

For Immediate Release

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

Hong Kong, 30 August 2004 – The Bank of East Asia (“BEA”) today announced the launch of a new investment product – Basket Equity Linked Deposit – Target Coupon Potential Bonus Series (the “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 a guaranteed Target Coupon¹ paid over the duration of the Linked Deposit. In addition, the Linked Deposit also provides investors with an opportunity to earn a Bonus Coupon² 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 potential higher Target Coupon rate than the interest rate of normal time deposits. However, investors should be warned of the risk that this Linked Deposit is not a principal protected investment.

Under the structure of the Linked Deposit, investors can choose up to 7 stocks 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.

Depending on the occurrence of the Target Redemption Event³, the unique structure of this Linked Deposit allows investors to enjoy a Bonus Coupon. The longer it takes for the Target Redemption Event to occur, the higher the potential Bonus Coupon. However, even if the Target Redemption Event does not occur, at maturity, investors will still receive the remaining balance of the Target Coupon.

In addition, should the Fixing Value of the Least Performing Stock falls below its Reference Value, the Deposit Amount will be paid in a certain number of shares of the Least Performing Stock calculated based on its predetermined Reference Value⁴.

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

¹ Target Coupon is a predefined return of the Deposit Amount specified in the Application Form and is guaranteed to be paid to investors.

² Bonus Coupon is a predefined Coupon return of the Deposit Amount specified in the Application Form which will be paid to investors on the Coupon Payment Date on which the Target Redemption Event occurs.

³ Target Redemption Event may occur on any Coupon Payment Date if the aggregate sum of all Coupons paid - (up to and including such Coupon Payment Date) reaches the Target Coupon. The Linked Deposit will be terminated and mature automatically on the relevant Coupon Payment Date.

⁴ Please refer to point 2 of Disclaimer.

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 Value⁵.

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 the stamp duty. Termination of the Linked Deposit is not permitted prior to maturity except when the Target Redemption Event occurs.

For further details, please refer to the Principal Brochure of Basket Equity Linked Deposit – Target Coupon Potential Bonus Series.

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 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.
3. 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.
4. Investors should fully understand about all the risks associated in the Linked Deposit before making an investment decision.
5. Investors should seek independent legal and financial advice.
6. Early withdrawal (in part or in full) is not allowed prior to the Maturity Date.
7. 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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⁵ Please refer to point 2 of Disclaimer.