

Press Release

Hong Kong, 7 February 2006

New Lyxor Smart Fund - Asia Select makes it easy to benefit from Asia's growth

Lyxor Smart Fund - Asia Select provides investors the easiest way to achieve an annual potential return of 10% as long as Hong Kong, Japan or Korea goes up by 5%

Lyxor Asset Management is pleased to announce the launch of Lyxor Smart Fund – Asia Select (“the Fund”) offering investors a simple and effective solution to benefit from Asia's growth. The Fund targets investors who like the Asia growth story but do not know:

- 1) when to invest; and
- 2) which markets to invest.

With Lyxor Smart Fund's innovative strategy, investor will gain exposure to Asia's three key markets – Japan, Korea, and Hong Kong; and achieve a progressive 10% return each year should any of the markets reach a 5% return or more since launch.

The Fund launch is timely as investors continue to stay bullish on the Asian growth story. However, given the extent of market rise in recent years, it may not be easy for all to make money in Asia.

Lyxor Asset Management's investment outlook for these three Asian markets as below:-

Index	Investment outlook
Hang Seng Index (HSI)	<ul style="list-style-type: none">▪ Economic fundamentals continue to improve and further supported by peaking of interest rates and oil process.▪ Strong corporate earnings growth supported by sustainable increase in exports and consumption.▪ Key beneficiary of Asian and China growth in view of its “gateway to China” and “world class financial market” status. Large capital inflows are expected as more IPOs of Chinese Enterprises this year, e.g. Bank of China and ICBC, this would create rallies to the market.

Nikkei 225 Index (Nikkei)

- Tankan confirmed economic recovery with an end to the deflation cycle in 2006. Both domestic and external demand will support growth in 2006. The competitive exchange rate remains a support for growth even given some slowing in global growth.
- With stable wage growth, moderately positive employment growth and wealth effect transmitted from equity market, it would strengthen private consumption.
- Business investment remains firm and a sustained period of capital destruction since 2000 provides plenty more upside for business investment going forward.

KOSPI 200 Index (KOSPI 200)

- Consumption recovery is intact as consumer confidence continues to improve. The KOSPI 200 Index is on a sustainable growth trend supported by improving global and local fundamentals, e.g. export and domestic consumption growth.
- Increasing foreign investor support as Korea achieves “developed market” status amongst global index providers such as FTSE Developed Markets indices this year.

“The Asian growth story is sure to happen, but knowing where and when to invest is key. This Fund is unique in the market as it helps investors achieve a target return based on the Asian growth story but without the need to decide at the out start which markets to invest and when.” Said Andrew Au, Senior Vice President at SG Structured Products Asia ex-Japan.

“In the last 15 years, at least one of the three indices have recorded a >5% performance 75% of the time. The Fund’s innovative investment strategy assures investors will benefit from the best performing index each year and maximize the opportunities to gain an annual potential return of 10% in the investment cycle once the best performing index each year recorded 5% growth vs. the investment start date” he continued.

Key Investor benefits of Lyxor Smart Fund – Asia Select include:

- **Capitalize on the growth of three key Asian equity markets via HSI, Nikkei and KOSPI**
The Manager will invest the Fund’s assets in these three indices with an aim to generate the potential return.
- **Auto-Selection investment strategy linked to the best performing index each year[^]**
If the best performing index records a performance equal to or above 5% at the end of Year 1, investors will receive a potential return (if any), which is 10% for the first investment cycle or the higher of prevailing Net Asset Value. Once the target is achieved, a new investment cycle will start.
- **Progressive potential return# (if any) if the first investment cycle ends in Year 2 and Year 3 respectively**
If the best performing index records a performance less than 5% at the end of Year 1, the Fund will continue its investment strategy with an aim to achieve a progressive potential return of 20% and 30% for Year 2 and Year 3 respectively. What is required is for the best performing index in the Fund's remaining basket of indices to achieve a 5% or more return at the end of Year 2 or Year 3 (as the case may be) vs. the investment cycle start date.

- **A succession of investment cycles**
For each new investment cycle, the Fund will invest its assets in the same three indices with new investment reference levels. Investors can benefit from another investment cycle offered by these Asian markets. Terms for new investment cycle will be announced 3 weeks prior to its start.
- **Liquidity and low cost**
The Fund offers weekly liquidity allowing investors to enter and exit their investments based on their current requirements. With a low management fee of 0.5% p.a., the Fund is a cost effective way for investors to tap the potential of these Asian markets.

Fund details:

Initial offer period:	Until 3 March 2006
Launch date:	8 March 2006
Base currency:	US dollar
Initial offer price:	US\$ 10.00 per unit
Minimum investment:	US\$ 3,000
Initial sales charge:	Up to 3%*
Realisation fee:	0%
Management fee:	0.50% per annum
Dealing deadline:	Every Friday
Manager:	Lyxor Asset Management (100% SG subsidiary)

*not applicable for subsequent investment cycle for existing investors.

The Fund is distributed by ABN Amro Bank, Bank of America CITIC Ka Wah Bank, Dah Sing Bank, DBS Bank (Hong Kong), Fubon Bank, Hang Seng Bank Ltd, The Hongkong and Shanghai Banking Corporation Limited, MEVAS Bank from now to 3 March 2006.

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Société Générale Group

Société Générale is one of the largest financial services groups in the euro-zone. The Group employs 93,000 people worldwide in three key businesses:

- Retail Banking & Financial Services: Société Générale serves about 19 million individual customers worldwide.
- Global Investment Management & Services: Société Générale is one of the largest banks in the euro-zone in terms of assets under custody (EUR 1,317 billion, September 2005) and under management (EUR 370 billion, September 2005).
- 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.

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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 Derivatives House of the Year 2003 & 2004" and "Equity Derivatives House of the Year 2005 for Europe and the Americas" by The Banker, "Equity Derivatives House of the Year 2001, 2003 & 2005" by Asia Risk, "Equity Derivatives House of the Year 2003" by Asiamoney, "Equity Derivative House of the Year 2001, 2004 & 2005" by IFR Magazine, "Equity Derivatives House of the Year 2002, 2003, 2004 & 2005" by The Asset, and "Equity Derivatives House of the Year 2001, 2002 and 2004" by Risk Magazine, "Equity Derivatives House of the Year 2005" by Structured Product and "Best European Equity Derivatives Provider 2005" by Global Finance. 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 AM ("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 was named Asset Manager of the Year by AsiaRisk Magazine in 2004. As of October 2005, Lyxor managed close to USD 60.9 billion of assets through more than 1,300 funds, and employed more than 180 people.