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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 — DISPOSAL OF PROPERTY

On 24th August, 2006, the Vendor and the Purchaser entered into the Provisional Agreement whereby the Vendor agreed to sell and the Purchaser agreed to purchase the Property for a consideration of HK\$200 million.

The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules on the basis that the consideration test set out in Rule 14.07 of the Listing Rules is more than 5% but less than 25%. A circular containing details of the Disposal will be despatched to shareholders as soon as possible.

THE PROVISIONAL AGREEMENT

Date: 24th August, 2006

Parties to the Provisional Agreement: Pacific Century Insurance Company Limited (a wholly-owned subsidiary of the Company), as vendor
Dah Sing Bank, Limited as purchaser

Consideration: HK\$200,000,000, payable as follows:-

- (i) a deposit of HK\$6,000,000 was paid by the Purchaser on signing of the Provisional Agreement;
- (ii) the balance of the deposit of HK\$14,000,000 is payable on or before 7th September, 2006; and
- (iii) the balance of the purchase price of HK\$180,000,000 is payable upon Completion on or before 31st October, 2006.

The consideration was based on arm's-length negotiations between the Vendor and the Purchaser, with reference to prevailing market value of commercial properties of similar size and age as the Property in the same vicinity.

The proceeds of the Disposal are to be used by the Company as working capital.

Terms: The formal sale and purchase agreement is to be signed on or before 7th September, 2006 and Completion shall take place on or before 31st October, 2006. Should the Vendor fail to proceed to Completion according to the terms of the Provisional Agreement (other than due to the Purchaser's default), all deposits paid by the Purchaser shall be returned to the Purchaser who shall be entitled to claim against the Vendor for loss or damage as the Purchaser may sustain as a result of the Vendor's breach of this Agreement. Should the Purchaser (other than due to the default of the Vendor) fail to proceed to Completion according to the terms of the Provisional Agreement, the Vendor may terminate the Provisional Agreement and the Vendor shall be entitled to forfeit all deposits paid by the Purchaser without prejudice to any other rights or remedies of the Vendor. Nothing in the Provisional Agreement precludes either party to seek an order for specific performance.

On Completion, the Vendor will enter into a lease with the Purchaser to lease back the Property from the Purchaser from Completion till 28th February, 2007 at a rent of HK\$20.5 per square feet (equivalent to HK\$827,790 per month) exclusive of service charges, rates and outgoings. Such rent was determined with reference to market rental of commercial properties of similar size and age as the Property in the same vicinity and taking into account the fact that this is a short term tenancy.

The Property

The Property comprises Units 1 to 10, 12th and 13th Floors of Island Place Tower, No. 510 King's Road, North Point, Hong Kong. The Property is currently used by the Company as office space for its staff and will continue to be used for the same purpose during the term of the lease back.

REASONS FOR AND THE BENEFITS OF THE TRANSACTION

The Group is in the process of relocating of its staff and a considerable number of its insurance agents currently spread out in various offices with locations in Hong Kong and Kowloon to a central location. The Disposal represents a good opportunity for the Company to sell the Property having regard to the price and market conditions and also fits it well with the Company's overall relocation plan. The lease back arrangement is a temporary measure to house the staff to fit in with relocation plan which will take place in stages.

The book value of the Property is approximately HK\$179 million as set out in the financial statements of the Group for the year ended 31st December, 2005.

The gain on disposal calculated by reference to the carrying value of the Property in the financial statements of the Group for the year ended 31st December, 2005 was approximately HK\$18,793,000.

On the basis of the above, the Directors believe that the terms of the Disposal are fair and reasonable and in the interests of the shareholders of the Company as a whole.

GENERAL INFORMATION

Based on public information, the Purchaser is a wholly-owned subsidiary of Dah Sing Banking Group Limited, a company whose shares are listed on the Stock Exchange and the Purchaser's principal activity is banking.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser, Dah Sing Banking Group Limited and the shareholder holding more than 30% of its issued share capital (based on latest filings made pursuant to the Securities and Futures Ordinance) are not Connected Persons of the Company and are third parties independent of the Company and Connected Persons of the Company.

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 Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules on the basis that the consideration test set out in Rule 14.07 of the Listing Rules is more than 5% but less than 25%. A circular containing details of the Disposal will be despatched to shareholders as soon as possible.

DEFINITIONS

The following terms are used in this announcement with the meanings set opposite them:-

“Company”	Pacific Century Insurance Holdings Limited, a company incorporated in Bermuda, whose shares are listed on the Stock Exchange;
“Completion”	completion of the Disposal;
“Connected Person(s)”	the meaning ascribed thereto in the Listing Rules;
“Disposal”	the disposal of the Property as contemplated under the Provisional Agreement;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Property”	12th and 13th Floors, Island Place Tower, as more particularly described in the section headed “The Property” above;
“Provisional Agreement”	the provisional sale and purchase agreement dated 24th August, 2006 entered into between the Vendor and the Purchaser in relation to the Disposal;
“Purchaser”	Dah Sing Bank, Limited;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Pacific Century Insurance Company Limited, a wholly-owned subsidiary of the Company; and
“HK\$”	Hong Kong dollars, the legal currency of Hong Kong.

By order of the Board
So Wing Hung, Peter
Director

Hong Kong, 24th August, 2006

** For identification only*

Executive Directors:

Yuen Tin Fan, Francis; Chan Ping Kan, Raymond; So Wing Hung, Peter

Non-Executive Directors:

Peter Anthony Allen; Chung Cho Yee, Mico; Feng Xiaozeng; Zheng Changyong

Independent Non-Executive Directors:

Prof. Chang Hsin Kang; Timothy George Freshwater; Wang Xianzhang; Prof. Wong Yue Chim, Richard

Please also refer to the published version of this announcement in The Standard.