
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Public Financial Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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大眾金融控股有限公司*

PUBLIC FINANCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 626)

**PROPOSALS IN RESPECT OF GENERAL MANDATES TO
REPURCHASE AND ISSUE SHARES, RE-ELECTION OF DIRECTORS
AND REFRESHMENT OF THE 10% LIMIT TO GRANT OPTIONS
UNDER THE SHARE OPTION SCHEME**

A notice convening the annual general meeting of Public Financial Holdings Limited (the “Company”) to be held at Shek O Room, Lower Level I, Kowloon Shangri-La Hotel, 64 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Tuesday, 13 March 2007 at 10:00 a.m. (the “2007 Annual General Meeting”) is set out on pages 12 to 15 of this circular.

Whether or not you are able to attend the 2007 Annual General Meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Tengis Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong no later than 48 hours before the time appointed for holding the meeting.

16 February 2007

* For identification purpose only

LETTER FROM THE BOARD



大眾金融控股有限公司*
PUBLIC FINANCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 626)

Non-executive Directors:

Tan Sri Dato' Sri Dr. Teh Hong Piow
(Chairman)
Dato' Sri Tay Ah Lek
Dato' Chang Kat Kiam
Wong Kong Ming

Executive Directors:

Tan Yoke Kong
Lee Huat Oon

Independent Non-executive Directors:

Tan Sri Dato' Thong Yaw Hong
(Co-Chairman)
Dato' Yeoh Chin Kee
Lee Chin Guan

Registered Office:

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Head Office and

Principal Place of Business:

1105-7 Wing On House
71 Des Voeux Road Central
Hong Kong

16 February 2007

To the shareholders

Dear Sir or Madam,

**PROPOSALS IN RESPECT OF GENERAL MANDATES TO
REPURCHASE AND ISSUE SHARES, RE-ELECTION OF DIRECTORS
AND REFRESHMENT OF THE 10% LIMIT TO GRANT OPTIONS
UNDER THE SHARE OPTION SCHEME**

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the 2007 Annual General Meeting of the Company relating to (i) the granting of general mandates to the directors of the Company (the "Directors") to repurchase and issue ordinary shares of the Company (the "Shares"); (ii) the re-election of retiring Directors; and (iii) the refreshment of the 10% limit to grant options under the share option scheme adopted by the shareholders on 28 February 2002 (the "Share Option Scheme").

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LETTER FROM THE BOARD

GENERAL MANDATE TO REPURCHASE SHARES

At the 2007 Annual General Meeting, an ordinary resolution will be proposed that the Directors be granted a general mandate to exercise all the powers of the Company to repurchase on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) the issued and fully-paid Shares of HK\$0.10 each in the capital of the Company, up to a maximum of 10% of the issued share capital of the Company as at the date of the passing of the resolution (the “Share Repurchase Mandate”).

The information required pursuant to Rule 10.06(1)(b) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) to be given to the shareholders of the Company is set out in Appendix I to this circular.

GENERAL MANDATE TO ISSUE SHARES

At the 2007 Annual General Meeting, an ordinary resolution will be proposed to renew the general mandate, which will lapse at the conclusion of the 2007 Annual General Meeting, empowering the Directors to allot, issue and deal with additional Shares of up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the resolution (the “Share Issue Mandate”).

The Share Issue Mandate and the Share Repurchase Mandate will continue in force until the conclusion of the next annual general meeting of the Company, or at the expiration of the period within which the next annual general meeting of the Company is required by law to be held, or on revocation or variation of the said resolution by an ordinary resolution of the shareholders of the Company in general meeting, whichever is the earliest.

In addition, if the resolution to authorise the repurchase of Shares is passed, an ordinary resolution will be proposed to authorise the Directors to issue further Shares up to an amount equal to the aggregate nominal amount of the Shares purchased under the authority to repurchase.

Pursuant to a rights issue, 364,632,206 ordinary shares of HK\$0.10 each were issued at HK\$7.30 per share in April 2006. The net proceeds from the rights issue, after deduction of related expenses, amounts to approximately HK\$2,660,504,000.

The Share Issue Mandate empowers the Directors to allot, issue and deal with additional Shares of up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the resolution as and when required. No Share was issued pursuant to the share issue mandate granted in the 2006 annual general meeting and the Directors have no present intention to issue Shares under the proposed Share Issue Mandate.

RE-ELECTION OF DIRECTORS

In accordance with bye-laws 95, 112(A) and (B) of the Company (the “Bye-laws”), Tan Sri Dato’ Thong Yaw Hong, Dato’ Yeoh Chin Kee and Mr. Wong Kong Ming will retire at the 2007 Annual General Meeting and, being eligible, will offer themselves for re-election.

LETTER FROM THE BOARD

Details of the Directors who are proposed to be re-elected at the 2007 Annual General Meeting are set out in Appendix II to this circular.

The notice convening the 2007 Annual General Meeting is set out on pages 12 to 15 of this circular.

REFRESHMENT OF THE 10% LIMIT TO GRANT OPTIONS UNDER THE SHARE OPTION SCHEME

The Share Option Scheme of the Company was adopted by the shareholders on 28 February 2002, with its terms amended on 10 March 2005. Pursuant to the Share Option Scheme and the Listing Rules:

- (i) the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the Shares of the Company in issue as at the date of approval of the Share Option Scheme (the “Scheme Mandate Limit”);
- (ii) the Company may seek approval by its shareholders in general meeting for refreshment of the Scheme Mandate Limit; and
- (iii) the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the Shares of the Company in issue from time to time.

At the annual general meeting of the Company held on 8 March 2006, shareholders’ approval has been obtained for the refreshment of the Scheme Mandate Limit under the Share Option Scheme which facilitates the Company to grant up to 72,926,441 options.

In order that further options may be granted to eligible participants as and when required, shareholders’ approval is sought for the refreshment of the Scheme Mandate Limit under the Share Option Scheme. The Directors consider that the refreshment of the Scheme Mandate Limit is in the interests of the Company and the shareholders as a whole as it provides the Company with more flexibility in motivating the staff by granting options. No Share was issued pursuant to the Share Option Scheme during the previous 12 months. As at 9 February 2007, being the latest practicable date prior to the printing of this circular (the “Latest Practicable Date”), there were in issue 1,093,896,618 Shares. Assuming no further issue or repurchase of Shares at any time up to the 2007 Annual General Meeting, 109,389,661 options may be granted by the Company should the resolution for the refreshment of the Scheme Mandate Limit under the Share Option Scheme be passed by the shareholders at the 2007 Annual General Meeting.

LETTER FROM THE BOARD

Upon the refreshment of the Scheme Mandate Limit, all options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option scheme of the Company and exercised options) shall not be counted for the purpose of calculating the Scheme Mandate Limit.

Application has been made to the Listing Committee of the Stock Exchange for approval of the listing of and permission to deal in the Shares which may fall to be issued upon the exercise of share options to be granted under the refreshed Scheme Mandate Limit.

2007 ANNUAL GENERAL MEETING

A form of proxy for use at the 2007 Annual General Meeting is enclosed, a copy of which can also be obtained via the Stock Exchange's website. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 48 hours before the time appointed for holding the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2007 Annual General Meeting should you so desire.

RIGHT TO DEMAND A POLL

Pursuant to Bye-law 76 of the Company, a resolution put to the vote at any general meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

- (i) the chairman; or
- (ii) at least three members present in person or by proxy or by representative for the time being entitled to vote at the meeting; or
- (iii) any member or members present in person or by proxy or by representative and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) a member or members present in person or by proxy or by representative and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors consider that the above proposals are in the best interests of the Company and its shareholders as a whole and accordingly recommend you to vote in favour of the resolutions relating thereto.

Yours faithfully,
Tan Sri Dato' Sri Dr. Teh Hong Piow
Chairman

As at the Latest Practicable Date, the number of Shares in issue was 1,093,896,618. On the basis that no further Shares are issued or repurchased prior to the date of the passing of this resolution, the Directors would be authorised to repurchase up to 109,389,661 Shares.

Further, shareholders should note that the Share Repurchase Mandate covers repurchases made or agreed to be made only during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by any applicable law or the Bye-laws or the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

INFORMATION TO ASSIST SHAREHOLDERS

The following information is provided to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the purchase by the Company of its own Shares:

(a) Reasons for Share Repurchase Mandate

The Directors believe that it is in the best interests of the Company and its shareholders to have a general mandate from shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.

(b) Funding of Repurchases

The Company is empowered by its Memorandum of Association and Bye-laws to repurchase its Shares. Repurchases will be funded from the funds legally available for such purpose. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of shares made for such purpose. The amount of premium payable on a repurchase may only be paid out of either the profits that would otherwise be available for distribution by way of dividend or out of the share premium or contributed surplus accounts of the Company. The Directors proposed that the Company would derive the funds from such sources.

(c) Impact on Working Capital or Gearing Position

As compared with the position disclosed in the audited accounts for the financial year ended 31 December 2006, the Directors consider that there will be no material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be carried out in full during the proposed repurchase period. Nevertheless, the Directors do not propose to exercise the Share Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(d) Directors, their Associates and Connected Persons

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their associates has any present intention, in the event that the proposal is approved by shareholders, to sell their Shares to the Company under the proposed Share Repurchase Mandate.

No connected persons of the Company (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company nor have they undertaken not to sell any of the Shares held by them to the Company in the event that the Company is authorised to make purchases of Shares.

(e) Undertaking of the Directors

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed resolution in accordance with the Listing Rules and all applicable laws of Bermuda, and in accordance with the regulations set out in the Memorandum of Association and Bye-laws of the Company.

(f) Share Repurchases made by the Company

During the six months preceding the Latest Practicable Date, the Company has not repurchased any of its Shares.

(g) Share Prices

During each month from 1 February 2006 to 31 January 2007, the highest and lowest traded prices of the Shares on the Stock Exchange were as follows:

	Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2006		
February	8.350	6.300
March	6.800	6.200
April	6.800	6.300
May	6.750	5.950
June	6.250	5.250
July	6.300	5.760
August	6.050	5.830
September	6.130	5.970
October	6.120	5.890
November	6.460	5.620
December	6.350	5.800
2007		
January	6.780	5.970

(h) Hong Kong Code on Takeovers and Mergers

If, on the exercise of the power to purchase Shares pursuant to the Share Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such an increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Code"). As a result, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, Public Bank Berhad ("Public Bank") held a beneficial interest in 804,017,920 Shares, representing approximately 73.50% of the issued share capital of the Company. Tan Sri Dato' Sri Dr. Teh Hong Piow is deemed to be interested in the Shares of the Company to the extent Public Bank has an interest by virtue of his interest in Public Bank. In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to Ordinary Resolution No. 5 and if there is no other change in the issued share capital of the Company, the shareholdings of Public Bank as well as Tan Sri Dato' Sri Dr. Teh Hong Piow would be increased to approximately 81.67% of the issued share capital of the Company. The Directors consider that such an increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Code. The Directors are also not aware of any other shareholder, or a group of shareholders acting in concert, who may become obliged to do so in such an event.

However, such increase from 73.50% to 81.67% will mean that less than 25% of the Shares are in public hands and thus will contravene the minimum public float requirement pursuant to Rule 8.08(1) of the Listing Rules. The Directors will not exercise the Share Repurchase Mandate to such extent that may jeopardize the public float requirement.

APPENDIX II DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION

Tan Sri Dato' Thong Yaw Hong

Tan Sri Dato' Thong Yaw Hong, aged 76, was appointed an Independent Non-executive Director and the Co-Chairman of the Company in July 2006. He is the Chairman of the Audit Committee and Risk Management Committee and a member of the Remuneration Committee and Nomination Committee of the Company. He is the Independent Non-Executive Co-Chairman of Public Bank and Public Bank (Hong Kong) Limited. He also holds directorships in several other companies in the Public Bank Group.

Tan Sri Dato' Thong Yaw Hong graduated with a Bachelor of Arts (Hons) degree in Economics from University of Malaya and a Master's degree in Public Administration from Harvard University. He attended the Advanced Management Program at Harvard Business School. In September 2006, he was conferred the Doctor of Economics (Honorary) from University Putra Malaysia.

He has had a distinguished career with the Government of Malaysia, primarily in the fields of socio-economic development planning and finance. He had served in the Economic Planning Unit in the Prime Minister's Department since 1957 and became its Director-General from 1971 to 1978 and served as Secretary-General, Ministry of Finance from 1979 until his retirement in 1986.

There is no service contract signed between Tan Sri Dato' Thong Yaw Hong and the Company. He has no fixed term of service with the Company, but will be subject to retirement by rotation and re-election at annual general meeting pursuant to the Bye-laws of the Company. Tan Sri Dato' Thong Yaw Hong will receive the same amount of director's fee as the Non-executive Chairman of the Company, and on pro-rata basis for the year 2006 of HK\$60,000, which was determined with reference to his duties and responsibilities with the Company.

Tan Sri Dato' Thong Yaw Hong is an Independent Non-executive Co-Chairman of Public Bank, a commercial bank listed on Bursa Malaysia Securities Berhad. Public Bank is a substantial shareholder of the Company and has an approximate 73.50% interest in the issued share capital of the Company. Tan Sri Dato' Thong Yaw Hong is also a Director of the following listed public companies in Malaysia: (i) Berjaya Land Bhd; (ii) Berjaya Sports Toto Bhd; (iii) Batu Kawan Bhd; (iv) Kuala Lumpur Kepong Bhd; and (v) Glenealy Plantations (Malaya) Bhd. He was also a Director of MMC Corporation Bhd, a listed public company in Malaysia until his resignation on 31 August 2006. Tan Sri Dato' Thong Yaw Hong has not previously held any position with the Company and its subsidiaries other than being an Independent Non-executive Co-Chairman of Public Bank (Hong Kong) Limited, a wholly-owned subsidiary of the Company.

There are no other matters in relation to the re-election of Tan Sri Dato' Thong Yaw Hong that need to be brought to the attention of the shareholders of the Company and there is no information to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

APPENDIX II DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION

As at the Latest Practicable Date, Tan Sri Dato' Thong Yaw Hong does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company and save as disclosed below, he does not hold any interest in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance:

- (i) 7,131,250 shares in Public Bank, representing approximately 0.2044% interest thereof;
- (ii) 1,000,000 options to subscribe for shares in Public Bank; and
- (iii) 498,000 shares in the Company, representing approximately 0.0455% interest thereof.

Dato' Yeoh Chin Kee

Dato' Yeoh Chin Kee, aged 64, was appointed an Independent Non-executive Director of the Company in September 2002 and is currently a member of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee of the Company.

Dato' Yeoh Chin Kee has 46 years of experience in the banking and finance industry. He is also an Independent Non-executive Director of Public Bank and Public Bank (Hong Kong) Limited. He holds directorship in several other companies in the Public Bank Group. Other than Public Bank, Dato' Yeoh Chin Kee also held directorship in LPI Capital Berhad, a company listed on Bursa Malaysia Securities Berhad, in the last three years.

Dato' Yeoh Chin Kee is a Fellow of the Australian Society of Certified Practising Accountants and the Financial Services Institute of Australasia.

There is no service contract signed between Dato' Yeoh Chin Kee and the Company. Dato' Yeoh Chin Kee has no fixed term of service with the Company, and he is subject to retirement by rotation and re-election at annual general meeting pursuant to the Bye-laws of the Company. Dato' Yeoh Chin Kee was entitled to a director's fee of HK\$100,000 for 2006, which was determined with reference to his duties and responsibilities with the Company.

There are no other matters in relation to the re-election of Dato' Yeoh Chin Kee that need to be brought to the attention of the shareholders of the Company and there is no information to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

As at the Latest Practicable Date, Dato' Yeoh Chin Kee does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company and save as disclosed below, he does not hold any interest in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance:

- (i) 1,700,000 shares in Public Bank, representing approximately 0.0487% interest thereof;

APPENDIX II DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION

- (ii) 80,000 shares in the Company, representing approximately 0.0073% interest thereof;
- (iii) 700,000 options to subscribe for shares in the Company; and
- (iv) 2,325,000 options to subscribe for shares in Public Bank.

Mr. Wong Kong Ming

Mr. Wong Kong Ming, aged 53, was appointed a Non-executive Director of the Company in June 1996.

Mr. Wong has over 31 years of experience in the banking and finance industry. He is the General Manager of Public Bank, Hong Kong Branch. He also holds directorship in several other companies in the Group including but not limited to Public Finance Limited. Mr. Wong did not hold any directorship in other listed public companies in the last three years. He is an Associate of the Chartered Institute of Bankers, United Kingdom; the Institute of Bankers Malaysia and the Malaysian Institute of Management. He is a holder of Master of Business Administration degree.

There is no service contract signed between Mr. Wong and the Company. Mr. Wong has no fixed term of service with the Company, but will be subject to retirement by rotation and re-election at annual general meeting pursuant to the Bye-laws of the Company. Mr. Wong was entitled to a director's fee of HK\$50,000 for 2006, which was determined with reference to his duties and responsibilities with the Company.

There is no other matters in relation to the re-election of Mr. Wong that need to be brought to the attention of the shareholders of the Company and there is no information to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

As at the Latest Practicable Date, Mr. Wong does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company and save as disclosed below, he does not hold any interest in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance:

- (i) 194,386 shares in Public Bank, representing approximately 0.0056% interest thereof;
- (ii) 4,000,000 options to subscribe for shares in the Company; and
- (iii) 25,000 options to subscribe for shares in Public Bank.



大眾金融控股有限公司*
PUBLIC FINANCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
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NOTICE IS HEREBY GIVEN that the annual general meeting of shareholders of Public Financial Holdings Limited (the “Company”) will be held at Shek O Room, Lower Level I, Kowloon Shangri-La Hotel, 64 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Tuesday, 13 March 2007 at 10:00 a.m. for the following purposes:

As Ordinary Business:

1. To receive and consider the audited financial statements and the reports of the directors and the auditors for the year ended 31 December 2006.
2. To re-elect directors and to authorise the Board of Directors to fix directors’ remuneration.
3. To re-appoint Messrs. Ernst & Young as auditors and to authorise the Board of Directors to fix their remuneration.

As Special Business:

Ordinary Resolutions

4. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

“THAT:

- (a) subject to the following provisions of this Resolution, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company, and to make or grant offers, agreements or options which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved to the exclusion of any existing specific authority;
- (b) the approval in paragraph (a) of this Resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements or options which would or might require the exercise of such powers after the end of the Relevant Period;

* For identification purpose only

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue; (ii) the exercise of warrants, if any, to subscribe for shares of the Company or the exercise of options granted under any share option scheme adopted by the Company; (iii) an issue of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the Company's bye-laws; or (iv) an issue of shares made pro rata to holders of shares in the Company on a fixed record date, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this Resolution and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution:

“Relevant Period” means the period from the date of the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the bye-laws of the Company to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to the holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restriction or obligation under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

5. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

“THAT:

- (a) the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong

Kong Limited (the “Stock Exchange”), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of shares to be repurchased pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and

(c) for the purpose of this Resolution:

“Relevant Period” means the period from the date of the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the bye-laws of the Company to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

6. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

“**THAT**, subject to the passing of Ordinary Resolutions Nos. 4 and 5 as set out in this notice of annual general meeting, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot shares be and is hereby extended by the additions to the aggregate nominal amount of share capital which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal amount of shares in the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution No. 5 set out in this notice of annual general meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this Resolution.”

7. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

“**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting listing of and permission to deal in the shares of HK\$0.10 each

in the capital of the Company (representing 10% of the shares of the Company in issue as at the date of passing this resolution) which may be issued pursuant to the exercise of options granted under the Company's share option scheme adopted on 28 February 2002 (the "Scheme"), the refreshment of the scheme limit in respect of the grant of options to subscribe for ordinary shares in the Company under the Scheme provided that the total number of ordinary shares which may be allotted or issued pursuant to the grant or exercise of options under the Scheme (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Scheme) shall not exceed 10% of the shares of the Company in issue as at the date of passing this resolution (the "Refreshed Mandate Limit") be and is hereby approved and the directors of the Company be and are hereby authorised to grant options under the Scheme up to the Refreshed Mandate Limit, to exercise all powers of the Company to allot, issue and deal with the shares of the Company pursuant to the exercise of such options and to do such acts and execute such documents for or incidental to such purpose."

By Order of the Board
Tan Yoke Kong
Company Secretary

Hong Kong, 16 February 2007

Notes:

1. The register of members will be closed from Thursday, 8 March 2007 to Tuesday, 13 March 2007, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 7 March 2007.
2. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company. In order to be valid, proxies in the prescribed form must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, no later than 48 hours before the time appointed for holding the meeting.
3. Concerning Resolution No. 4 of this notice, approval is being sought from members for a general mandate to authorise allotment of shares in the capital of the Company in order to give flexibility to the directors in the event it becomes desirable to issue any additional shares of the Company. The directors have no immediate plan to issue any new shares of the Company pursuant to such approval.
4. Concerning Resolution No. 5 of this notice, approval is being sought from members for a general mandate to be given to the directors to repurchase shares.
5. Concerning Resolution No. 6 of this notice, approval is being sought from members for an extension of the general mandate sought to be granted to the directors of the Company to allot shares by adding to it the number of shares which shall have been repurchased under the authority granted pursuant to Resolution No. 5 of this notice.
6. An explanatory statement containing the information regarding Resolution No. 5 of this notice is contained in the circular accompanying this notice.