

Capital Protected China Opportunity Receipts

Offering exposure to future growth potential in the Chinese equity markets with the security of capital protection from Deutsche Bank



Key Features

- An investment in a dynamically managed portfolio of Chinese shares
 - Shares in the portfolio are selected using stringent selection criteria, and are rebalanced quarterly
 - 10 year investment term
 - Capital protected at maturity by Deutsche Bank
 - Indicative prices available daily
 - No application fees
 - No annual management fees
 - Offering is for Wholesale Investors only
- Minimum investment AUD 25,000 and AUD 5,000 increments thereafter
 - Applications open on 29 March 2004
 - Applications close on 10 May 2004
 - Upfront commission 2% and trailing commission 0.2%pa beginning year 2

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Investing in China – the Dragon Economy

China, home to more than 20% of the world's population, is the world's second largest economy as measured by purchasing power parity. As one of last year's best global equity market performers, China continues to show the potential for further growth in the years ahead on the back of healthy fundamental performance.

What is a Capital Protected ChinaOpportunity Receipt?

A Capital Protected ChinaOpportunity Receipt is a deferred purchase agreement between the Holder and Deutsche Bank for the purchase, by the Holder from Deutsche Bank, of the Physical Settlement Portfolio, with delivery to occur on the Completion Date, in approximately ten years time.

What is the Investment Strategy?

The Capital Protected ChinaOpportunity Receipt is a clearly defined, transparent investment giving investors access to an exciting equity market with growth potential. Investors also receive principal protection on their initial investment, provided the Receipts are held until completion and the Completion Amount and Holder Expenses are paid.

Can I Have My Capital Guaranteed?

Deutsche Bank will (assuming a valid Completion Notice is lodged and the Completion Amount is paid together with any Holder Expenses) effectively guarantee that the Physical Settlement Value will be at least equal to the Issue Price if the Capital Protected ChinaOpportunity Receipts are held until the last Valuation Date. In particular, it does not apply if there is an early termination.

Can My Receipts Be Repurchased?

In order to ensure as far as reasonably possible that Holders have an opportunity to liquify their investment should their personal circumstances change unexpectedly, Holders can have their Receipts repurchased. Subject to the discretion of Deutsche Bank, a repurchase of Receipts will be based on an indicative price on the last business day of every month, being a price that Deutsche Bank would pay on that Trading Day if it accepts an offer from a Holder to repurchase a Receipt. If a Holder seeks to liquify their investment within 24 months of the Issue Date, it is Deutsche Bank's current intention that the indicative price will be reduced by 2% to take account of break costs.

Benefits

- **Makes Investing in China Simple** – Investing in Chinese equities can be a difficult process. Finding a broker that is licenced to deal in Chinese securities and then deciding which shares to buy can cause many investors to avoid investing altogether. The Capital Protected ChinaOpportunity Receipts provide investors with a simple way to access the growth potential of Chinese shares.
- **Capital Protection** – 100% Capital Protection (i.e. Physical Settlement Value will be at least equal to the Issue Price) provided the investment is held until the last Valuation Date.
- **Adds Diversification to an Investment Portfolio** – Provides an easy way for investors to access the price performance of shares in those markets which are less familiar and less accessible to investors.
- **Lower Costs** – The investment may offer cost efficient exposure to Chinese equities when compared to traditional investment alternatives.

- **No Application Fees or Annual Management Fees** – When purchasing Capital Protected ChinaOpportunity Receipts, potential investors do not have to pay any application fees in order to invest. In addition, Holders will not have to pay any annual management fees to Deutsche Bank as the Issuer of the Receipts.
- **Dynamically Managed Portfolio of Chinese Shares** – Share portfolios need to be managed on an ongoing basis in order to maintain a portfolio of shares that fit the original investment criteria. The Capital Protected ChinaOpportunity Receipt is designed to cater for this need by capturing the performance of a Chinese stock portfolio rebalanced quarterly, selected from a broad tradable Chinese stock universe.
- **Stringent Stock Selection Criteria** – The stock selection process is a 2 step process based on extensive research and analysis. As China is an emerging market, the shares within the Index are biased in the first instance towards size (market capitalisation) and liquidity. The remaining universe is then weighted toward conventional, value based measures, such as price to book, price to earnings ratio and dividend yield. The above process occurs quarterly.
- **Set and Forget Investment** – Over the 10 year term of the investment, investors do not need to make any decisions with regard to stock selection, as this is all done for them by Deutsche Bank.
- **Currency** – Investors purchase Capital Protected ChinaOpportunity Receipts in AUD. Over the life of the investment, the AUD/EUR exchange rate is locked in so investors are not exposed to AUD/EUR currency risk. See the "Exchange Rate" section in Risks below for further details.

Risks

Investors should refer to the Information Memorandum and the Preliminary Pricing Supplement, both dated 15 March 2004, for further information regarding risks associated with an investment in Capital Protected ChinaOpportunity Receipts.

- **Emerging Market, Political and Economic Risks** – The Chinese economy is an 'emerging market' economy. Given the absence of a rule-based and transparent political system, China may be exposed to significant political, economic and social change, leading to economic instability.
- **External Factors** – The Chinese economy is influenced by external market forces, particularly in relation to those markets with which China trades or upon which it otherwise relies.
- **Stock Markets** – The development of the stock market in China is at an early stage which could lead to risks and practices that are not common in more developed stock markets.
- **Exchange Rate** – There is no linkage between the euro and the currencies of Hong Kong SAR (HKD) and China. Holders may also be exposed to movements in the USD.
- **Liquidity Risk** – Chinese markets are often illiquid and are characterised by low turnover of some of the listed securities.
- **Volatility of the Chinese Market** – Chinese share price movements are influenced by many factors and as such can be highly volatile.
- **Tax Risks** – The Information Memorandum, dated 15 March 2004, sets out the main tax implications for investors considering entering into a Receipt. However, investors are advised to seek their own independent tax advice.

For more information, please visit www.dbstructuredinvestments.com/china or call Deutsche Bank – 1300 656 287. Westpac Banking Corporation is a distributor of the Capital Protected ChinaOpportunity Receipts. For further information on this offering or a copy of the Information Memorandum and Preliminary Pricing Supplement, both dated 15 March 2004, call Westpac on 1800 024 420.

Investors should refer to the Information Memorandum dated 15 March 2004 ("Information Memorandum") and the Preliminary Pricing Supplement dated 15 March 2004 ("Preliminary Pricing Supplement") for further information regarding an investment in Capital Protected ChinaOpportunity Receipts. The Receipts are designed for investment by Australian investors only. The distribution of the Information Memorandum and the Pricing Supplement in jurisdictions outside Australia may be restricted by the laws or regulations of the places where it is distributed and therefore investors should seek advice on and observe those restrictions.

This flyer has been prepared without taking account of an investor's objectives, financial situation or needs. Investors should, before acting on the basis of information contained in this flyer, consider the appropriateness of the information contained in the flyer, having regard to their objectives, financial situation and needs. Investors should obtain a copy of the Information Memorandum and Preliminary Pricing Supplement and consider these before making an investment in Capital Protected ChinaOpportunity Receipts. Deutsche Bank recommends investors get their own independent financial, legal and taxation advice.

The Issuer may only accept an application to acquire a Capital Protected ChinaOpportunity Receipt from:

(1) a sophisticated investor who has provided a certificate to Deutsche Bank given by a qualified accountant in the last 6 months confirming he or she has net assets of at least A\$2,500,000, or had a gross income of at least A\$250,000 for each of the past 2 financial years as set out in the Sophisticated Investor Certificate and who is not investing in the Receipt in connection with a business;

(2) a professional investor (as defined in the Corporations Act);

(3) companies, provided that the value (as defined in the Corporations Act) of the Receipts purchased by the company is at least AUD500,000; or

(4) a person who is otherwise not a retail client for the purposes of Part 7.9 of the Corporations Act.

The Receipts do not represent a deposit liability of Deutsche Bank AG Sydney. The depositor protection provisions of Division 2 of Part II of the Banking Act 1959, do not apply to the Issuer.