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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

AGREEMENT BETWEEN THE BANK, THE SFC, THE HKMA AND THE DISTRIBUTING BANKS TO REPURCHASE MINIBONDS AND THE REPURCHASE SCHEME

On 22 July 2009, the Bank has, without admission of any liability, entered into an Agreement with the SFC, the HKMA and the Distributing Banks to make an offer to Eligible Customers to repurchase their holdings in Outstanding Minibonds subscribed or purchased through the Bank.

The Bank announces that on 22 July 2009, it has, without admission of any liability, entered into an Agreement with the SFC, the HKMA and the Distributing Banks to make an offer to Eligible Customers to repurchase their holdings in Outstanding Minibonds subscribed or purchased through the Bank.

Under the Repurchase Scheme, the Bank will offer to purchase all Outstanding Minibonds from Eligible Customers at a price equivalent to 60% of the nominal value of the principal invested for Eligible Customers below the age of 65 as at 1 July 2009; or 70% of the nominal value of the principal invested for Eligible Customers aged 65 or above as at 1 July 2009. The acceptance of the offer by Eligible Customers will result in the release of claims such Eligible Customers may have against the Bank, and any past or present director, officer or employee of the Bank, in relation to the sale, purchase, holding or liquidation of the Minibonds. Based on the information currently available to the Bank, the estimated total amount involved in the repurchase exercise is some HK\$313 million if all Eligible Customers accepted the offer (excluding any future payments following recovery from collaterals). The consideration will be funded by the Bank from its internal available resources.

In the event of recovery from collaterals underlying the Outstanding Minibonds repurchased by the Bank, the initial 10% (or less, depending on the actual level of recovery) of the

principal invested, as well as any recovery in excess of 70% of the principal invested, will be distributed to Eligible Customers below the age of 65 as at 1 July 2009 who accept the offer. For Eligible Customers at or above the age of 65 as at 1 July 2009 who accept the offer, any recovery in excess of 70% of the principal invested will be paid to them as well.

Under the Agreement, the Bank has also committed to make available to the Trustee a maximum amount of approximately HK\$12 million (being the total commission income received by the Bank through the distribution of the Outstanding Minibonds) to be used by the Trustee to fund collateral recoveries pursuant to the Expenses Funding Agreement. The Bank has agreed that it will not have any claim to the return of this money to the extent that it is utilised by the Trustee.

In respect of those Minibonds investors who would have qualified as an Eligible Customer but have entered into settlement agreements with the Bank on terms which are financially less favourable than the Repurchase Scheme, the Bank will pay them an *ex gratia* payment to bring them in line with the Eligible Customers who accept the offer. Based on the information currently available to the Bank, the estimated total amount involved in the “top-up” exercise is approximately HK\$8 million (excluding any future payments following recovery from collaterals).

The Agreement constitutes full and final settlement and conclusion of all reviews, investigations, disciplinary or enforcement proceedings (whether administrative, civil or criminal) commenced, conducted or intimated by the SFC relating to the distribution of Minibonds by the Bank (amongst others). On the basis of the information they currently have, the SFC has agreed not to take any disciplinary or enforcement action against the Bank and any past or present director, officer or employee of the Bank, in respect of any conduct relating to the distribution of Minibonds. Moreover, the HKMA does not intend to take any disciplinary or enforcement action in relation to the complaint of any Eligible Customer who accepts the repurchase offer.

The Bank wishes to emphasize that it continues to ascribe to the highest standard of conduct in its business. The Repurchase Scheme and the *ex gratia* payment evidence the Bank’s effort to assist customers who may have been affected by the sudden collapse of the Lehman Brothers Group, and demonstrates the Bank’s unwavering commitment to reinforce the investing public’s confidence in the banking and financial systems of Hong Kong.

GENERAL

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, the Eligible Customers are third parties independent of the Bank and not connected persons of the Bank.

If all Eligible Customers accept the offer, the estimated nominal value of the Outstanding Minibonds proposed to be repurchased is HK\$509 million.

The Directors believe that it is in the interests of the Bank to have regard to the interests of the public and regulatory roles of the SFC and the HKMA to enter into the Agreement and the Directors believe that the terms of the Agreement are fair and reasonable and in the interests of the shareholders as a whole.

REQUIREMENTS OF THE LISTING RULES

The Repurchase Scheme 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.

PRINCIPAL BUSINESS ACTIVITIES OF THE BANK

The Bank, through its branches and subsidiaries, provides a range of banking, financial and related services.

DEFINITIONS

“Agreement”	The Agreement between the Bank, the SFC, the HKMA and the Distributing Banks dated 22 July 2009 pursuant to section 201 of the SFO
“Bank”	Fubon Bank (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Code of Conduct”	The Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission issued by the SFC pursuant to section 399 of the SFO
“Directors”	The directors of the Bank
“Distributing Banks”	ABN AMRO Bank N.V., Bank of China (Hong Kong) Ltd, The Bank of East Asia, Limited, Bank of Communications Co Ltd, Chiyu Banking Corporation Ltd, Chong Hing Bank Ltd, CITIC Ka Wah Bank Ltd, Dah Sing Bank Ltd, Industrial and Commercial Bank of China (Asia) Ltd, Mevas Bank Ltd, Nanyang Commercial Bank, Ltd, Public Bank (Hong Kong) Ltd, Shanghai Commercial Bank Ltd, Wing Hang Bank Ltd and Wing Lung Bank Ltd
“Eligible Customers”	Persons who, through the Bank, purchased Outstanding Minibonds as part of a primary offering and with open positions in such Outstanding Minibonds, except those who (i) have, in the three years preceding their first purchase of Minibonds, executed five or more transactions in Leveraged Products, Structured Products or a combination of these products; (ii) are non-individuals, meaning those who hold an account with the Bank in the name of an entity incorporated or formed in Hong Kong or elsewhere, excluding sole proprietorship and exempt charitable bodies under section 88 of the Inland Revenue Ordinance (Cap 112) and not-for-profit organizations whose assets are not managed by an SFC licensed fund manager; (iii) are professional investors falling under paragraph (a) to (i) of the definition of “professional investor” in Part 1 of Schedule 1 to the SFO; (iv) are professional investors under section 3 of the Securities and Futures (Professional Investor) Rules (Cap. 571D) and classified by the Bank and agreed by the customers to be

treated as such in accordance with paragraphs 15.3 and 15.4 of the Code of Conduct at the time they purchased the Minibonds; or (v) have previously settled their claims in relation to the distribution of Minibonds with the Bank

“Expenses Funding Agreement”	The agreement to be entered into between the Trustee, the Bank and the Distributing Banks in relation to the recovery of the Minibonds collaterals
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKMA”	Hong Kong Monetary Authority
“Leveraged Product”	Any unlisted securities which involves any method by which an investor increases his or her exposure to a particular market, risk or asset class, whether through borrowing of cash, through the use of derivatives or by any other means
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Minibonds”	All retail structured notes issued under the “Secured Continuously Offered Note Programme” of Pacific International Finance Limited, commonly known as Lehman Brothers Minibonds
“Outstanding Minibonds”	The following series of Minibonds: series 5, series 6, series 7, series 9, series 10, series 11, series 12, series 15, series 16, series 17, series 18, series 19, series 20, series 21, series 22, series 23, series 25, series 26, series 27, series 28, series 29, series 30, series 31, series 32, series 33, series 34, series 35, series 36
“Repurchase Scheme”	The scheme to repurchase Outstanding Minibonds from Eligible Customers offered by the Bank pursuant to the Agreement
“SFC”	The Securities and Futures Commission
“SFO”	The Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structured Product”	A derivative or other product which is structured in the form of a debenture, other security or deposit and which contains, references, or is based on, a derivative or a derivative strategy. The definition comprises: (i) credit-linked notes, (ii) equity-linked notes and equity-linked deposits and (iii) private placement notes, provided that, however, Structured Products do not include any principal-protected product or listed securities

“Trustee”

HSBC Bank USA, National Association

By order of the Board of
Fubon Bank (Hong Kong) Limited
Jin-Yi Lee
Managing Director and Chief Executive Officer

Hong Kong, 22 July 2009

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.