

For Immediate Release

BEA Offers “Basket Equity Linked Deposit - Fixed Coupon Series”

Hong Kong, 31 May 2004 – The Bank of East Asia (“BEA”) today announced the launch of a new investment product – Basket Equity Linked Deposit - Fixed Coupon Series (“Linked Deposit”).

The Linked Deposit is one of the many investment products that are currently being offered under the Linked Deposit Series of BEA. It is a highly competitive alternate investment opportunity other than the traditional time deposits. The Linked Deposit offers investors a stable stream of regular coupon payments plus a potential investment opportunity to capture the positive performance of the Least Performing Stock in the Underlying Stock Basket over a reasonable investment period (usually from 6 months to 3 years). In order to compensate investors for the embedded equity risks, the Linked Deposit offers a higher coupon rate than normal time deposits.

Under the structure of the Linked Deposit, investors can choose up to 7 shares from a designated pool of carefully selected stocks, which are listed on the Main Board of the Stock Exchange of Hong Kong. The portfolio of stocks for investors’ choice include all Hang Seng Index Constituent Stocks, the top-ten red-chips as well as H-shares in terms of their respective prevailing market capitalisation. At maturity, investors will receive either the Deposit Amount in cash or a certain number of shares being the Least Performing Stock calculated based on the predetermined Reference Value, together with the Guaranteed Fixed Coupon payment made periodically. Accordingly, investors should be warned of the risk that this Linked Deposit is not a principal protected investment.

This Linked Deposit is suitable for investors who have confidence in the Stocks in the Underlying Stock Basket and who do not expect the Stocks to fall below the predefined Reference Value on the Determination Date. Nonetheless, if the stock prices do fall under, proceeds of the Linked Deposits will be converted into shares of the Least Performing Stock at the Reference Value.

BEA will offer this Linked Deposit periodically. The minimum subscription is equivalent to HKD 100,000 of the deposit currency. Tailor-made structure can also be offered to customers upon request and they may contact BEA’s marketing officers for tailor-made arrangement.

There is no service charge for placing the Linked Deposit, as all related charges incurred by the Bank will be inherently contained in and subsumed into the calculation of the interest rate and other variables. If the linked stocks are delivered to investors on the Maturity Date, the only fee payable by investors will be stamp duty. Partial or full withdrawal or termination is not permitted prior to maturity except when the Trigger Event occurs (for Linked Deposit with Callable Feature).

For further details, please refer to the Principal Brochure of Basket Equity Linked Deposit - Fixed Coupon Series.

Disclaimer:

This Linked Deposit is not the same as nor should it be treated as a substitute for normal time deposits. By participating in this Linked Deposit, investors are committed to purchasing the Least Performing Stock in the Underlying Stock Basket at its Reference Value if the Fixing Value of the Least Performing Stock is below its Reference Value on the Determination Date. The form of payment investors will receive at maturity may be either in cash or in shares of the Least Performing Stock depending on the condition stated above. There is an opportunity that the Least Performing Stock received may become worthless. If a foreign currency is used as the deposit currency, investors may have to bear the risk of currency fluctuation as exchange rates may rise or fall. 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. Early withdrawal (in part or in full) is not allowed prior to the Maturity Date. Investors have to bear reinvestment risk if the Trigger Event occurs and the Linked Deposit early terminates (for Linked Deposit with Callable Feature). This Linked Deposit is rather sophisticated in structure when compared with the normal Equity Linked Deposit. Investors should refer to the Application Form for Risk Declaration before participating into this Linked Deposit.

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