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## **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)*

### **DISCLOSEABLE TRANSACTION**

#### **Subscription of Rights Shares in Xiamen Bank Co., Ltd**

The Board of Xiamen Bank, an associate of the Bank, announced on 17 November 2010 that Xiamen Bank proposes to raise approximately RMB536,580,000 by way of a rights issue of 198,000,000 newly issued ordinary shares at a price of RMB2.71 per share.

The Bank, holding a 19.99% share in Xiamen Bank, was qualified to participate in the Rights Issue. On 17 November 2010, the Bank confirmed and undertook to Xiamen Bank to fully subscribe its allocated 39,580,200 Rights Shares. The total subscription price of RMB107,262,342 is payable on or before 28 December 2010 for the respective Rights Shares.

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

#### **1. BACKGROUND**

The Board of Directors of Xiamen Bank announced on 17 November 2010 to raise approximately RMB536,580,000 by way of a rights issue of 198,000,000 newly issued ordinary shares to its qualified shareholders on a pro-rata basis at a price of RMB2.71 per share, on the basis of 3 shares to every 10 shares held by the shareholders of Xiamen Bank on 10 November 2010.

The Board of the Bank announces that on 17 November 2010, the Bank confirmed and undertook to Xiamen Bank to fully subscribe its allocated 39,580,200 Rights Shares in Xiamen Bank pursuant to the terms of the Rights Issue.

The Bank acquired its 19.99% interest in Xiamen Bank in December 2008 pursuant to a share subscription agreement dated 10 June 2008. Xiamen Bank is considered an associate of the Bank. Upon completion of the Rights Issue, the Bank will maintain 19.99% of the issued share capital of Xiamen Bank. The Directors have confirmed that the 19.99% interest is equity accounted for in the audited consolidated financial statements of the Bank.

The acceptance of the Rights Issue constitutes a discloseable transaction for the purpose of Chapter 14 of 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 Bank and not connected persons of the Bank.

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

## **2. PARTICULARS OF THE SUBSCRIPTION IN THE RIGHTS SHARES**

Date:	17 November 2010
Issuer:	Xiamen Bank
Subscriber:	the Bank
Number of Rights Shares entitled :	39,580,200 newly issued ordinary shares of Xiamen Bank of par value RMB1.00 each, together with 131,934,000 ordinary shares already held, representing 19.99% of the enlarged issued share capital of Xiamen Bank after completion of the Rights Issue
Consideration:	RMB107,262,342 or RMB2.71 per share payable in cash

### **Conditions**

The subscription of the Rights Issue is conditional upon (inter alia) the Bank obtaining all necessary corporate authorisations to subscribe to the Rights Shares and consents and approvals from relevant regulatory authorities (including but not limited to HKMA, FSC, and MOEAIC) as may be required in respect of the Rights Issue. At the time of this announcement, save for the approvals from HKMA, FSC and MOEAIC, all other conditions have been satisfied.

### **Consideration**

The consideration for the Rights Shares will be financed by the Bank's own internal surplus funds. The price for the Rights Shares has been calculated by reference to, among other things, the audited shareholders' equity of Xiamen Bank as at 31 December 2009 being

RMB1.344 billion. The Directors believe the consideration for the Rights 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 subscription for the Rights Issue.

## **3. REASONS FOR ACCEPTANCE OF THE RIGHTS ISSUE**

The Directors of the Bank are of the view that the terms of the Rights Issue are fair and reasonable and in the interests of the Bank and the Shareholders as a whole.

Moreover, subscription of the Rights Shares will enable the Bank to maintain its 19.99% shareholding interest in Xiamen Bank.

## **4. REQUIREMENTS OF THE LISTING RULES**

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

## **5. PRINCIPAL BUSINESS ACTIVITIES OF THE BANK AND XIAMEN BANK**

### **THE BANK**

The Bank is authorised by the HKMA pursuant to Section 16 of the Banking Ordinance to carry on banking business in Hong Kong. The Bank 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 Bank is principally engaged in a wide range of financial services encompassing consumer and wholesale banking, wealth management, financial markets, securities brokerage and investment services with 24 retail outlets including 22 branches and 2 Securities Services Centres.

Fubon Financial currently holds 75 per cent of the issued shares of the Bank and is, therefore, a substantial shareholder of the Bank. 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, to more than 9 million customers. 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, 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, corporate loans, foreign currency exchange and remittance, trade finance, credit facility arrangements, safe deposit box services and insurance agency services.

At present, Xiamen Bank maintains 33 business outlets with 32 sub-branches and one more outlet at its head office with operations across Xiamen and Fuzhou. The total number of employees as of September 2010 stands at 932.

## **6. FINANCIAL INFORMATION OF XIAMEN BANK**

Based on audited financials for the year ended 31 December 2009 prepared under PRC GAAP, Xiamen Bank's total assets amount to RMB28.277 billion with shareholders' equity of RMB1.344 billion. The net profit before taxes is RMB95 million and RMB280 million with a net profit after taxes of RMB63 million and RMB215 million for the years ended 31 December 2009 and 2008 respectively on net interest income of RMB384 million and RMB477 million for the years ended 31 December 2009 and 2008 respectively. The capital adequacy ratio stands at 12.94% at the end of 2009, which is expected to be improved to 13.80% following completion of the Rights Issue.

### **Definitions**

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

“Bank”	Fubon Bank (Hong Kong) Limited, a bank 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 Bank
“Banking Ordinance”	Banking Ordinance (Cap. 155 of the Laws of Hong Kong)
“Company Share(s)”	share(s) of HK\$1.00 each in the capital of the Bank
“Completion”	completion of the Rights Issue
“Directors”	the directors of the Bank
“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 of Hong Kong Limited
“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
“Rights Issue”	the rights issue exercise conducted by Xiamen Bank to raise RMB536,580,000 by way of a rights issue of 198,000,000 newly issued ordinary shares at a price of RMB2.71 per share.
“Rights Shares”	39,580,200 newly issued ordinary shares of RMB1.00 each in Xiamen Bank allocated to the Bank in the Rights Issue.
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Company Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xiamen Bank”	Xiamen Bank Co., Ltd, a company incorporated and registered in Xiamen, the PRC

On behalf of the Board of  
**Fubon Bank (Hong Kong) Limited**  
*Pei-Wah Thomas Liang*  
 Managing Director

Hong Kong, 17 November 2010

*As of the date of this announcement, the Bank’s Directors are Pei-Wah Thomas Liang (Managing Director), James Yip as Executive Directors; Ming-Hsing (Richard) Tsai (Chairman), Ming-Chung (Daniel) Tsai (Vice Chairman), Victor Kung, David Chang Kuo-Chun, Michael Chang Ming-Yuen, as Non-Executive Directors; and Robert James Kenrick, Moses Tsang, Hung Shih as Independent Non-Executive Directors.*