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

ADJUSTMENT IN RELATION TO THE SHARE OPTIONS

The issue of the Rights Shares has caused an adjustment to the exercise price of the outstanding Share Options, details of which are set out below.

Reference is made to the announcement (the “Announcement”) issued by the Company dated 17 February 2006 in relation to the Rights Issue of 364,632,206 Rights Shares of HK\$0.10 each at HK\$7.30 per Rights Share on the basis of one Rights Share for every two existing Shares held by the Shareholders on the Record Date. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

ADJUSTMENT TO EXERCISE PRICE OF SHARE OPTIONS

Pursuant to the terms of the Share Option Scheme, adjustment is required to be made to the exercise price and/or the number of Shares falling to be issued upon exercise of the outstanding Share Options as a result of the issue of the Rights Shares. After the completion of the Rights Issue, the exercise price of the outstanding Shares Options was herein adjusted from HK\$7.29 per Share to HK\$6.35 per Share and there will be no adjustment to the number of Shares falling to be issued.

The Directors have confirmed that the adjustment is made in compliance with the Supplementary Guidance issued by the Stock Exchange on 5 September 2005 (the “Guidance”). The Company has not adopted the formula provided in the example of the Guidance as it is considered that such formula is not applicable to the Company’s situation. The formula stated in the Guidance would not be applicable on the basis that (i) the intrinsic value should be non-negative; and (ii) the subscription price of HK\$7.30 was higher than the closing price of the Shares on the last cum date, which was HK\$6.35. The calculation of such adjustment is in accordance with the terms of the Share Option Scheme which has been certified by the Company’s auditors, Messrs. Ernst & Young.

By Order of the Board
Public Financial Holdings Limited
Tan Yoke Kong
Company Secretary

Hong Kong, 14 June 2006

As at the date of this announcement, the Board of Directors of the Company comprises Tan Sri Dato’ Sri Dr. Teh Hong Piow, Dato’ Sri Tay Ah Lek, Dato’ Chang Kat Kiam and Mr. Wong Kong Ming as Non-executive Directors, Mr. Tan Yoke Kong and Mr. Lee Huat Oon as Executive Directors, and Dato’ Yeoh Chin Kee, Mr. Geh Cheng Hooi, Paul and Mr. Lee Chin Guan as Independent Non-executive Directors.

* *For identification purpose only*

“Please also refer to the published version of this announcement in China Daily”