

Press Release

Hong Kong, 24 June 2004

LYXOR LAUNCHES ASIA 5-STAR GUARANTEED FUND, A UNIQUE WAY TO PARTICIPATE IN THE PERFORMANCE OF ASIAN MARKETS.

The Altus Trust - Asia 5-Star Guaranteed Fund is a unique investment combining:

- Exposure to 5 leading Asian indices
- Guaranteed fixed coupon of 10% of the offer price after 6 months
- Potential to receive a coupon of 4% at the end of each 6 month period from year 1 onwards in a variety of market conditions
- Earliest potential maturity after 6 months if the trigger level of 15% is reached or exceeded
- 100% capital guaranteed by Société Générale at maturity

The Asia 5-Star Guaranteed Fund is a unique way for investors to benefit from the performance of Asian markets.

Earliest potential maturity of this type of fund

- Investors receive a 10% coupon after 6 months, regardless of market conditions.
- If the two worst performing indices in the basket of 5 indices rise by 15% or more, the fund will mature as early as 6 months or on a semi-annual basis thereafter. This gives investors the opportunity to retrieve their capital as well as an attractive coupon.
- If the two worst performing indices remain flat, the fund will not mature early but from year 1 onwards, investors will receive an attractive coupon of 4% paid at the end of each 6 month period.

From year 1 onwards, 4% potential coupon every 6 months in a variety of market conditions

- If the two worst performing indices drop by up to 10% investors will still receive the potential coupon of 4% at the end of each 6 month period from year 1 onwards*.
- In the worst case scenario, the two worst performing indices drop by more than 10% and never recover and investors receive their capital back at the end of 10 years*.

* Assuming the Floor Level is set at -10%.

How can this be achieved?

■ **Exposure to prominent Asian indices**

The fund provides easy access to the potential upside of the region via exposure to the Hang Seng China Enterprises Index (China), the Hang Seng Index (Hong Kong), the MSCI Taiwan, the KOSPI 200 (Korea) and the Nikkei 225 (Japan). Exposure to indices is broader and historically less volatile than exposure to selected component stocks.

■ **Guaranteed fixed coupon of 10% of the offer price after 6 months**

This is payable to units in the fund held as at 28 January 2005, regardless of market conditions.

■ **Potential maturity after just 6 months**

The fund will mature as soon as the trigger level is reached. This may occur as early as 6 months from the launch date and is the **shortest potential maturity of this type of retail fund on the Hong Kong market**. The maximum term of the investment is 10 years.

■ **Achievable trigger level of 15%**

The fund will mature if, on any semi-annual coupon date, the average performance of the two worst performing indices reaches or exceeds the trigger level of 15% of the initial level.

■ **Potential semi-annual coupon of 4% of the offer price from the end of year 1**

Investors will receive this provided that the average performance of the 2 worst performing indices in the basket is equal to or above the floor level.

■ **Protection from downside potential through the floor level, enabling performance even in a down market**

The floor level will be set between -20% and 0% by the manager between the beginning of the offer period and the launch date. Assuming a floor level of -10%, investors will receive a coupon of US\$0.40 per unit even if the two worst performing indices are flat or even down as much as 10% on average on the relevant coupon date.

■ **100% Capital Guarantee at maturity from Société Générale (AA-, Aa3)**

“The Asia 5-Star Guaranteed Fund is a very interesting way for investors to increase exposure to Asian markets, particularly in current market conditions.” said Nicolas Reille, Director at SG Structured Products Asia ex-Japan. “It allows investors to benefit not just from market upside with the possibility of the fund maturing as early as six months from the launch date and on a semi-annual basis thereafter, but even from flat or slightly down market conditions. All this with the guarantee of receiving 110% of capital in the worst case scenario, which occurs only if 2 indices drop by 10% or more over the next six months and do not recover during the 10-year investment term.” he continued.

The Asia 5-Star Guaranteed Fund is distributed exclusively by The Hongkong and Shanghai Banking Corporation Limited until 21 July 2004. It will be available in all HSBC branches in Hong Kong.

Fund Details:

Offer period:	Until 21 July 2004
Launch date:	28 July 2004
Maturity date:	28 July 2014 (earliest possible maturity date: 28 January 2005)
Base currency:	US dollar
Offer price:	US\$10.00 per unit
Guaranteed fixed coupon:	10% of the offer price (US\$ 1.00) payable after 6 months
Trigger level:	15%
Floor level:	-10% (estimated as at 14 June 2004)
Minimum investment:	US\$ 3,000
Initial sales charge:	0%
Realisation charge:	0%
Management Fee:	Upfront management fee = 4.5% Annual management fee = 0.1% p.a.
Dealing deadline:	First and third Thursday of each month
Manager:	Lyxor Asset Management (a 100% SG Subsidiary)
Guarantor:	Société Générale (AA-, Aa3)

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Notes to the Editor:

SOCIETE GENERALE GROUP

Société Générale is one of the largest financial services groups in the euro-zone. The Group employs 88,000 people worldwide in three key businesses:

- Retail Banking & Financial Services: Société Générale serves more than 15 million retail customers worldwide.
- Asset Management, Private Banking & Securities Services: Société Générale is one of the largest banks in the euro-zone in terms of assets under custody (USD 1165 billion) and under management (EUR 284 billion, December 2003).
- Corporate & Investment Banking: SG CIB ranks among the leading banks worldwide in euro capital markets, derivatives and structured finance.

Société Générale is included in the four major socially responsible investment indexes. www.socgen.com

SG

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- Euro Capital Markets: A top ten player in debt and equity segments (bonds, securitisations, syndicated loans, equity-linked and equity issues).
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- Structured Finance: A worldwide leader in export, project and structured commodity finance.

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SG EQUITY DERIVATIVES AND STRUCTURED PRODUCTS

SG has a proven track record and a leading market reputation in equity derivatives and structured products. It was named "Equity Derivative House of the Year 2003" by The Banker, "Equity Derivatives House of the Year 2001 and 2003" by Asia Risk, « Equity Derivatives House of the Year 2003" by Asiamoney, « Equity Derivatives House of the Year 2003" by The Asset, and "Equity Derivatives House of the Year 2001 and Year 2002" by Risk Magazine. SG is well qualified to provide the necessary risk management techniques required for pricing and hedging these types of complex derivatives.

LYXOR ASSET MANAGEMENT

Lyxor Asset Management ("Lyxor") is a 100% subsidiary of SG, fully dedicated to structured funds activities. Its mission is to facilitate access to innovative structured investments: equity and index derivative instruments and capital guaranteed or leverage products. Lyxor's Altus Trust Fun-Ride Guaranteed Fund and Currencies series was named Best Capital Guaranteed Product 2003 by The Asset. As of May 2004, Lyxor managed close to USD 46.7 billion of assets through more than 970 funds, and employed more than 120 people.

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

The Hongkong and Shanghai Banking Corporation Limited is the founding and a principal member of the HSBC Group which, with over 9,500 offices in 79 countries and territories and assets of over US\$1,034 billion at 31 December 2003, is one of the world's largest banking and financial services organisations.