

For Immediate Release

BEA Offers “Basket Equity Linked Deposit – Potential Booster Coupon Series”

Hong Kong, 14 June 2004 – The Bank of East Asia (“BEA”) today announced the launch of a new investment product – Basket Equity Linked Deposit – Potential Booster 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 alternative investment opportunity other than the traditional time deposits. The Linked Deposit offers investors an opportunity to earn a Bonus Coupon depending on the performance of the Least Performing Stock in the Underlying Stock Basket over a reasonable investment period (usually from 1 to 3 years). In order to compensate investors for the embedded equity risks, the Linked Deposit offers a potentially higher potential Bonus Coupon rate than the interest rate of 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. If the Fixing Values of all the Stocks in the Underlying Stock Basket are greater than or equal to their respective Initial Spot Prices on any Observation Date¹, Trigger Event will occur and the Linked Deposit will be terminated and mature automatically. Investors will receive 100% of the Deposit Amount and the respective Bonus Coupon.

In addition, depending on the occurrence of the Trigger Event, the unique step up coupon mechanism allows investors to enjoy a progressive Bonus Coupon. The longer it takes for the Trigger Event to occur, the higher the potential Bonus Coupon. However, even if the Trigger Event does not occur before maturity, investors will still have an opportunity to earn an Additional Coupon² if the Fixing Value of the Least Performing Stock remains above its Reference Value on the Determination Date, otherwise investors will receive a certain number of shares being the Least Performing Stock calculated based on the predetermined Reference Value³. Hence, investors should be warned of the risk that this Linked Deposit is not a principal protected investment.

¹ Observation Date represents the specific day(s) to be confirmed in the Application Form on which the Bank will make an evaluation to determine if the Trigger Event has occurred or not.

² Additional Coupon = (Fixing Value of Least Performing Stock / Reference Value of Least Performing Stock – 1) x Deposit Amount

³ 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. There is an opportunity that the Least Performing Stock received may become worthless.

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, principal of the Linked Deposits will be converted into shares of the Least Performing Stock at the Reference Value³.

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 further details, please refer to the Principal Brochure of Basket Equity Linked Deposit – Potential Booster 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. This Linked Deposit is rather sophisticated in structure when compared with the normal Equity Linked Deposit. Investor should refer to the Application Form for Risk Declaration before participating into this Linked Deposit.

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