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FUBON BANK (HONG KONG) LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code: 636)

**PROPOSED OPEN OFFER OF 1,172,160,000 PREFERENCE SHARES
AT US\$0.10237 PER PREFERENCE SHARE PAYABLE
IN FULL ON ACCEPTANCE
(ON THE BASIS OF ONE PREFERENCE SHARE
FOR EVERY ORDINARY SHARE HELD)**

PROPOSED OPEN OFFER

The Company proposes to raise approximately US\$120 million before expenses by issuing 1,172,160,000 Preference Shares at a price of US\$0.10237 per Preference Share.

The estimated net proceeds of the Open Offer will be approximately US\$120 million (after deducting all necessary expenses of less than US\$0.5 million) which will be used for general banking and other corporate purposes and, in particular, for strengthening the capital base of the Company and providing sufficient surplus capital to support future business growth and any potential asset acquisitions. It is intended that the Preference Shares will constitute “supplementary capital” of the Company for the purpose of the Banking (Capital) Rules. Subject to the Shareholders approving certain resolutions to be proposed at the EGM of the Company to be held on Friday, 21 November 2008, the Company will offer for subscription 1,172,160,000 Preference Shares in the proportion of one Preference Share for every Ordinary Share held by the Qualifying Shareholders on the Record Date. The Open Offer will only be available to Qualifying Shareholders and will not be available to Excluded Overseas Shareholders. The terms of the Open Offer have been determined with reference to the prevailing market prices of comparable securities prior to the Latest Practicable Date and the current financial position of the Group.

The Open Offer is conditional upon fulfilment of the following conditions:

- (i) resolutions of the Shareholders of the Company being passed to increase the authorised share capital of the Company, to create the Preference Shares and to amend the articles of association of the Company to reflect the terms of the Preference Shares;
- (ii) the registration of the Prospectus Documents, together with all other relevant consents and documents required to be endorsed on or attached to the Prospectus Documents with the Registrar of Companies in Hong Kong (as required);
- (iii) the HKMA granting its approval that the Preference Shares may be treated as “supplementary capital” of the Company for the purposes of the Banking (Capital) Rules; and
- (iv) the Company having received valid applications for at least 879,120,000 Preference Shares under the Open Offer.

As Fubon Financial has irrevocably undertaken to accept its full entitlement in the Open Offer, being 879,120,000 Preference Shares (subject only to the prior approval of the Financial Supervisory Commission and of the Investment Commission, Ministry of Economic Affairs of Taiwan) condition (iv) above is expected to be satisfied upon the commencement of the Open Offer. **If the above conditions have not been fulfilled by 4:00 p.m. on Wednesday, 10 December 2008, the Open Offer will not proceed.**

WARNING OF THE RISKS OF DEALING IN ORDINARY SHARES

Ordinary Shares will be dealt with on an ex-offer basis from Friday, 14 November 2008. Any dealings in the Ordinary Shares will take place while the conditions to which to Open Offer is subject remained unfulfilled. If the conditions of the Open Offer are not fulfilled by 4:00 p.m. on Wednesday, 10 December 2008, the Open Offer will not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Ordinary Shares and are recommended to consult their professional adviser(s).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 18 November 2008 to Friday, 21 November 2008, both days inclusive. No transfers of Ordinary Shares will be registered during this period.

To qualify for the Open Offer, any transfer of Ordinary Shares must be lodged for registration with the Company’s share registrar, Computershare, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by 4:30 p.m. on Monday, 17 November 2008.

UNDERTAKING FROM FUBON FINANCIAL

The Open Offer is not underwritten. However, the Company's substantial shareholder, Fubon Financial, has irrevocably undertaken to the Company to apply for not less than 879,120,000 Preference Shares (subject only to the prior approval of the Financial Supervisory Commission and of the Investment Commission, Ministry of Economic Affairs of Taiwan), representing its entire assured entitlement to Preference Shares under the Open Offer.

The Company also understands that Fubon Financial intends to apply for the excess of 293,040,000 Preference Shares (being the maximum number of Preference Shares issuable by the Company pursuant to the Open Offer less the number of Preference Shares for which Fubon Financial has irrevocably undertaken to apply), which will be allocated on a fair and equitable basis pro rata to the number of excess Preference Shares applied for by each Shareholder.

GENERAL

Resolutions will be proposed at the EGM to: (i) increase the authorised share capital of the Company; (ii) create the Preference Shares; and (iii) amend the articles of association of the Company to reflect the terms of the issue of the Preference Shares.

A circular containing (i) information regarding the details of the proposed Open Offer; and (ii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

The Board is pleased to announce the Open Offer of 1,172,160,000 Preference Shares to strengthen the capital base of the Company and to provide sufficient surplus capital to support future business growth and any potential asset acquisitions.

A. THE OPEN OFFER

Basis of the Open Offer	One Preference Share for every existing Ordinary Share held on the Record Date by Qualifying Shareholders
Subscription Price	US\$0.10237 payable in cash per Preference Share
Number of Preference Shares	1,172,160,000 Preference Shares

B. CONDITIONS OF THE OPEN OFFER

The Open Offer is conditional upon fulfilment of the following conditions:

- (i) resolutions of the Shareholders of the Company being passed to increase the authorised share capital of the Company, to create the Preference Shares and to amend the articles of association of the Company to reflect the terms of the Preference Shares;
- (ii) the registration of the Prospectus Documents, together with all other relevant consents and documents required to be endorsed on or attached to the Prospectus Documents with the Registrar of Companies in Hong Kong (as required);
- (iii) the HKMA granting its approval that the Preference Shares may be treated as “supplementary capital” of the Company for the purposes of the Banking (Capital) Rules; and
- (iv) the Company having received valid applications for at least 879,120,000 Preference Shares under the Open Offer.

As Fubon Financial has irrevocably undertaken to accept its full entitlement in the Open Offer, being 879,120,000 Preference Shares (subject only to the prior approval of the Financial Supervisory Commission and of the Investment Commission, Ministry of Economic Affairs of Taiwan) condition (iv) above is expected to be satisfied upon the commencement of the Open Offer. **If the above conditions have not been fulfilled by 4:00 p.m. on Wednesday, 10 December 2008, the Open Offer will not proceed.**

C. UNDERTAKING FROM FUBON FINANCIAL

The Open Offer is not underwritten. However, the Company’s substantial shareholder, Fubon Financial, has irrevocably undertaken to the Company to apply for not less than 879,120,000 Preference Shares (subject only to the prior approval of the Financial Supervisory Commission and of the Investment Commission, Ministry of Economic Affairs of Taiwan), representing its entire assured entitlement to Preference Shares under the Open Offer.

The Company also understands that Fubon Financial intends to apply for the excess of 293,040,000 Preference Shares (being the maximum number of Preference Shares issuable by the Company pursuant to the Open Offer less the number of Preference Shares for which Fubon Financial has irrevocably undertaken to apply), which will be allocated on a fair and equitable basis pro rata to the number of excess Preference Shares applied for by each Shareholder.

D. TERMS OF THE PREFERENCE SHARES

Description:	It is intended that the Preference Shares will constitute “supplementary capital” of the Company for the purpose of the Banking (Capital) Rules. Accordingly, any redemption, purchase or cancellation of the Preference Shares will be subject to the prior consent of the HKMA at the relevant time. Further, in compliance with section 37(2)(a) of the Banking (Capital) Rules, the money raised by the issue of Preference Shares will be available to meet losses without the Company being obliged to cease trading. This means that the amount paid up on the Preference Shares will not form part of the distributable profits of the Company but will instead form part of the permanent capital of the Company which will enable the Company to carry on trading in times of economic adversity
Issue Size:	Approximately US\$120 million
Issue Price per Preference Share:	US\$0.10237
Issue Date:	15 December 2008
Maturity:	Perpetual (no maturity date). The Preference Shares are not subject to any early mandatory redemption or repayment by either the Company or the holder(s) of the Preference Shares
Preference Dividend:	If declared, the Preference Dividend will be payable, in priority to the payment of dividends to holders of Ordinary Shares, at a fixed dividend rate of 9% per annum, calculated on 30/360 day count basis, and payable semi-annually on any Preference Dividend Payment Date
Deferral of Preference Dividend:	<p>The Company may elect not to declare or pay the Preference Dividend if, during the 12 calendar months preceding a date on which the Preference Dividend is due to be paid in respect of the Preference Shares, no dividend or distribution or other payment has been declared or paid on any class of the share capital of the Company</p> <p>Any undeclared or unpaid Preference Dividend is collectively referred to as a “Deferred Preference Dividend”. Any Deferred Preference Dividend will be cumulative</p> <p>The Deferred Preference Dividends will not themselves bear interest and the terms of the Preference Shares will not provide for payment of any form of compensation to the Preference Shareholders other than payment of the Preference Dividend</p>

Preference Dividend periods:	The six-monthly periods prior to 15 June and 15 December each year
Preference Dividend Payment Date:	15 June and 15 December
Optional Early Redemption:	Subject always to the prior consent of the HKMA and conditional upon the Company being able to redeem the Preference Shares and remain Solvent immediately thereafter, the Preference Shares will be redeemable at the option of the Company on the first working day after the fifth anniversary of the Issue Date, and on every Preference Dividend Payment Date thereafter. The Preference Shares will be redeemed at a price of US\$0.10237 plus any cumulative unpaid Preference Dividends
Voting rights:	Holders of the Preference Shares will not have voting rights
Ranking:	For purposes of the payment of dividends and repayment of share capital upon the winding-up of the Company, the Preference Shares will rank in priority to the Ordinary Shares and any other class of shares in the capital of the Company. Preference Shareholders rank after depositors and creditors (including subordinated creditors) of the Company in the event of the winding-up of the Company
Listing:	The Preference Shares will not be listed

E. QUALIFYING SHAREHOLDERS AND CLOSURE OF REGISTER OF MEMBERS

The Company will offer the Preference Shares for subscription to Qualifying Shareholders only. A Qualifying Shareholder must at the close of business on the Record Date:

1. be registered as a member of the Company; and
2. not be an Excluded Overseas Shareholder.

In order to be registered as a member of the Company on the Record Date and to qualify for the Open Offer, Shareholders must lodge any transfer of Ordinary Shares (together with the relevant share certificates) with the Company's share registrar by 4:30 p.m. on Monday, 17 November 2008. The Company's share registrar is Computershare of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

The register of members of the Company will be closed from Tuesday, 18 November 2008 to Friday, 21 November 2008 (both dates inclusive). No transfer of Ordinary Shares will be registered during this period.

F. OVERSEAS SHAREHOLDERS

The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Preference Shares to Overseas Shareholders. If, based on legal opinions provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Preference Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place of their registered addresses or the requirements of the relevant regulatory body or stock exchange in that place, the Directors will exercise their discretion given to them under the articles of association of the Company to exclude such Overseas Shareholders from the Open Offer. The Company will not send the Prospectus Documents to the Excluded Overseas Shareholders. However, the Excluded Overseas Shareholders will be entitled to attend and vote at the EGM.

Any Preference Shares which would otherwise have been in assured entitlements of the Excluded Overseas Shareholders will be available for application by any Qualifying Shareholders who wish to apply for Preference Shares in excess of their own entitlements. The basis for excluding the Excluded Overseas Shareholders, if any, from the Open Offer will be set out in the Prospectus to be issued.

G. APPLICATION FOR PREFERENCE SHARES IN EXCESS OF ENTITLEMENTS

Qualifying Shareholders will have the right to apply for any Preference Shares in excess of their own entitlements but are not assured of being allocated any Preference Shares in excess of such entitlements. The Company will allocate the Preference Shares in excess of entitlements at its discretion on a fair and equitable basis, pro rata to the number of excess Preference Shares applied for by each Shareholder. Each application for excess Preference Shares will be subject to a maximum of 293,040,000 Preference Shares (being the maximum number of Preference Shares issuable by the Company pursuant to the Open Offer less the number of Preference Shares for which Fubon Financial has irrevocably undertaken to apply).

H. NO APPLICATION FOR LISTING

The Company will not be applying for the listing of, or permission to deal in, the Preference Shares on the Stock Exchange or any other stock exchange.

I. EXPECTED TIMETABLE OF THE OPEN OFFER

The expected timetable for the Open Offer set out below is for indicative purposes only and it has been prepared on the assumption that all of the conditions of the Open Offer will be fulfilled. The expected timetable may be subject to change and any changes will be announced in a separate announcement by the Company as and when appropriate.

2008

Last day of dealings in Ordinary Shares on a cum-offer basis	Thursday, 13 November
Commencement of dealings in Ordinary Shares on an ex-offer basis	Friday, 14 November
Latest time for lodging transfer of Ordinary Shares	4:30 p.m. on Monday, 17 November
Latest time for lodging proxy forms for the EGM.	10:00 a.m. on Wednesday, 19 November
Closure of register of members to determine eligibility for the Open Offer (both dates inclusive)	Tuesday, 18 November to Friday, 21 November
Expected date of the EGM	10:00 a.m. on Friday, 21 November
Record Date for the Open Offer	Friday, 21 November
Announcement of the results of the EGM.	Monday, 24 November
Register of members re-opens	Monday, 24 November
Despatch of Prospectus Documents	Tuesday, 25 November
Latest time for acceptance of and payment for Preference Shares	4:00 p.m. on Tuesday, 9 December
Latest time for the Open Offer to become unconditional.	4:00 p.m. on Wednesday, 10 December
Announcement of results of the Open Offer	Friday, 12 December
Despatch of certificates for Preference Shares	Monday, 15 December

J. USE OF PROCEEDS

The estimated net proceeds of the Open Offer will be approximately US\$120 million (after deducting all necessary expenses of less than US\$0.5 million) which will be used for general banking and other corporate purposes and, in particular, for strengthening the capital base of the Company and providing sufficient surplus capital to support future business growth and any potential asset acquisitions. The Company's intended use of proceeds will not change according to the level of acceptances received in respect of the Open Offer.

K. REASONS FOR THE OPEN OFFER

The Directors are proposing that the Company issue the Preference Shares in order to strengthen the capital base of the Company and to provide sufficient surplus capital to support future business growth and any potential asset acquisitions. The Directors believe that it is the best interests of the Company and the Shareholders as a whole to enlarge the capital base of the Company through the issuance of the Preference Shares. It is intended that the Preference Shares, when issued, will qualify as "supplementary capital" for the purposes of the Banking (Capital) Rules.

L. EGM

Resolutions will be proposed at the EGM to: (i) increase the authorised share capital of the Company; (ii) create the Preference Shares; and (iii) amend the articles of association of the Company to reflect the terms of the issue of the Preference Shares. Any vote of the Shareholders at the EGM will be taken by poll.

A circular containing (i) information regarding the details of the proposed Open Offer; and (ii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

M. WARNING OF THE RISKS IN TRADING OF SHARES

Ordinary Shares will be dealt with on an ex-offer basis from Friday, 14 November 2008. Any dealings in the Ordinary Shares will take place while the conditions to which to Open Offer is subject remained unfulfilled. If the conditions of the Open Offer (see paragraph headed "Conditions of the Open Offer") are not fulfilled by 4:00 p.m. on Wednesday, 10 December 2008, the Open Offer will not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Ordinary Shares and are recommended to consult their professional adviser(s).

N. DEFINITIONS

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

“Application Form”	the provisional allotment letter and the excess application form to be despatched together with the Prospectus to Qualifying Shareholders
“Assets”	the unconsolidated gross assets (including contingencies) of the Company
“Banking (Capital) Rules”	Cap. 155L of the Laws of Hong Kong
“Company”	Fubon Bank (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, the Ordinary Shares of which are listed on the Stock Exchange. Fubon Financial holds 75 per cent of the issued Ordinary Shares of the Company
“Computershare”	Computershare Hong Kong Investor Services Limited
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company for approving certain matters in relation to the Open Offer
“Excluded Overseas Shareholders”	the Overseas Shareholder(s) whose address is in a place outside Hong Kong where the Directors, based on legal opinions provided by legal advisers of the Company, consider it necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Preference Shares to such Shareholders
“Fubon Financial”	Fubon Financial Holding Co., Ltd, a company incorporated in Taiwan, with its shares listed on the Taiwan Stock Exchange
“Group”	the Company and its subsidiaries
“HKMA”	the Hong Kong Monetary Authority
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	Monday, 27 October 2008, being the latest practicable date prior to the printing of this announcement for ascertaining certain information contained therein

“Liabilities”	the unconsolidated gross liabilities of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Open Offer”	the proposed issue by way of an open offer of Preference Shares at a price of US\$0.10237 per Preference Share on the basis of one Preference Share for every Ordinary Share then held on the Record Date
“Ordinary Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company
“Overseas Shareholders”	Shareholders whose names appear on the register of members of the Company as at the close of the business on the Record Date and whose address is shown on such register to be outside Hong Kong
“PRC”	the People’s Republic of China
“Preference Shares”	1,172,160,000 new fully paid-up non-participating cumulative preference shares of nominal value US\$0.10237 each in the capital of the Company to be issued under the Open Offer
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and Application Form
“Qualifying Shareholders”	Shareholders other than the Excluded Overseas Shareholders
“Record Date”	Friday, 21 November 2008, being the date on which entitlements to the Preference Shares will be determined
“Shareholder(s)”	holder(s) of the Ordinary Share(s)
“Solvent”	means that the Company is able to pay its debts as they fall due and has Assets that exceed its Liabilities.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price for the Preference Shares, being US\$0.10237 per Preference Share

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the Board of Directors of the Company comprises 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.

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

Hong Kong, 29 October 2008