

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



FUBON BANK (HONG KONG) LIMITED
富邦銀行(香港)有限公司

(incorporated in Hong Kong under the Companies Ordinance)
(Stock Code: 636)

CONTINUING CONNECTED TRANSACTION
Distribution Agreement between
the Company and Taipei Fubon

On 17 November 2006, the Company and Taipei Fubon entered into the Distribution Agreement pursuant to which Taipei Fubon would act as a distributor of Notes issued under the Company's US\$1,000,000,000 Euro Medium Term Note Programme.

The Distribution Agreement constitutes a continuing connected transaction for the purpose of Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules.

1. CONNECTED PARTIES

Taipei Fubon is a wholly-owned subsidiary of Fubon. Fubon, holding 75 per cent. of the issued shares of the Company, is a substantial shareholder of the Company. Therefore, Taipei Fubon is a connected person of the Company under the Listing Rules and, accordingly, the entering into and performance of the Distribution Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

2. PARTICULARS OF THE DISTRIBUTION AGREEMENT

On 17 November 2006, the Company and Taipei Fubon entered into the Distribution Agreement pursuant to which Taipei Fubon would act as a distributor of Notes to its customers in consideration of which the Company will pay distribution fees to Taipei Fubon. The Distribution Agreement, which is on normal commercial terms, is for a fixed term of three years expiring on 16 November 2009.

The Distribution Agreement states that the maximum aggregate annual consideration payable under such agreement is HK\$20,000,000.

The issue of Notes under the Programme is in the ordinary and usual course of business of the Company.

3. REASONS FOR ENTERING INTO, AND THE BENEFITS OF, THE DISTRIBUTION AGREEMENT

Taipei Fubon has greater access to institutional investors and private customers in the ROC and is therefore in a better position to procure purchasers of the Notes from investors in that region. The Directors of the Company consider that entering into the Distribution Agreement will give the Company better access to Taiwanese institutional investors and private customers (individuals and corporate entities) in the ROC with business interests in Hong Kong. Therefore, the Directors consider it to be beneficial to the Company to be a party to the Distribution Agreement.

The terms of the Distribution Agreement have been reached after arm's length negotiation between the parties thereto. The Directors of the Company (including the independent non-executive Directors) are of the view that the terms of the Distribution Agreement are fair and reasonable and in the interests of the Company and the shareholders as a whole.

4. AGGREGATE CONSIDERATION PAYABLE UNDER THE DISTRIBUTION AGREEMENT

The Company pays distribution fees to Taipei Fubon under the Distribution Agreement in consideration of Taipei Fubon procuring purchasers of the Notes. The distribution fee is agreed for each Relevant Series. There is no limit on the number of Relevant Series of Notes which may be issued under the Programme in any given financial year. The only limit is on the Programme size, which is currently set at an aggregate of US\$1,000,000,000 worth of Notes. The maximum aggregate annual value of the distribution fees payable under the Distribution Agreement, for the purpose of Listing Rule 14A.35(2), is HK\$20,000,000.

5. CAP ON AGGREGATE ANNUAL CONSIDERATION

The cap proposed on the aggregate annual consideration payable under the Distribution Agreement has been determined by reference to the projected annual issuance of the Notes by the Company as an issuer and the distribution of the Notes by Taipei Fubon as distributor in the three years from the date of the Distribution Agreement.

The projected amounts of the aggregate annual consideration were determined on the basis of a reasonable estimate by the parties of the market demand for the Notes to be issued by the Company and the distribution of the same by Taipei Fubon in the next three years. In determining the reasonableness of the projected amounts the Company has made direct reference to the two tranches of Notes issued by the Company on 8 September 2006 and 6 October 2006, respectively. The two tranches of Notes were both distributed by Taipei Fubon and the distribution fees paid were HK\$1,592,132.50 and HK\$30,750.00 respectively. The aggregate consideration paid to Taipei Fubon was HK\$1,622,882.50 and fell under the de minimis threshold set out in Rule 14A.33(3) of the Listing Rules.

The projections were made on the principal underlying assumptions that, for the term of the Distribution Agreement, (i) the market demand for the Notes remains consistent with previous patterns, (ii) there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which materially affect the ability of the Company to issue the Notes, and (iii) the business of the Company and Taipei Fubon will remain stable.

6. REQUIREMENTS OF THE LISTING RULES

In accordance with Rule 14A.34 of the Listing Rules, based on the calculations of the percentage ratios (other than the profits ratio) and since the total amount of distribution fees to be paid under the Distribution Agreement for each of the years ending 16 November 2007, 2008 and 2009 is expected to be less than HK\$20,000,000, the continuing connected transaction will only be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and will be exempt from the independent shareholders' approval requirements.

7. COMPLIANCE WITH THE LISTING RULES

The Company will continue to comply with the relevant rules of Chapter 14 and Chapter 14A of the Listing Rules in relation to any extension after 16 November 2009 of any of the terms of the Distribution Agreement.

8. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY AND TAIPEI FUBON

8.1 The Company

The Company is authorised by the Hong Kong Monetary Authority pursuant to section 16 of the Banking Ordinance to carry on banking business in Hong Kong. The Company is principally engaged in banking, securities broking and other financial related services to corporate and individual customers in Hong Kong including credit card services, personal loans, investment banking, corporate banking and treasury services. Fubon currently holds 75% of the issued shares of the Company and is, therefore, a substantial shareholder of the Company.

8.2 Taipei Fubon

Taipei Fubon was formed as a result of a merger between Fubon Commercial Bank Co., Limited and TaipeiBank Co., Limited with effect from 1 January 2005. Taipei Fubon is principally engaged in banking and other financial related services to corporate and individual customers in the ROC. Taipei Fubon is a wholly-owned subsidiary of Fubon.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Company”	Fubon Bank (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange. Fubon holds 75 per cent. of the issued shares of the Company
“Directors”	the directors of the Company
“Distribution Agreement”	the Distribution Agreement between the Company and Taipei Fubon dated 17 November 2006
“Fubon”	Fubon Financial Holding Co., Ltd., a company incorporated in the ROC
“HK\$”	Hong Kong Dollars
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Notes”	the notes issued by the Company under the Programme from time to time
“Programme”	the Company’s US\$1,000,000,000 Euro Medium Term Note Programme dated 20 March 2006
“Relevant Series”	a series of Notes comprising one or more Tranches, whether or not issued on the same date, that (except in respect of the first payment of interest, if applicable, and their issue price) have identical terms
“ROC”	the Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taipei Fubon”	Taipei Fubon Commercial Bank Co., Ltd., a company incorporated in the ROC, and a wholly-owned subsidiary of Fubon
“Tranche”	in relation to a Relevant Series, those Notes of that Series that are issued on the same date at the same issue price and in respect of which the first payment of interest (if applicable) is identical

By order of the Board of
Fubon Bank (Hong Kong) Limited
Ivan Young
Company Secretary

Hong Kong, 20 November 2006

As of the date of this announcement, the Company’s Directors are Jin-Yi Lee (Managing Director and Chief Executive Officer), Michael Chang Ming Yuen, James Yip as Executive Directors; Ming-Hsing (Richard) Tsai (Chairman), Ming-Chung (Daniel) Tsai (Vice Chairman), Victor Kung, Jesse Ding as Non-Executive Directors; and Robert James Kenrick, Moses Tsang, Hung Shih as Independent Non-Executive Directors.

Please also refer to the published version of this announcement in South China Morning Post.