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FUBON BANK (HONG KONG) LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 636)

DISCLOSEABLE TRANSACTION

Acquisition of a 19.99% equity interest in Xiamen City Commercial Bank

On 10 June 2008, the Company, acting as the foreign strategic investor, and Xiamen Bank entered into the Share Subscription Agreement, pursuant to which Xiamen Bank conditionally agreed to issue and the Company conditionally agreed to subscribe to the Subscription Shares for a consideration of approximately RMB230 million. In addition, the Company has further agreed to give its share of future dividends from Xiamen Bank to the existing shareholders of Xiamen Bank on a pro rata basis at any financial year for which distribution of dividends will be declared, with a total amount of up to RMB20 million as deferred payment of part of the consideration. The Subscription Shares represent 19.99% of the enlarged issued share capital of Xiamen Bank after Completion of the Subscription. The consideration is to be satisfied entirely by cash from the Company's own internal surplus funds. Following Completion, the Company is entitled to appoint 3 directors to the new and expanded board of Xiamen Bank which will comprise 11 directors.

Together with the Share Subscription Agreement, the Company and Xiamen Bank also entered into a Strategic Cooperation and Technology Transfer Agreement, under which the Company is to fulfil its responsibility as the foreign strategic investor in introducing international best banking practices and providing Xiamen Bank with necessary assistance in restructuring and upgrading its existing business and operations.

The Subscription constitutes a discloseable transaction for the Company, which is subject to the reporting,

announcement and circular requirements, but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules. A circular containing, among other information, further details of the Subscription will be dispatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

1. BACKGROUND

On 10 June 2008, the Company and Xiamen Bank entered into the Share Subscription Agreement, pursuant to which Xiamen Bank conditionally agreed to issue and the Company conditionally agreed to subscribe to the Subscription Shares for a cash consideration of approximately RMB230 million or RMB2.3025 per share. The Subscription Shares represent 19.99% of the enlarged issued share capital of Xiamen Bank after Completion of the Subscription. The Company also agreed not to sell or transfer the Subscription Shares for a period of 3 years to an independent third party. Following Completion, the Company is entitled to appoint 3 directors to the new and expanded board of Xiamen Bank which will comprise 11 directors.

After Completion of the Subscription, Xiamen Bank will be considered an associate (but not a subsidiary) of the Company. The Directors have confirmed that the 19.99% interest will be equity accounted for in the audited consolidated financial statements of the Company.

The Share Subscription Agreement constitutes a discloseable transaction for the purpose of Chapter 14 of the Listing Rules and a circular containing further details of the Subscription will be sent to the Shareholders of the Company as soon as practicable in compliance with the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, Xiamen Bank and its ultimate beneficial owners are third parties independent of the Company and not connected persons of the Company.

The Directors consider the terms of the Subscription to be fair and reasonable and that the transaction is in the interests of the Company and its Shareholders as a whole.

2. PARTICULARS OF THE SHARE SUBSCRIPTION AGREEMENT

Date:	10 June 2008
Issuer:	Xiamen Bank
Subscriber:	the Company
Number of Subscription Shares :	99,950,000 newly issued ordinary shares of Xiamen Bank of par value RMB1.00 each, representing 19.99% of the enlarged issued share capital of Xiamen Bank after completion of the Subscription
Consideration:	approximately RMB230 million or RMB2.3025 per share payable in cash

In addition, the Company has further agreed to give its share of future dividends from Xiamen Bank to the existing shareholders of Xiamen Bank on a pro rata basis at any financial year for which distribution of dividends will be declared, with a total amount of up to RMB20 million as deferred payment of part of the consideration.

Conditions

The Share Subscription Agreement is conditional upon (inter alia) the Company obtaining all necessary corporate authorisations to subscribe to the Subscription Shares and consents and approvals from relevant government authorities (including but not limited to CBRC, HKMA, FSC, and MOEAIC) as may be required in respect of the Share Subscription Agreement and the transaction contemplated thereunder. At the time of this announcement, save for the approval from CBRC, all other conditions have been satisfied.

Consideration

The consideration for the Subscription Shares will be financed by the Company's own internal surplus funds. The consideration for the Subscription Shares has been arrived at after arm's length negotiations between the Company and Xiamen Bank and has been calculated by reference to, among other things, the audited net tangible asset value of Xiamen Bank at 31 December 2007 being RMB433 million. The Directors believe the consideration for the Subscription Shares is fair and reasonable and in the interests of the Shareholders as a whole.

Completion

Completion will take place upon fulfillment of the conditions of the Share Subscription Agreement.

3. REASONS FOR ENTERING INTO THE SHARE SUBSCRIPTION AGREEMENT

The Directors of the Company are of the view that the terms of the Share Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Moreover, the transaction represents an extension of the Company's Greater China growth strategy in building new businesses and providing better services to its customers. Xiamen, due to its proximity to Taiwan, has been recognised by the PRC government as a critical gateway city in developing the "Strait West Economic Region". Currently, Xiamen has over 2,300 registered Taiwanese businesses, along with 3,000 Hong Kong businesses, creating an attractive ready customer base for the Company's future business development in the region.

4. REQUIREMENTS OF THE LISTING RULES

The Subscription constitutes a discloseable transaction for the Company and is subject to the reporting, announcement and circular requirements, but is exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other information, further details of the Subscription will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

5. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY AND XIAMEN BANK

THE COMPANY

The Company is authorised by the HKMA pursuant to Section 16 of the Banking Ordinance to carry on banking business in Hong Kong. The Company is listed on the Stock Exchange (stock code: 636) and is assigned A-2 short-term and BBB+ long-term ratings by Standard & Poor's. The Company is principally engaged in a wide range of financial services encompassing wealth management, consumer and wholesale banking, financial markets, hire purchase, securities brokerage and investment services. Fubon Financial currently holds 75 per cent of the issued shares of the Company and is, therefore, a substantial shareholder of the Company.

Fubon Financial is a leading financial services group in Taiwan and is listed on the Taiwan Stock Exchange (stock code: 2881). Fubon Financial provides a comprehensive range of financial products and services, including corporate and investment banking, financial markets, consumer finance, wealth management, investment management and insurance, with more than 6 million customers served through a network of more than 330 branches. It holds an A-2 short-term, BBB+ long-term rating from Standard & Poor's.

XIAMEN BANK

Xiamen Bank was established in November 1996 through the amalgamation of 15 urban credit cooperatives in Xiamen as a city joint-stock commercial bank, which is a PRC domestic enterprise, with capital contributions from Xiamen Municipal Finance Bureau, private and state owned enterprises, as well as private individuals. Xiamen Bank's head office is located in the city of Xiamen.

Xiamen Bank is a commercial banking institution with a license to operate within the city limits of Xiamen. It is engaged principally in the provision of a range of RMB and foreign currency denominated banking products and services to government related entities, corporate / institutional and retail customers, including deposit taking, infrastructure financing, home mortgage loans, corporate loans, foreign currency exchange and remittance, trade finance, credit facility arrangements, safe deposit box services, bank cards, and insurance agency services.

At present, Xiamen Bank maintains 32 business outlets with 31 sub-branches and one more outlet at its head office with operations across Xiamen and ranks 5th among all commercial banks in Xiamen in terms of number of outlets. Moreover, Xiamen Bank operates 100 ATMs in Xiamen. The total number of employees at the end of 2007 stands at 656.

6. FINANCIAL INFORMATION OF XIAMEN BANK

Based on audited financials for the year ended 31 December 2007 prepared under PRC GAAP, Xiamen Bank's total assets amount to RMB17,744 million with net shareholders' equity of RMB433 million. The net profit before taxes is RMB 83 million and RMB104 million with a net profit after taxes of RMB10 million and RMB56 million for the years ended 31 December 2007 and 2006 respectively on revenue of RMB595 million and RMB410 million for the years ended 31 December 2007 and 2006 respectively. The capital adequacy ratio stands at 4.45%, which is expected to exceed regulatory requirement of 8.0% following completion of the Subscription. The non-performing loan ratio has continued to improve and stands at 4.25% at the end of 2007, slightly below national average of 4.5% for city commercial banks.

Definitions

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

“ATM”	automatic teller machine
“Banking Ordinance”	Banking Ordinance (Cap. 155 of the Laws of Hong Kong)
“CBRC”	the China Banking Regulatory Commission
“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 Financial holds 75 per cent of the issued shares of the Company
“Company Share(s)”	share(s) of HK\$1.00 each in the capital of the Company
“Completion”	completion of the Share Subscription Agreement
“Directors”	the directors of the Company
“FSC”	the Financial Supervisory Commission of Taiwan
“Fubon Financial”	Fubon Financial Holding Co., Ltd., a company incorporated in Taiwan, with its shares listed on the Taiwan Stock Exchange
“HK\$”	Hong Kong Dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKMA”	the Hong Kong Monetary Authority
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOEAIC”	the Investment Commission of Ministry of Economic Affairs of Taiwan

“PRC”	the People’s Republic of China
“PRC GAAP”	generally accepted accounting principles in the PRC, including the Accounting Standards for Business Enterprises and the Accounting Regulations for Financial Institutions
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Company Share(s)
“Share Subscription Agreement”	the Share Subscription Agreement between the Company and Xiamen Bank dated 10 June 2008
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares of Xiamen Bank by the Company in accordance with the terms and conditions of the Share Subscription Agreement
“Subscription Shares”	99,950,000 newly issued ordinary shares of RMB1.00 each in Xiamen Bank
“Xiamen Bank”	Xiamen City Commercial Bank, a company incorporated and registered in Xiamen, the PRC

By order of the Board of
Fubon Bank (Hong Kong) Limited
Juliana CHIU Yuk Ching
Company Secretary

Hong Kong, 10 June 2008

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, David Chang Kuo-Chun as Non-Executive Directors; and Robert James Kenrick, Moses Tsang, Hung Shih as Independent Non-Executive Directors.