growth in the retail sales, the continuous drop in unemployment rates together with those favourable trade policies with the Mainland like CEPA have started fuelling the momentum for Hong Kong to move towards a better recovery story. The massive inflows of foreign funds and the ample liquidity should keep the Hong Kong interest rate at low levels in the foreseeable future. Even if U.S. rates rise, Hong Kong dollar interest rates should lag behind.

This Booster Deposit is designed for investors who have a low risk threshold, but aiming for a better return than that currently offered by normal time deposits. The Booster Deposit is structured based on the premise of the above-mentioned economic forecasts and assumptions to provide a 100% principal protection plus a possible step-up coupon return.

The launch period for this Booster Deposit will be from 18 February 2004 to 24 February 2004. No subscription fee or management fee will be levied for placing the Booster Deposit. Early withdrawal from the Booster Deposit is not allowed. However, BEA will provide overdraft facility with a competitive interest rate to its selected customers upon request.

For further details, please refer to the Principal Brochure of USD and HKD Floating Booster Index Linked Deposit.

Details of the Booster Deposit:

Offer Period	18 February 2004 – 24 February 2004
Minimum Deposit Amount for each Depositor	USD 10,000 or its multiple / HKD 50,000 or its multiple
Minimum Aggregate Amount for all Depositors	USD 10,000,000 / HKD 50,000,000
Settlement Date	27 February 2004
Maturity Date	27 February 2009 (subject to the Bank's Callable Right)
Fees & Charges	No fees and charges are payable by depositors. 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 Deposit.
Early Withdrawal	Partial or full withdrawal or termination is not permitted prior to maturity.

Disclaimer: USD and HKD Floating Booster Linked Deposit is not the same as nor should it be treated as a substitute for normal time deposits. By participating in such Linked Deposit, customers are committed to holding the Linked Deposit until maturity (unless BEA exercises its Callable Right to terminate the Linked Deposit). The potential risk for the USD (HKD) Booster Deposit is that if the 6-month LIBOR (6-month HIBOR) rises sharply and trades beyond 7.5% (6.5%) one and a half year afterwards and stays at that level for the remaining investment period, investors will then receive no coupon payment after the first year on the relevant Coupon Payment Dates and need to hold the Linked Deposit for 5 years until maturity unless the Bank exercises the Callable Right on any Coupon Payment Date during the investment tenor. Investors should fully understand about all the risks associated in the Linked Deposit before making an investment decision. Investors should seek independent legal and financial advice. Please refer to the Principal Brochure for full details of such Linked Deposit.

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