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## **PRICE SENSITIVE INFORMATION**

On 7 November 2007, PBB, the ultimate holding company of the Company, entered into the Strategic Alliance with ING for the joint development of bancassurance business, Takaful business and various other services between PBB and ING in the Asia-Pacific region for a duration of 10 years from 1 January 2008 to 31 December 2017, subject to a further extension of up to 5 years. Pursuant to the Strategic Alliance, separate distribution agreements have been drawn up for signing by PBB, PBHK and PFL with the local operations of ING. Under the distribution agreements to be signed by PBHK and PFL, PBHK and PFL shall exclusively source Insurance Products from ING for distribution to their customers in Hong Kong save and except the existing agency arrangement of PBHK on the distribution of insurance products (the "Transaction"). PBB has executed the distribution agreement on 7 November 2007. The distribution agreements for PBHK and PFL will be executed at a later date pending fulfillment of certain formalities.

In consideration of PBB entering into the Strategic Alliance, ING will make a goodwill payment to PBB amounting to EUR41.218 million (equivalent to approximately RM200 million or HKD469 million) upon commencement of the Strategic Alliance. The Board of Directors of PBB has approved to grant to the Group a share of 10% of the said EUR41.218 million which was determined based on the projected sales contribution from the Group.

PBB has made an announcement in respect of the signing of the Strategic Alliance and the distribution agreement in Malaysia after the trading hours on 7 November 2007. The entering into the distribution agreements by PBHK and PFL with the local operations of ING will constitute a discloseable transaction for the Company under the Listing Rules on the basis that the profits ratio and revenue ratio derived from the 10% share of the goodwill payment are within the range of 5% or more but less than 25%. Separate announcement will be made when required upon the execution of the distribution agreements by PBHK and PFL.

## **DETAILS OF THE STRATEGIC ALLIANCE**

- Date of agreement : 7 November 2007
- Parties : (1) ING; and  
(2) PBB
- Purpose : Joint development of the following proposed business opportunities:
- i) The development of bancassurance business in the Asia-Pacific countries whereby PBB and its affiliates (the “PBB Group”) will distribute Insurance Products of ING and its affiliates;
  - ii) The distribution of Takaful life and health insurance products or joint development of Takaful business in the Asia-Pacific countries; including but not limited to the acquisition of an existing Takaful business; and
  - iii) The exploration and joint development of various other services, including but not limited to wealth management, joint promotional activities and co-branded credit card services.
- Separate distribution agreements : Under the distribution agreements to be signed with the local operations of ING, PBB, PBHK and PFL will jointly customise bancassurance products with ING to meet their customers’ needs and distribute them via their extensive branch network, sales personnel and telemarketing. A dedicated sales team will also be recruited to specialise in the distribution of high-value and tailored Insurance Products to multiple customer segments. Under the distribution agreements to be signed by PBHK and PFL, PBHK and PFL shall exclusively source Insurance Products from ING for distribution to their customers in Hong Kong save and except the existing agency arrangement of PBHK on the distribution of insurance products.
- Duration : 10 years from 1 January 2008 to 31 December 2017, subject to a further extension of up to 5 years

## **THE PARTIES**

PBB was incorporated in Malaysia under the Companies Act, 1965 on 30 December 1965 as a limited company under the name of Public Bank Limited. It assumed its present name on 15 April 1966 and began its banking operations on 6 August 1966. Its listing on Bursa Malaysia Securities Berhad commenced on 6 April 1967. PBB is the

second largest domestic bank in Malaysia by market capitalisation, with a branch network of 240 branches nationwide and 3 overseas branches. The PBB Group also conducts banking operations in Hong Kong and China, Cambodia, Vietnam, Laos and Sri Lanka. The PBB Group is also involved in providing other financial services, including investment banking, and fund management.

ING is part of the ING Group, which is one of the 20 largest financial institutions worldwide and ranked top ten in Europe. ING Group was formed in 1991 through the merger of Nationale-Nederlanden with NMB Postbank, then respectively the largest insurer and second largest banking institution in The Netherlands. This was the first merger between an insurer and a bank in the world, thus making ING Group a pioneer in the field of bancassurance. With a staff force of approximately 120,000 employees, the ING Group provides banking, insurance and asset management services to over 75 million customers in more than 50 countries. As of 30 June 2007, ING Group has EUR640 billion of investment assets under management, with total assets worth EUR1,300 billion and shareholders' equity of EUR38 billion. The above was based on information provided by ING.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, ING and the ultimate beneficial owner of ING are third parties independent of the Company and connected persons of the Company.

## **INFORMATION OF THE COMPANY**

The Company is an investment holding company, with its subsidiaries engaged in the provision of a comprehensive range of banking, financial and related services, deposit taking, personal and commercial lending, mortgage financing, stockbroking, the letting of investment properties, the provision of finance to purchasers of taxis and public light buses, the trading of taxi cabs and taxi licences, and the leasing of taxis.

## **THE CONSIDERATION**

In consideration of PBB entering into the Strategic Alliance, ING will make a goodwill payment to PBB amounting to EUR41.218 million (equivalent to approximately RM200 million or HKD469 million) upon commencement of the Strategic Alliance. A further EUR12.363 million (equivalent to approximately RM60 million or HKD140 million) will be paid over the duration of the agreement upon fulfillment of the conditions set out in the agreement. The Board of Directors of PBB has approved to grant the Group a share of 10% of the goodwill payment of EUR41.218 million (equivalent to approximately RM200 million or HKD469 million) which was determined based on the projected sales contribution from the Group.

## **EFFECTS OF THE STRATEGIC ALLIANCE ON THE GROUP'S EARNINGS**

The Strategic Alliance is not expected to have any effect on the earnings and earnings per share of the Group for the financial year ending 31 December 2007. However, for the financial year ending 31 December 2008, the Group will recognise the share of the

10% of the goodwill payment of EUR41.218 million (equivalent to approximately RM200 million or HKD469 million) upon commencement of the Strategic Alliance in year 2008. In addition, commissions earned from the distribution of bancassurance products are expected to increase the Group's fee based income.

**REASON FOR THE TRANSACTION**

PBB is the second largest domestic bank in Malaysia by market capitalisation, with an extensive branch network of 240 branches throughout Malaysia and affiliates in Hong Kong and China, Cambodia, Laos, Vietnam and Sri Lanka. With PBB's strong presence in retail banking, the Strategic Alliance allows ING to tap into market segments not captured by the traditional insurance sales force. There is expected to be more productive use of the PBB Group's customer base to enhance the delivery of the Insurance Products, as well as reciprocal business developed under the Strategic Alliance. This distribution channel for the delivery of Insurance Products is expected to be relatively cheaper, and any cost savings will be potentially passed back to the PBB Group's customers in the form of more competitive premiums and better customer benefits.

The sale of insurance products by the PBB Group is expected to grow substantially during the period of the Strategic Alliance and expand the PBB Group's fee-based income.

**IMPLICATIONS UNDER LISTING RULES**

PBB has made an announcement in respect of the signing of the Strategic Agreement and the distribution agreement in Malaysia after the trading hours on 7 November 2007. The distribution agreements for PBHK and PFL are being finalised for execution at a later date pending fulfillment of certain formalities. The entering into the distribution agreements by PBHK and PFL with the local operations of ING will constitute a discloseable transaction for the Company under the Listing Rules on the basis that the profits ratio and revenue ratio derived from the 10% share of the goodwill payment are within the range of 5% or more but less than 25%. Separate announcement will be made when required upon the execution of the distribution agreements by PBHK and PFL.

**DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

- “affiliates” subsidiaries and associated companies
- “Company” Public Financial Holdings Limited, a company incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited
- “Directors” the directors of the Company
- “Group” the Company and its subsidiaries

“ING”	ING Asia/Pacific Limited, part of ING Group which provides banking, insurance and asset management services
“Insurance Products”	life insurance products, health insurance products and personal accident products which are combined with either life or health products
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBB”	Public Bank Berhad, a company incorporated in Malaysia and has an approximate 73.5% interest in the issued share capital of the Company
“PBB Group”	PBB and its subsidiaries
“PBHK”	Public Bank (Hong Kong) Limited, a wholly-owned subsidiary of the Company and is a licensed bank registered under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“PFL”	Public Finance Limited, a wholly-owned subsidiary of the Company and is a deposit-taking company registered under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“Strategic Alliance”	Regional Strategic Alliance Agreement

By Order of the Board  
**Tan Sri Dato’ Sri Dr. Teh Hong Piow**  
*Chairman*

Hong Kong, 7 November 2007

*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 Tan Sri Dato’ Thong Yaw Hong, Dato’ Yeoh Chin Kee and Mr Lee Chin Guan as Independent Non-executive Directors.*

*\* For identification purpose only*