

For Immediate Release

BEA Launches the “BEA Equity & FX Markets Capital Guaranteed Coupon Fund”

Hong Kong, 16 June 2003 – The Bank of East Asia (“BEA”) today announced the launch of a new sub-fund under the Bank of East Asia Investment Series II, namely, BEA Equity & FX Markets Capital Guaranteed Coupon Fund (the “Fund”).

Managed by East Asia Asset Management Company Limited (the “Manager”), a member of BEA Group, and with an investment period of 4.75 years, the Fund will be available for subscription from 17 June 2003 until 15 July 2003. Guaranteed by BEA, the Fund provides investors with 100% guaranteed capital protection¹ and a total of nine semi-annual Guaranteed Coupon Payments¹. Guaranteed coupons will be stepped up every 12 months and amount to 5% in total over the 4.75-year investment period.

The Fund also offers investors an opportunity to receive a Bonus Coupon Payment at maturity², which is linked to the positive performance of two components, namely, the S&P 500[®] Index³ and the AUD/USD spot rate. Investors can therefore capture the upside potential of both the US stock market and AUD against USD at the same time^{4,5}.

The Fund is denominated in US Dollar and the minimum subscription amount is US\$5,000. There are no preliminary charge for subscribing and no early redemption charge for redeeming the Fund, and the management fee of the Fund is 0.7% per annum⁶.

A preferential deposit interest rate of 4%-5% per annum over BEA base rate will be offered to investors from now on until the end of September 2003 for a one-month local time deposit in HK Dollar or US Dollar for one time with an equivalent amount not exceeding the investors’ investment amount in the Fund.

To provide customers with financial flexibility, BEA also offers overdraft facilities of up to 80% of the investors’ investment amount in the Fund against pledge of their holdings of the Fund.

Details of the Fund

Launch Period	17 June 2003 to 15 July 2003
Inception Date	18 July 2003
Maturity Date	18 April 2008
Base Currency	USD
Offer Price	USD 10.00
Minimum Investment	USD 5,000

Preliminary Charge	Nil
Early Redemption Charge	Nil
Management Fee	3.325% (0.7% p.a.)
Minimum Redemption	500 units
Dealing Day	1 st and 3 rd Wednesday of each month
Investment Manager	East Asia Asset Management Company Limited
Guarantor	The Bank of East Asia, Limited

Disclaimer

The Fund has been authorised by the Securities and Futures Commission (“SFC”) in Hong Kong. In granting such authorisation, the SFC takes no responsibility for the financial soundness of the Fund or the accuracy of any of the statements made or opinions expressed in the Explanatory Memorandum of the Fund and such authorisation does not imply that investment in the Fund is recommended by the SFC. Investment involves risks. The value of the investments may go up and down. The Fund is also subject to the credit risks of the Guarantor and the option counterparty as well as the liquidity risk of the underlying investment of the Fund.

- ¹ The guarantee is issued by The Bank of East Asia, Limited. Each Guaranteed Coupon Payment and the benefit of the 100% capital guarantee will only be applicable to Units held by investors on relevant Guaranteed Coupon Date and Maturity Date respectively. Redemptions before the Maturity Date are fully exposed to fluctuations in the Net Asset Value of the Fund and the redemption value may be lower than the 100% guaranteed amount.
- ² The Bonus Coupon Payment, which is subject to the performances of the US stock market and AUD against USD over the 4.75-year investment period, is not guaranteed and may be zero. If a negative performance is recorded for one of the components, its performance will be deemed as zero. No Bonus Coupon Payment will be payable if negative performance is recorded for both components.
- ³ Standard & Poor’s[®], “S&P[®]”, “S&P 500[®]”, “Standard & Poor’s 500” and “500” are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by East Asia Asset Management Company Limited. The Fund is not sponsored, endorsed, sold or promoted by Standard & Poor’s and Standard & Poor’s makes no representation regarding the advisability of investing in the Fund.
- ⁴ Realisation of upside potential is subject to the Participation Rate applied. Based on the market conditions on 9 June 2003, the Manager expects the Participation Rate to be between 20% and 45% and, on a best effort basis, estimates the Participation Rate to be approximately 35%. The actual participation rate will be determined on the Inception Date and may be different from the estimated rate. The Manager will not proceed with the launch of the Fund, if the Participation Rate falls below 20% on or before the Inception Date.
- ⁵ The performances of the US stock market and AUD against USD over the 4.75-year investment period are subject to market fluctuations and to the risks inherent in the respective investments.
- ⁶ The Management, Guarantor and Trustee Fees, and the establishment cost of the Fund for the whole investment period of 4.75 years, which amount to approximately 4.455% in aggregate, will be charged upfront at the inception of the Fund. Investor who redeems the Fund prior to the Maturity Date must bear the total fees and expenses incurring in the whole investment period.

Please refer to the Explanatory Memorandum of the Fund for full details of the guarantee and calculation of the Bonus Coupon Payment. Please visit BEA's website at www.hkbea.com for details of the Fund and the Explanatory Memorandum of the Fund.

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