
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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Pacific Century Insurance Holdings Limited, you should at once hand this circular to the purchaser or transferee or the bank, licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser.

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PACIFIC CENTURY INSURANCE HOLDINGS LIMITED
(盈科保險集團有限公司)*

(An investment holding company incorporated in Bermuda with limited liability)

(Stock Code: 65)

DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF AN EXCHANGEABLE NOTE

* For identification purpose only

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DEFINITIONS

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

“Announcement”	the announcements dated 3rd June, 2005 and 7th June, 2005 in relation to, inter alia, the subscription of the Note;
“CTF”	Chow Tai Fook Enterprises Limited;
“Company”	Pacific Century Insurance Holdings Limited, a company incorporated in Bermuda, whose shares are listed on the Stock Exchange;
“Connected Person(s)”	the meaning ascribed thereto in the Listing Rules;
“Deed”	a deed of indemnity dated 3rd June, 2005 executed by CTF in favour of Noblenew;
“Directors”	the directors of the Company;
“Fengli”	北京豐利投資有限公司 (Beijing Fengli Investment Co., Ltd.), a company incorporated in the PRC;
“Group”	the Company and its subsidiaries;
“Praise Idea”	Praise Idea Holdings Limited, a company incorporated in the British Virgin Islands;
“Latest Practicable Date”	17th June, 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Noblenew”	Noblenew Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company;
“Note”	the exchangeable note due 2085 in the aggregate principal amount of HK\$508,302,000 issued by Praise Idea upon and subject to the terms of the Subscription Agreement, details of which are set out in the section headed “Summary of the Terms of the Note” below;
“PRC”	the People’s Republic of China;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);

DEFINITIONS

“Sinolife”	生命人壽保險股份有限公司 (Sino Life Insurance Co., Ltd.), a company incorporated in the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Agreement”	the agreement dated 3rd June, 2005 entered into between Praise Idea, Noblenew and CTF in relation inter alia to the subscription of the Note;
“Wuxin”	深圳市武新裕福實業有限公司 (formerly known as 武漢武新工業有限公司 (Wuhan Wuxin Industrial Co., Ltd.)), a company incorporated in the PRC;
“HK\$”	Hong Kong dollars, the legal currency of Hong Kong; and
“RMB”	Renminbi, the legal currency of the PRC.



PACIFIC CENTURY INSURANCE HOLDINGS LIMITED
(盈科保險集團有限公司)*

(An investment holding company incorporated in Bermuda with limited liability)

(Stock Code: 65)

Executive Directors:

YUEN Tin Fan, Francis (*Chairman*)
CHAN Ping Kan, Raymond (*Managing Director*)
SO Wing Hung, Peter (*Chief Operating Officer*)
CHEUNG Sum, Sam (*Chief Financial Officer*)
ALLEN Peter Anthony
ARENA Alexander Anthony
CHUNG Cho Yee, Mico
YANG Chao
ZHENG Chang Yong

Non-Executive Director:

WANG Xianzhang

Independent Non-Executive Directors:

Prof. CHANG Hsin Kang
FRESHWATER Timothy George
Prof. WONG Yue Chim, Richard

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM12
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Principal Place of Business:

Suite 1401-1410
14th Floor
One Pacific Place
88 Queensway
Admiralty
Hong Kong

23rd June, 2005

To the Shareholders

Dear Sir/Madam,

DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF AN EXCHANGEABLE NOTE

INTRODUCTION

It was set out in the Announcement that on 3rd June, 2005, Praise Idea, Noblenew and CTF entered into the Subscription Agreement whereby Noblenew agreed to subscribe for and Praise Idea agreed to issue the Note in the principal amount of HK\$508,302,000. CTF has also agreed under the Deed to indemnify Noblenew for, among other things, certain acts and omissions of Wuxin and Fengli and their existing shareholders and for all liabilities of Wuxin and Fengli prior to completion.

* For identification purpose only

LETTER FROM THE BOARD

Completion of the Subscription Agreement took place on 3rd June, 2005 and the Note has been issued. If Noblenew were to exercise in full its exchange rights under the Note, Noblenew would be entitled to control the entire registered capital of Wuxin and Fengli, which in turn hold 13.25% and 8.84% of the issued share capital of Sinolife, respectively. As at the Latest Practicable Date, the exchange rights under the Note have not been exercised.

Because of the controls on foreign ownership of insurance business currently existing under PRC law, there can be no certainty as to if and when the Company will be able to exercise its exchange rights or exercise any rights of control over Wuxin and Fengli. However, the Subscription Agreement provides for the Note to be redeemed in full in the event that the Company's nominees are not appointed to the board of directors of Sinolife by 3rd October, 2005. If the appointments do not take effect by that date, Noblenew is entitled to a refund of the subscription moneys (with interest calculated as described in the paragraph headed "Events of Default" below) against surrender of the Note to Praise Idea.

The Company believes that the investment in the Note provides an opportunity for the Company to participate indirectly in the anticipated rapidly expanding life insurance business in the PRC in future, within the present regulatory framework in the PRC.

The Subscription Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules on the basis that the assets and consideration test set out in Rule 14.07 of the Listing Rules are more than 5% but less than 25%. The purpose of this circular is to set out details of the transaction as required under the Listing Rules.

THE SUBSCRIPTION AGREEMENT

On 3rd June, 2005, the Company entered into the Subscription Agreement, brief particulars of which are set out below.

Date:	3rd June, 2005
Parties to the Subscription Agreement:	Noblenew, a wholly-owned subsidiary of the Company, as subscriber Praise Idea as issuer of the Note CTF as warrantor (jointly and severally with Praise Idea)
Consideration:	HK\$508,302,000, payable in cash. The consideration was based on arm's-length negotiations between Praise Idea and Noblenew, based on the expected future benefit of the Company's investment in the Note, which provides a potential opportunity for the Company to participate in the life insurance business in the PRC. Please refer to the section headed "Reasons for and the benefits of the transaction" below. The consideration was funded from internal resources.

LETTER FROM THE BOARD

Terms: Praise Idea agreed to issue and Noblenew agreed to subscribe for the Note. The Subscription Agreement provides among other things that nominees of Noblenew will be appointed to the board of directors of Wuxin, Fengli and Sinolife to replace all of the existing directors of Wuxin and Fengli as well as three directors on Sinolife's board, and that all supervisors of Wuxin and Fengli, one supervisor and the company secretary of Sinolife will be replaced by nominees of Noblenew.

Sinolife has a total of 17 directors and 7 supervisors.

Completion: Completion of the Subscription Agreement took place on 3rd June, 2005 and the Note has been issued. The subscription moneys for the Note will be held in a special account until the appointments of the Sinolife directors nominated by Noblenew take effect under PRC laws. If the appointments do not take effect on or before 3rd October, 2005, the moneys will be refunded to Noblenew (with interest calculated as described in the paragraph headed "Events of Default" below) against surrender of the Note for cancellation.

CTF has agreed under the Deed to indemnify Noblenew for, among other things, certain acts and omissions of Wuxin and Fengli and their existing shareholders and for all liabilities of Wuxin and Fengli prior to the completion of the Subscription Agreement.

SUMMARY OF THE TERMS OF THE NOTE

Issuer: Praise Idea

Noteholder: Noblenew

Principal amount: HK\$508,302,000

Maturity Date: 2nd June, 2085

Interest: The Note is non-interest bearing (other than as mentioned below). In addition to the interest payable on the occurrence of the event of default referred to below, interest accrues on the principal amount of the Note at 6% per annum from the 31st day from (and including) the date of issue of the Note to (and excluding) the date on which the Noteholder receives certain specified documents which relate to the resignation and appointment of directors, supervisors and company secretary referred to above.

LETTER FROM THE BOARD

Event of Default: The principal amount of the Note will be repayable with interest at the rate of 6% per annum for the period commencing on the 61st day from (and including) the date of issue of the Note to (and excluding) the date of payment, if by 3rd October, 2005 three persons nominated by Noblenew have not become directors of Sinolife, or such appointments have not been approved by China Insurance Regulatory Commission or their names have not been entered in the register maintained by the State Administration of Industry and Commerce or its local delegation having competent jurisdiction over Sinolife.

Exchange Rights: The Noteholder has the right at any time on or after the date of the issue of the Note and prior to the close of the business on the fifth business day immediately preceding the Maturity Date to exercise its exchange rights to require Praise Idea to procure the transfer of the entire registered share capital of Wuxin and Fengli to the Noteholder or its nominee.

On exercise of exchange rights, the Company will comply with the Listing Rules then applicable.

In the event that the exchange rights under the Note are not exercised by Noblenew before the maturity date of the Note, Praise Idea agrees to issue (and CTF agrees to procure that Praise Idea issues) and Noblenew agrees to subscribe for a new note on the same terms as the Note, save for that maturity date shall be 80 years from the date of the new note, or such other date as the parties may agree. A further announcement will be made in accordance with the Listing Rules then applicable if a new note is issued.

It should be noted that because of the controls on foreign ownership of insurance business currently existing under PRC law, there can be no certainty as to if and when the Company will be able to exercise its exchange rights or exercise any rights of control over Wuxin and Fengli. Praise Idea provided an undertaking to Noblenew that it would use its best endeavours to procure the appointment of nominees of Noblenew to be directors of Wuxin, Fengli and Sinolife by 3rd August, 2005 or the latest by 3rd October, 2005.

The component parts of the Note which are an investment element and an option to convert the shares in the future will be accounted for under the provision of Hong Kong Accounting Standard 39; the basic note will be held as an available-for-sale investment and the option will be held as a derivative. Noblenew, under the current accounting standards, will only equity account for its indirect interest in Sinolife when Noblenew is permitted under the relevant PRC laws to hold shares in Sinolife through Wuxin and Fengli.

The Note may not have any significant impact on the earnings, assets and/or liabilities of the Group. Any change in the value of the option in the future may have a significant impact on the earnings, assets and/or liabilities of the Group. Since there are many variables which might affect the value of the option, it would be difficult to assess the impact at this stage. However, it is expected that any change in the value of the option would not have a significant impact on the operations of the Group.

LETTER FROM THE BOARD

Wuxin, Fengli and Sinolife

Based on the information provided to the Company: -

Wuxin is a company incorporated in the PRC with registered capital of RMB350,000,000. The principal activity of Wuxin is investment holding. Wuxin holds 180,000,000 shares in Sinolife, representing approximately 13.25% of the issued share capital of Sinolife as at the Latest Practicable Date.

Fengli is a company incorporated in the PRC with registered capital of RMB1,500,000,000. The principal activity of Fengli is investment holding. Fengli holds 120,000,000 shares in Sinolife, representing approximately 8.84% of the issued share capital of Sinolife as at the Latest Practicable Date.

Sinolife is a company incorporated in the PRC in 2002 and, is principally engaged in the provision of individual and group life insurance in the PRC. For the year ended 31st December, 2004, the net losses before and after taxation and extraordinary items of Sinolife was RMB126,769,103 (2003: loss of RMB965,278) and RMB126,351,852 (2003: loss of RMB1,714,097) respectively. As at 31st December, 2004, the net asset value of Sinolife was RMB1,950,504,241. Sinolife had branches in Shanghai, Beijing, Nanjing, Hangzhou, Chengdu, Wuhan, Shenyang and Dalian as at 31st December, 2004 and plans to open more branches in 2005 and beyond.

(1) Wuxin, (2) Fengli and (3) Sinolife and its shareholders (other than Wuxin and Fengli) are not Connected Persons of the Company.

REASONS FOR AND THE BENEFITS OF THE TRANSACTION

The Company believes that the investment in the Note provides an opportunity for the Company to participate indirectly in the anticipated rapidly expanding life insurance business in the PRC in future, in view of the present regulatory framework in the PRC. The Subscription Agreement provides that representatives of the Company will be appointed to the board of Wuxin, Fengli and Sinolife. The Note provides the flexibility for the Company to exercise a degree of influence over Wuxin and Fengli which in turn will give it indirect influence over approximately 22.09% of the issued share capital of Sinolife. The Directors believe that Sinolife has a strong asset base and has set up a good platform which can expand its life insurance business rapidly in the PRC. Accordingly, the Directors believe that the terms of the transaction are fair and reasonable and in the interests of the shareholders of the Company as a whole.

GENERAL INFORMATION

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CTF and Praise Idea and their ultimate beneficial owners are not Connected Persons of the Company, they are third parties independent of the Company and Connected Persons of the Company.

LETTER FROM THE BOARD

CTF is principally engaged in investment holding business. Praise Idea is a company incorporated in the British Virgin Islands. The principal activity of Praise Idea is investment holding. CTF informed the Company that Praise Idea and CTF have no shareholding relationship and CTF receives a fee from Praise Idea for acting as co-warrantor and custodian of the special account referred to in the paragraph headed “Completion” in the section headed “The Subscription Agreement” above.

The Group is principally engaged in the provision of a range of whole life, endowment and term life insurance products to individuals in Hong Kong as well as being engaged in asset management. The Group also provides a range of other related products, including accident, medical and disability insurance to individuals, group life and accident, medical and disability insurance and general insurance products through agency arrangements.

The Subscription Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules on the basis that the assets and consideration test set out in Rule 14.07 of the Listing Rules are more than 5% but less than 25%.

Your attention is drawn to the general information regarding the Group which is required to be included in this circular under the Listing Rules as set out in the Appendix of this circular.

By Order of the Board
Pacific Century Insurance Holdings Limited
YUEN Tin Fan, Francis
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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 contained in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Issuers and which were required to be entered into the register required to be kept under section 352 of the SFO were as follows:

Long positions in ordinary shares of the Company:

Number of shares held, capacity and nature of interest

Name of director	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Held by a trust	Total	Percentage of the Company's issued share capital
YUEN Tin Fan, Francis <i>Note (a)</i>	—	—	—	21,204,800	21,204,800	2.58
SO Wing Hung, Peter <i>Note (b)</i>	—	—	—	276,000	276,000	0.03
ALLEN Peter Anthony	360,000	—	—	—	360,000	0.04
	<u>360,000</u>	<u>—</u>	<u>—</u>	<u>21,480,800</u>	<u>21,840,800</u>	<u>2.65</u>

Notes:

- (a) These shares are held under T.F. Yuen Trust, a discretionary trust of which Mr. YUEN Tin Fan, Francis is a founder.
- (b) These shares are held by a trust, the beneficiaries of which are the family members of Mr. SO Wing Hung, Peter.

Directors' rights to acquire shares of the Company:

Details of share options granted to the Directors under the share option schemes of the Company were as follows:

Name of director	Date of grant of share options	Vesting period	Exercisable period	Exercise price HKD	Number of share options outstanding
YUEN Tin Fan, Francis	7th July, 1999	7th July, 2000 to 7th July, 2004	7th July, 2000 to 6th July, 2009	5.233	19,440,000
CHAN Ping Kan, Raymond	20th June, 2003	20th June, 2004 to 20th March, 2006	20th June, 2004 to 19th March, 2011	1.62	8,000,000
ALLEN Peter Anthony	7th July, 1999	7th July, 2000 to 7th July, 2004	7th July, 2000 to 6th July, 2009	5.233	600,000
CHEUNG Sum, Sam	29th August, 2003	29th August, 2004 to 29th August, 2006	29th August, 2004 to 28th August, 2011	2.05	4,000,000
CHUNG Cho Yee, Mico	7th July, 1999	7th July, 2000 to 7th July, 2004	7th July, 2000 to 6th July, 2009	5.233	2,280,000
SO Wing Hung, Peter	29th August, 2003	29th August, 2004 to 29th August, 2006	29th August, 2004 to 28th August, 2011	2.05	4,000,000
	3rd March, 2005	3rd March, 2006 to 3rd March, 2008	3rd March, 2006 to 2nd March, 2013	3.675	800,000

Long positions in ordinary shares of the immediate holding company of the Company, Pacific Century Regional Developments Limited ("PCRD"):

Number of shares held, capacity and nature of interest

Name of director	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Held by a trust	Total	Percentage of the holding company's issued share capital
ALLEN Peter Anthony	5,010,000	—	—	—	5,010,000	0.16
CHUNG Cho Yee, Mico	8,000,000	—	—	—	8,000,000	0.26
	<u>13,010,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>13,010,000</u>	<u>0.42</u>

Long positions in underlying shares of PCRD:

Details of share options granted to the Directors under the share option schemes of PCRD were as follows:

Name of director	Date of grant of share options	Vesting period	Exercisable period	Exercise price SGD	Number of share options outstanding
ARENA Alexander Anthony	24th November, 1999	25th October, 2001 to 25th October, 2005	25th October, 2001 to 24th October, 2009	0.7584	15,300,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Issuers and which were required to be entered into the register required to be kept under section 352 of the SFO.

(b) **Interests of Shareholders**

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, directly or indirectly interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group.

Name	Notes	Number of ordinary shares held	% of the Company's issued share capital
LI Tzar Kai, Richard	(1)	385,797,942 (L)	46.97% (L)
PCRD	(2)(4)	383,797,942 (L)	46.73% (L)
Ocean Star Investment Management Limited	(2)	383,797,942 (L)	46.73% (L)
Ocean Star Management Limited	(2)	383,797,942 (L)	46.73% (L)
OS Holdings Limited	(2)	383,797,942 (L)	46.73% (L)
Star Ocean Ultimate Limited	(2)	383,797,942 (L)	46.73% (L)
The Ocean Trust	(2)	383,797,942 (L)	46.73% (L)
The Ocean Unit Trust	(2)	383,797,942 (L)	46.73% (L)
The Starlite Trust	(2)	383,797,942 (L)	46.73% (L)
The Starlite Unit Trust	(2)	383,797,942 (L)	46.73% (L)
Pacific Century Group Holdings Limited	(2)(5)	383,797,942 (L)	46.73% (L)
China Insurance (Holdings) Company, Limited	(3)(6)	91,060,000 (L)	11.09% (L)
King System Limited	(3)	49,907,200 (L)	6.08% (L)
Joyful Box Inc.	(3)	41,152,800 (L)	5.01% (L)

Remarks: (L) - Long Position

Notes:

- (1) These interests represent Mr. LI Tzar Kai, Richard's deemed interests in: (a) 2,000,000 shares held by Pacific Century Diversified Limited, a wholly-owned subsidiary of Chiltonlink Limited, which is 100% owned by Mr. LI Tzar Kai, Richard; and (b) 383,797,942 shares indirectly held by the trustee of two unit trusts (see note 2 below), the units of which are held by two discretionary trusts of which Mr. LI Tzar Kai, Richard is the founder.
- (2) Each of Ocean Star Management Limited, OS Holdings Limited, Star Ocean Ultimate Limited, The Ocean Trust, The Ocean Unit Trust, The Starlite Trust, The Starlite Unit Trust and Pacific Century Group Holdings Limited ("PCGH") is deemed to have an interest under SFO in the same 383,797,942 shares held by PCRD as it holds, directly or indirectly, a controlling interest in PCRD. Ocean Star Investment Management Limited is deemed under the SFO to have an interest in the same 383,797,942 shares held by PCRD by virtue of it being the manager of The Starlite Unit Trust and The Ocean Unit Trust which together hold 100% of the shares of PCGH. As at the Latest Practicable Date, PCGH's controlling interest in PCRD was held through its controlled corporations (being its wholly-owned subsidiaries, Borsington Limited, Pacific Century International Limited, Pacific Century Group (Cayman Islands) Limited and Anglang Investments Limited, which together controlled 75.33% of PCRD).

- (3) China Insurance (Holdings) Company, Limited is taken to have an interest under the SFO in the same 91,060,000 shares, in aggregate, beneficially owned by Joyful Box Inc. and King System Limited.
- (4) Messrs. YUEN Tin Fan, Francis, ALLEN Peter Anthony and ARENA Alexander Anthony are directors of PCRD.
- (5) Messrs. ALLEN Peter Anthony and ARENA Alexander Anthony are directors of PCGH.
- (6) Mr. ZHENG Chang Yong is a director of China Insurance (Holdings) Company, Limited.

Save as disclosed above, the Directors and the chief executives of the Company are not aware that there is any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any other member of the Group.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, the Company has entered into service contracts with all the executive directors of the Company for the provision of management services to the Group, details of each of which are as follows:

- (1) Mr. CHAN Ping Kan, Raymond has entered into a service contract with the Group for a period which commenced from 4th March, 2003 and which will expire on 31st March, 2006.
- (2) Each of Mr. CHEUNG Sum, Sam and Mr. SO Wing Hung, Peter has entered into a service contract with the Group for an initial period which commenced from 15th March, 2002 and which expired on 31st March, 2004. Both Messrs. CHEUNG Sum, Sam and SO Wing Hung, Peter have renewed their service contracts for a further three years which commenced from 1st April, 2004 and which will expire on 31st March, 2007.
- (3) The service contract for each of the other executive directors is indefinite.

The non-executive director was appointed for an initial term of three years with effect from 30th November, 2000. The term was renewed for a further two years with effect from 30th November, 2003.

The independent non-executive directors were appointed for an initial term of three years with effect from 8th June, 1999. The term was renewed for a further two years with effect from 8th June, 2004.

Apart from the foregoing, there are no unexpired service contracts which are not determinable by the Company within one year without payment of compensation, other than statutory compensation.

4. LITIGATION

On 21st September, 2000, a writ was issued against a number of persons, including Pacific Century Insurance Company Limited (a company incorporated in Bermuda and is 100% indirectly owned by the Company) (“PCI”) and certain insurance agents of PCI, by certain members of an insurance group operating in Hong Kong (the “Plaintiffs”), whereby the Plaintiffs sought, among other things, injunctive relief and damages against PCI in connection with PCI’s plan matching scheme and the purported use of certain documents and information.

On 24th July, 2001, a High Court judge granted the Plaintiffs interim injunctive relief pending the trial of the action or further order. The interim injunctive relief restrains PCI, among others, from disclosing or otherwise making any use of certain documents and information, and accepting applications for life insurance policies in certain circumstances.

Having consulted legal counsel, the Group has determined that it will continue to vigorously defend these proceedings. In the opinion of the Directors and based on legal advice, it is unlikely that the final outcome of these proceedings would materially affect the financial position of the Group.

Save as disclosed, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

5. COMPETING INTERESTS

Pursuant to Rule 8.10 of the Listing Rules, the following directors have declared interests in the following businesses which are considered to compete, or are likely to compete, either directly or indirectly, with the businesses of the Group as at the Latest Practicable Date:

Name of directors	Name of companies	Competing business	Nature of interest
YANG Chao (<i>Note 1</i>)	The Tai Ping Insurance Company, Limited	General insurance business	As a director
	China Life Insurance Company Limited	Life insurance	As President
	The Tokio Marine & Fire Insurance Company (HK) Limited	General insurance business	As an independent non-executive director
ZHENG Chang Yong	China Insurance (Holdings) Company, Limited	Insurance holding	As a director
	China America Holding Company	Insurance holding	As a director
	China Insurance International Holdings Company Limited	Insurance holding	As a director
	China Insurance Service Japan Co., Ltd.	Insurance agency	As a director
	China Insurance Co. (Singapore) Pte. Ltd.	General insurance business	As a director
	CIG Trustees Limited	Trustee corporate	As a director
	The Ming An Insurance Company (Hong Kong), Limited	General insurance business	As a director
	PT China Insurance Indonesia	General insurance business	As a director
	China Life Insurance (Overseas) Company Limited	Life insurance business	As an independent non-executive director
	WANG Xianzhang	China Life Insurance Company Limited	Life insurance

Note:

- (1) Mr. YANG Chao resigned as a director of China Insurance (Holdings) Company, Limited, China Insurance International Holdings Company Limited and The Tai Ping Life Insurance Company, Limited on 12th May, 2005, 15th June, 2005 and 10th June, 2005 respectively. He was appointed as President of China Life Insurance Company Limited on 1st June, 2005.

All of the above companies, except China Life Insurance (Overseas) Company Limited, China Life Insurance Company Limited and The Tokio Marine & Fire Insurance Company (HK) Limited, are within the China Insurance (Holdings) Company Group which holds an 11.09% interest in the Company as disclosed in the paragraph headed “Interests of Shareholders” in the section headed “Disclosure of Interests” above.

As the board of directors of the Company is independent from the board of directors of the above-mentioned companies and the above directors do not control the board of the Company, the Group is capable of carrying on its businesses independently of, and at arm’s length from, the businesses of the above-mentioned companies.

6. GENERAL

- (i) The secretary of the Company is Ms. CHENG Wan Seung, Ella CA.
- (ii) The qualified accountant of the Company is Mr. CHEUNG Sum, Sam. Mr CHEUNG is a Fellow of The Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants.
- (iii) The share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited of 46/F., Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (iv) The English version of this circular shall prevail over the Chinese text.