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**FUBON FINANCIAL HOLDING
CO., LTD.**



**FUBON BANK (HONG KONG)
LIMITED**
(Stock Code: 636)

JOINT ANNOUNCEMENT

**PROPOSAL TO PRIVATISE
THE ORDINARY SHARE CAPITAL OF
FUBON BANK (HONG KONG) LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 166 OF THE COMPANIES ORDINANCE**

**VOLUNTARY CONDITIONAL CASH OFFER BY
UBS AG, HONG KONG BRANCH
ON BEHALF OF
FUBON FINANCIAL HOLDING CO., LTD. TO ACQUIRE
ALL THE ISSUED PREFERENCE SHARES OF
FUBON BANK (HONG KONG) LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
FUBON FINANCIAL HOLDING CO., LTD
OR PARTIES ACTING IN CONCERT WITH IT)**

**PROPOSED WITHDRAWAL OF LISTING OF
FUBON BANK (HONG KONG) LIMITED
INCREASE IN CANCELLATION CONSIDERATION**

**RESUMPTION OF TRADING IN SHARES OF
FUBON BANK (HONG KONG) LIMITED**

**Financial adviser to
Fubon Financial Holding Co., Ltd.**



UBS AG, Hong Kong Branch

INCREASE IN CANCELLATION CONSIDERATION

Fubon Financial has notified Fubon Bank on 14 March 2011 that in order to make the Cancellation Consideration more attractive to the Scheme Shareholders, the Cancellation Consideration under the Scheme Proposal is to be increased from HK\$5.00 for every Scheme Share cancelled to HK\$5.20 for every Scheme Share cancelled, representing an increase of 4.00%. The Scheme Proposal will be adjusted accordingly. No other changes to the Scheme Proposal are being made. Furthermore, no changes to the Preference Share Offer are being made.

Fubon Financial has stated that it will not further increase the Revised Cancellation Consideration. Investors should be aware that, following the making of this statement, Fubon Financial will not be allowed to increase the Revised Cancellation Consideration, save in wholly exceptional circumstances, as provided in Rule 18.3 of the Takeovers Code. Fubon Financial and Fubon Bank reserve the right to amend the other terms of the Scheme Proposal and the terms of the Preference Share Offer, subject to all applicable provisions of the Takeovers Code.

SUSPENSION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Hong Kong Stock Exchange was suspended from 9:00 a.m. on 15 March 2011 pending the release of this announcement. Application has been made to the Hong Kong Stock Exchange for a resumption of trading in the Shares with effect from 9:00 a.m. on 16 March 2011.

Shareholders, Preference Shareholders and potential investors should be aware that the implementation of the Scheme Proposal and the Preference Share Offer continues to be subject to the conditions set out in the Joint Announcement being fulfilled or waived, as applicable, and thus the Scheme Proposal may or may not become effective and the Preference Share Offer may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the Shares and the Preference Shares.

Reference is made to the announcement made by Fubon Financial on 10 January 2011, the Joint Announcement, the joint announcement dated 9 February 2011 issued jointly by the Offeror and the Company in relation to delay in the despatch of the scheme document and the announcement made by Fubon Financial on 14 March 2011.

INCREASE IN CANCELLATION CONSIDERATION

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The Offeror is of the view that the increase in the Cancellation Consideration of HK\$0.20 per Scheme Share will further enhance the attractiveness of the offer premium in comparison to the

Company's historical trading value and that it will attract the support of Minority Shareholders based on feedback on the Scheme Proposal since the publication of the Joint Announcement.

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COMPARISON OF VALUE

The Revised Cancellation Consideration of HK\$5.20 in cash for every Scheme Share cancelled under the Scheme of Arrangement represents:

- (i) a premium of approximately 37.6% over the closing price of HK\$3.78 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 43.3% over the average closing price of approximately HK\$3.63 per Share as quoted on the Hong Kong Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 40.9% over the average closing price of approximately HK\$3.69 per Share as quoted on the Hong Kong Stock Exchange for 60 trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 39.4% over the average closing price of approximately HK\$3.73 per Share as quoted on the Hong Kong Stock Exchange for the 90 trading days up to and including the Last Trading Day; and
- (v) a premium of approximately 46.2% over the audited consolidated net asset value (after deducting the issued share capital of Preference Shares as at 31 December 2010 of approximately HK\$925.4 million) of approximately HK\$3.56 per Share as at 31 December 2010.

CONFIRMATION OF FINANCIAL RESOURCES

As a result of the revision of the Cancellation Consideration, the total consideration payable under the Scheme Proposal will be increased from approximately HK\$1,465.2 million to approximately HK\$1,523.8 million and assuming that (i) the Scheme of Arrangement becomes effective on 8 June 2011; (ii) all Preference Shareholders accept the Preference Share Offer; and (iii) save for the cumulative preferential dividend at the fixed rate of 9 per cent. per annum for the period from 15 December 2010 to 14 June 2011 as provided for in the Articles that will be paid to the Preference Shareholders on or before 15 June 2011 and in any event before the closing of the Preference Share Offer, no other dividend has been or will be paid to the Preference Shareholders from 16 December 2010 to the closing of the Preference Share Offer, the total cash consideration payable under the Preference Share Offer will be approximately US\$4.8 million. The consideration payable under the Scheme Proposal and the Preference Share Offer will be funded from the internal resources of and existing credit facility available to the Offeror.

UBS AG, Hong Kong Branch, the financial advisor to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to implement the Scheme Proposal with the Revised Cancellation Consideration and the Preference Share Offer in accordance with their terms.

SUSPENSION OF TRADING IN THE SHARES

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GENERAL

Fubon Financial will publish an announcement in Taiwan on the date of this joint announcement in relation to the subject matter of this joint announcement. Such announcement can be viewed at the website of Fubon Financial www.fubon.com/eng/index_IR.htm and by selecting “Event and News”, “IR Calendar” and “2011”.

Associates (including persons who own or control 5 per cent. or more of any class of relevant securities) of the Company and the Offeror are reminded to disclose their dealings in any relevant securities in the Company.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

Intermediaries are expected to co-operate with the Executive under the Takeovers Code in its dealings enquiries. Therefore, those who deal in the securities of the Company should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING

Shareholders, Preference Shareholders and potential investors should be aware that the implementation of the Scheme Proposal and the Preference Share Offer continues to be subject to the conditions set out in the Joint Announcement being fulfilled or waived, as applicable, and thus the Scheme Proposal may or may not become effective and the Preference Share Offer may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the Shares and the Preference Shares.

DEFINITIONS

In this announcement, capitalised terms and expressions have the meanings used in the Joint Announcement, except that the following expressions have the meanings set out below unless the context requires otherwise.

“Articles”	the articles of association of the Company, adopted on 27 January 1970 and as amended, supplemented or otherwise modified from time to time
“Joint Announcement”	the announcement dated 19 January 2011 issued jointly by the Offeror and the Company in relation to the Scheme Proposal and the Preference Share Offer
“Revised Cancellation Consideration”	the consideration of HK\$5.20 in cash for every Scheme Share cancelled

By Order of the Board
FUBON FINANCIAL HOLDING CO., LTD.
Victor Kung
President

By Order of the Board
FUBON BANK (HONG KONG) LIMITED
Pei-Hwa Thomas Liang
Managing Director

Hong Kong, 15 March 2011

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to the Company, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Offeror), have been arrived at after due and careful consideration and there are no 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 Offeror comprises Mr. Ming-Chung (Daniel) Tsai (Chairman), Mr. Ming-Hsing (Richard) Tsai (Vice Chairman), Mr. Dah-Jan Chiou, Mr. Yeh-Shin Chen, Mr. Tsan-Ming Shih, Mr. Victor Kung, Mr. Peng-Yuan Cheng and Mr. Jerry Harn as executive directors and Mr. Hong-Chang Chang, Mr. Nelson Chang, Mr. Timothy Ting-yu Ting and Mr. Kok-Choo Chen as independent directors.

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