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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 AND RE-ELECTION OF DIRECTORS

A notice convening the annual general meeting of Public Financial Holdings Limited (the "Company") to be held at Kowloon Room 1, Mezzanine Floor, Kowloon Shangri-La Hotel, 64 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Friday, 4 March 2011 at 3:00 p.m. (the "2011 Annual General Meeting") is set out on pages 11 to 14 of this circular.

Whether or not you are able to attend the 2011 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, Tricor 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.



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*)

Tan Sri Dato' Sri Tay Ah Lek

Dato' Chang Kat Kiam

Chong Yam Kiang

Registered Office:

Clarendon House

Church Street

Hamilton HM 11

Bermuda

Executive Directors:

Tan Yoke Kong

Lee Huat Oon

Head Office and

Principal Place of Business:

1105-7 Wing On House

71 Des Voeux Road Central

Hong Kong

Independent Non-executive Directors:

Tan Sri Dato' Thong Yaw Hong (*Co-Chairman*)

Lee Chin Guan

Quah Poh Keat

1 February 2011

To the shareholders

Dear Sir or Madam,

**PROPOSALS IN RESPECT OF GENERAL MANDATES TO
REPURCHASE AND ISSUE SHARES AND RE-ELECTION OF DIRECTORS**

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the 2011 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"); and (ii) the re-election of retiring Directors.

GENERAL MANDATE TO REPURCHASE SHARES

At the 2011 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 10% 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 Repurchase Mandate").

* For identification purpose only

LETTER FROM THE BOARD

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 2011 Annual General Meeting, an ordinary resolution will be proposed to renew the general mandate, which will lapse at the conclusion of the 2011 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 any applicable law or the Company’s Bye-laws 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.

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 2010 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 112(A) and (B) of the Company (the “Bye-laws”), Dato’ Chang Kat Kiam, Mr. Lee Chin Guan and Mr. Quah Poh Keat shall retire at the 2011 Annual General Meeting and, being eligible, offer themselves for re-election.

Details of the Directors who are proposed to be re-elected at the 2011 Annual General Meeting are set out in Appendix II to this circular.

The notice convening the 2011 Annual General Meeting is set out on pages 11 to 14 of this circular.

LETTER FROM THE BOARD

2011 ANNUAL GENERAL MEETING

A form of proxy for use at the 2011 Annual General Meeting is enclosed. 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, Tricor 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 2011 Annual General Meeting should you so desire.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the chairman of the 2011 Annual General Meeting will put all the resolutions proposed at the 2011 Annual General Meeting to be voted by way of a poll pursuant to Bye-law 76(i) of the Company's Bye-laws. The results of the poll will be published on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.publicfinancial.com.hk as soon as possible after the conclusion of the 2011 Annual General Meeting.

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 28 January 2011 (the “Latest Practicable Date”), the number of Shares in issue was 1,097,917,618. 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 109,791,761 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 Company’s 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 2010, 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 of the Company 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 of the previous 12 months, the highest and lowest prices at which the Shares have traded on the Stock Exchange were as follows:

	Per Share	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2010		
January	4.52	3.80
February	4.05	3.75
March	4.19	3.83
April	4.20	4.01
May	4.14	3.72
June	4.25	3.80
July	4.55	4.06
August	4.45	4.25
September	5.32	4.34
October	5.20	4.85
November	5.69	5.13
December	5.80	5.33

(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 73.23% 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 81.37% 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 73.23% to 81.37% 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.

Dato' Chang Kat Kiam

Dato' Chang Kat Kiam, aged 56, was appointed a Non-executive Director of the Company in March 2004. He is currently a member of the Risk Management Committee.

Dato' Chang has over 36 years of experience in the banking and finance industry. He is also a Non-executive Director of Public Bank (Hong Kong) Limited and Public Finance Limited. He is currently a Chief Operating Officer of Public Bank. He also holds directorships in several other companies in the Public Bank Group. Dato' Chang did not hold any directorship in other listed public companies in the last three years. He holds a Master's degree in Business Administration.

There is no service contract signed between Dato' Chang and the Company. Dato' Chang has no fixed term of service with the Company, but is subject to retirement by rotation and re-election at annual general meeting pursuant to the Bye-laws of the Company. Dato' Chang was entitled to a director's fee of HK\$100,000 for 2010, 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' Chang 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 31 December 2010, Dato' Chang 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) 114,215 shares in Public Bank, representing approximately 0.0032% interest thereof;
- (ii) 300,000 shares in the Company, representing approximately 0.0273% interest thereof; and
- (iii) 1,380,000 options to subscribe for shares in the Company.

Mr. Lee Chin Guan

Mr. Lee Chin Guan, aged 52, has 18 years of experience in the legal practice, principally in commercial and corporate matters. He was appointed an Independent Non-executive Director of the Company in September 2004 and is a member of the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee. He is also an Independent Non-executive Director of Public Bank (Hong Kong) Limited and Public Finance Limited.

Mr. Lee did not hold any directorship in other listed public companies in the last three years.

Mr. Lee qualified as a Barrister-at-Law from the Middle Temple, United Kingdom in 1982. He also holds a Bachelor Degree in Science (Hons) from the University of Manchester Institute of Science and Technology, England and Degrees in Law from Cambridge University, Oxford University and Chicago-Kent College of Law.

There is no service contract signed between Mr. Lee and the Company. Mr. Lee has no fixed term of service with the Company, but is subject to retirement by rotation and re-election at annual general meeting pursuant to the Bye-laws of the Company. Mr. Lee was entitled to a director's fee of HK\$100,000 for 2010, 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 Mr. Lee 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 31 December 2010, Mr. Lee 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) 700,028 shares in Public Bank, representing approximately 0.0198% interest thereof; and
- (ii) 350,000 options to subscribe for shares in the Company.

Mr. Quah Poh Keat

Mr. Quah Poh Keat, aged 58, has 35 years of experience in auditing, tax and insolvency practices and had worked in Malaysia and United Kingdom. His experiences include restructuring, demergers and privatisation. Mr. Quah was appointed a Non-executive Director of the Company in July 2008 and re-designated as an Independent Non-executive Director in January 2009. He is currently a member of the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee. He is an Independent Non-executive Director of Public Bank, Public Bank (Hong Kong) Limited and Public Finance Limited.

Mr. Quah is also an Independent Non-executive Director of LPI Capital Berhad, IOI Corporation Berhad, PLUS Expressways Berhad and Telekom Malaysia Berhad, which are public listed companies in Malaysia. He resigned from the board of directors of IOI Properties Berhad on 15 May 2009.

Mr. Quah is a fellow of the Malaysian Institute of Taxation and the Association of Chartered Certified Accountants. He is also a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Chartered Institute of Management Accountants.

Mr. Quah was a partner of KPMG Malaysia since 1 October 1982 and appointed Senior Partner (also known as Managing Partner in other practices) in October 2000 until 30 September 2007. He retired from the firm on 31 December 2007.

There is no service contract signed between Mr. Quah and the Company. His appointment with the Company has no fixed term, but is subject to retirement by rotation and re-election at annual general meeting pursuant to the Bye-laws of the Company. Mr. Quah was entitled to a director's fee of HK\$100,000 for 2010, 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 Mr. Quah 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 31 December 2010, Mr. Quah does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company and he does not hold any interest in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

**大眾金融控股有限公司*****PUBLIC FINANCIAL HOLDINGS LIMITED***(Incorporated in Bermuda with limited liability)***(Stock Code: 626)**

NOTICE IS HEREBY GIVEN that the annual general meeting of shareholders of Public Financial Holdings Limited (the "Company") will be held at Kowloon Room 1, Mezzanine Floor, Kowloon Shangri-La Hotel, 64 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Friday, 4 March 2011 at 3:00 p.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 2010.
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 the 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 the 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.”

By Order of the Board
Tan Yoke Kong
Company Secretary

Hong Kong, 1 February 2011

Notes:

1. The register of members will be closed from Tuesday, 1 March 2011 to Friday, 4 March 2011, 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, Tricor 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 Monday, 28 February 2011.
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, Tricor 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.