PUBLIC HOLDINGS (AUSTRALIA) LIMITED

29 May 2007
Chairman's address
Annual General Meeting

'Ladies and Gentlemen, I extend a warm welcome to you all to the annual general meeting of Public Holdings (Australia) Limited. My name is Jim Hu and I am chairing this meeting.
The time is now after 1.00pm and we can start the proceedings of this annual general meeting of the company.

The quorum for the meeting is 3 members present in person or by proxy and entitled to vote.

As the requisite quorum is present, I declare the meeting open.

I would also like to welcome representatives from the Company's Auditors McLean Delmo Hall Chadwick who will assist in the counting of votes in respect of all resolutions to be put to the meeting.

Let me start by introducing your Directors present at this meeting:

- Rankine Yeung
- Oreste Biziak

Also present is:

- David McBain: Company Secretary
- Kevin Adams: from our auditors: McLean Delmo Hall Chadwick
- David Chu: from our external accountants: William Buck
- Mark Burger: from our legal adviser: DLA Philips Fox

I would now like to present my report to shareholders on behalf of the Board.

The group's wine distribution operations are directed through its subsidiary company PHA-Shanghai Classic Wine & Food Co., Ltd. This subsidiary is 100% owned by Public Holdings (Australia) Limited.

PHA Shanghai was established 3 years ago and while it has incurred losses since that time, this is not unreasonable for a start up business.

The key targets set by the Company are to grow the wine business in China, to further increase the nation wide sales network, and to move to a breakeven position during 2007.

China has now become a member of the World Trade Organisation. China will relax many business restrictions for Foreign Companies investing in China. For a period of time, PHA Shanghai is unable to establish another branch in other cities without a duty free zone according to local regulations. The Company has a Beijing office which covers Northern China and a Shanghai office which covers Southern China.

It is difficult establishing and growing a business in China. The Company has done well to date in penetrating the market. Sales increased by 39% from RMB 6,195,000 for the year 2005 to RMB 8,603,000 for the year 2006. When converted to Australian dollars at the average exchange rate of 6.5, the figures are AUD $999,000 in 2005 and AUD $1,388,000 in 2006.

In regard to the varieties of wine stocked, wine is sourced from Australia (approx 30%) and from Chile, Germany, Italy, Spain, and the US. Some fine wines are obtained from France. Wine sold covers a range of prices. Due to circumstances in the Australian market, it has been possible to obtain some low priced wines. In comparison, some of the French wines are at the top end of the range.

A copy of the Company's brochure used for marketing purposes in China is available for viewing after the meeting. This discloses some of the wines varieties sold.

Financial Report

While I must report a result of $765,761 as the economic entity loss for the year ended 31 December 2006, there was an unrealised profit of $1,060,216 arising from the Company's securities investment , which was transferred to a capital reserve account in 2006.

As noted in the financial report, there was a retrospective adjustment to retained earnings. This adjustment was recognised by the Auditors and William Buck at 31 December 2006 and adjusted in the Financial Statements.

I would like to comment on Corporate Governance

Corporate governance is an area that has received much attention in many industries and has been a focus of market regulators and stakeholders during the past year.

Corporate Governance has also been an important focus at Public Holdings. During 2006, the board terminated the agreement with Bentleys for both their accounting and company secretarial services. William Buck was appointed as the new external accountants through Mr David Chu, and Mr. David McBain was appointed as the new Company Secretary. The Board is confident that such structure will avoid the problems the Company experienced during 2006.

An Audit Committee meeting was held for the first time in 2007 prior to the signing of the Financial Statements. This meeting was held with the Auditors and Directors present.

Annual performance evaluation.

Although the annual performance evaluation of the Board was not completed in 2006, this review was rescheduled for 2007 as noted in the Annual Report. This delay arose due to the change over of the External Accountants and Company Secretary. The Board considers that the current Directors' performance meets the needs of the company and have worked to grow the company having regard to the size of the company and nature of the operations. The Company does not pay performance based remuneration to the Board.

Independence of Directors
Mr Biziak is regarded as an independent Director of Public Holdings (Australia) Ltd. Not withstanding that he is a director of the company's immediate holding entities being Atlas Securities Pty Ltd and PI Investments Australia Pty Ltd.

Before I conclude, I would like to thank Mr David Chu and his staff at William Buck for their assistance in the completion of the Financial Statements for the year ended 31 December 2006, and Mr. David McBain for taking on the Company Secretarial Function. Their contribution in the transfer the accounting and Company Secretarial function has been of great assistance to the Board. On behalf of the Board, I would also like to pay tribute to the Company's employees for their commitment to the Company Public Holdings, their untiring contributions to building the Company Public Holdings to its present status and their ongoing efforts to ensure that the Company Public Holdings continues to generate sustainable value and growth for shareholders. Their role is integral to the ongoing success of the Company Public Holdings.

On 9 May 2007 the Company received a request from Mr Matthews requesting certain questions to be put to the auditors. The auditors have prepared responses to the questions which are now tabled for the members. A copy has been lodged with the ASX today.

I would like to move on to the general business of the meeting.

Jim Hu