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FORTIS INSURANCE INTERNATIONAL N.V.

*(a company incorporated in
The Netherlands with limited liability)*

**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)*

JOINT ANNOUNCEMENT

**SATISFACTION OF CONDITIONS PRECEDENT OF ACQUISITION OF SHARES
IN PACIFIC CENTURY INSURANCE HOLDINGS LIMITED**

AND

**POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY
MORGAN STANLEY DEAN WITTER ASIA LIMITED
FOR AND ON BEHALF OF
FORTIS INSURANCE INTERNATIONAL N.V.
TO ACQUIRE ALL THE ISSUED SHARES IN
PACIFIC CENTURY INSURANCE HOLDINGS LIMITED
(OTHER THAN SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY FORTIS INSURANCE INTERNATIONAL N.V.
AND PARTIES ACTING IN CONCERT WITH IT)
AND TO CANCEL ALL OUTSTANDING OPTIONS**

Financial Adviser to Fortis Insurance International N.V.

Morgan Stanley

The respective boards of the Company and the Offeror are pleased to announce that all the conditions precedent to the Share Purchase Agreement (other than those that are required to be satisfied simultaneously at Completion as stipulated in the Share Purchase Agreement) were fulfilled on 9 May 2007 and Completion is scheduled to take place on or about 15 May 2007.

Upon Completion, the Offeror and its concert parties will hold 430,850,742 Sale Shares, representing approximately 50.45% of the issued share capital of the Company as at the date of this announcement on a fully diluted basis (assuming full exercise of all the outstanding Options) or 51.06% of the issued share capital of the Company as at the date of this announcement (assuming no exercise of the outstanding Options). Accordingly, Morgan Stanley, on behalf of the Offeror, will make an unconditional mandatory cash offer to acquire all the Disinterested Shares in compliance with Rule 26.1 of the Takeovers Code. In addition, pursuant to Rule 13.1 of the Takeovers Code, Morgan Stanley, on behalf of the Offeror, will also make an unconditional mandatory cash offer to cancel all outstanding Options.

1. INTRODUCTION

Reference is made to the joint announcement of the Company and Fortis Insurance International N.V. (the “**Offeror**”) dated 1 March 2007 (the “**Announcement**”) in relation to, among other matters, the possible mandatory unconditional cash offer to acquire all the issued shares in the Company (other than Shares already owned or agreed to be acquired by the Offeror and its concert parties) and to cancel all outstanding Options (the “**Offer**”). Unless the context otherwise requires, capitalized terms and expressions used in this announcement which are not defined herein shall have the same meanings as defined in the Announcement.

2. THE AMENDMENT AGREEMENT

The Offeror, PCRD and Mr. YUEN Tin Fan, Francis will enter into an amendment agreement on or before Completion pursuant to which the number of Sale Shares to be acquired by the Offeror from PCRD, Mr. YUEN Tin Fan, Francis and the Other Sellers under the Share Purchase Agreement will be reduced from 431,110,742 to 430,850,742 Sale Shares for an aggregate consideration of HK\$3,524 million (equivalent to HK\$8.18 per Sale Share) (the “**Amendment Agreement**”). Therefore, the number of Sale Shares to be sold by each of PCRD, Mr. YUEN Tin Fan, Francis and the Other Sellers pursuant to the Share Purchase Agreement which will be amended by the Amendment Agreement are as follows:

| Name of Sellers | No. of Sale Shares | Percentage of issued share capital as at the date of this announcement on a fully diluted basis (assuming full exercise of all the outstanding Options as at the date of this announcement) | Percentage of issued share capital as at the date of this announcement (assuming no exercise of outstanding Options as at the date of this announcement) |
|--|--------------------|---|--|
| CHAN Ping Kan, Raymond | 8,000,000 | 0.94% | 0.95% |
| CHUNG Cho Yee, Mico | 1,368,000 | 0.16% | 0.16% |
| Clarest Trust ⁽¹⁾ | 276,000 | 0.03% | 0.03% |
| PCRD | 383,797,942 | 44.94% | 45.48% |
| Snowdon International Limited ⁽²⁾ | 21,204,800 | 2.48% | 2.51% |
| SO Wing Hung, Peter | 4,540,000 | 0.53% | 0.54% |
| YUEN Tin Fan, Francis | 11,664,000 | 1.37% | 1.38% |
| TOTAL | 430,850,742 | 50.45% | 51.06%⁽³⁾ |

Note 1: The beneficiaries of this trust are the family members of Mr. SO Wing Hung, Peter.

Note 2: Snowdon International Limited is a company wholly-owned by T.F. Yuen Trust, a discretionary trust of which YUEN Tin Fan, Francis is the founder.

Note 3: Due to rounding of figures, the aggregate sum of the individual percentage above is 51.05% instead of the actual percentage of 51.06%.

3. COMPLETION OF SHARE PURCHASE AGREEMENT

The respective boards of the Company and the Offeror are pleased to announce that all the conditions precedent to the Share Purchase Agreement (other than those listed below that are required to be satisfied simultaneously at Completion as stipulated in the Share Purchase Agreement) were fulfilled on 9 May 2007 and Completion is scheduled to take place on or about 15 May 2007:

- (a) no court order or regulatory order having been made by a competent court or regulator in Hong Kong or Bermuda to restrain Completion which has not been dismissed or revoked and continues to be in force at Completion;
- (b) the delivery of undertakings, dated on or before the date of Completion, executed by the following persons (in alphabetical order) to remain in the Group for a minimum of 6 months following Completion and should any such person cease to be an employee of the Group not to solicit any employee or agent or consultant of Group Companies for 12 months thereafter:
 - (i) CHAN Ping Kan, Raymond – Executive Director of the Company and Chief Executive Officer of PCICL;
 - (ii) CHENG Koon Wing – Appointed Actuary of PCICL;
 - (iii) CHENG Wan Seung, Ella – Company Secretary of the Company;
 - (iv) CHEUNG Man Yi, Eva – Financial Controller of the Company;
 - (v) CHOI Ling Chi, Vivian – Senior Vice President, Chief Operating Officer of PCICL;
 - (vi) FUNG Chi Ho, Johnny – Vice President, Agency Developments of PCICL;
 - (vii) FUNG Yiu Fai – Managing Director of PCI Investment Management Limited, a wholly-owned subsidiary of the Company; and
 - (viii) SO Wing Hung, Peter – Executive Director and Group Chief Financial Officer of the Company;
- (c) there being no breach of certain warranties contained in the Share Purchase Agreement which arises from the activities or omissions of the directors or senior management of the Group in relation to its business (but excluding any breach outside the control of such persons) and which, whether looking at such breaches singly or in aggregate, shall have a material adverse impact on the reputation of the Group taken as a whole and shall have a materially adverse recurring impact on the future profitability of the Group taken as a whole or shall have a material adverse effect on the net asset value of the Group taken as a whole, in each case when compared to the position of the Group as at 31 December 2006; and

- (d) the sale of all such Sale Shares as are held or beneficially owned by the Other Sellers as set opposite their names in the section headed “The Amendment Agreement” above, such that when aggregated with such of the Sale Shares to be sold by PCRD and Mr. YUEN Tin Fan, Francis, represents no less than one share plus 50% of the total issued paid-up share capital of the Company on a fully diluted basis (assuming full exercise of the Options) as at Completion.

4. THE OFFER

Upon Completion, the Offeror and its concert parties will hold 430,850,742 Sale Shares, representing approximately 50.45% of the issued share capital of the Company as at the date of this announcement on a fully diluted basis (assuming full exercise of all the outstanding Options) or 51.06% of the issued share capital of the Company as at the date of this announcement (assuming no exercise of the outstanding Options). Accordingly, Morgan Stanley, on behalf of the Offeror, will make an unconditional mandatory cash offer to acquire all the Disinterested Shares in compliance with Rule 26.1 of the Takeovers Code. In addition, pursuant to Rule 13.1 of the Takeovers Code, Morgan Stanley, on behalf of the Offeror, will also make an unconditional mandatory cash offer to cancel all outstanding Options.

5. DESPATCH OF THE COMPOSITE DOCUMENT

The composite offer and response document (the “**Composite Document**”), together with the white form of acceptance and transfer of the Shares and the yellow form of acceptance and cancellation of the outstanding Options, will be jointly despatched by the Company and the Offeror to the Shareholders and Option holders.

The Executive has agreed to extend the latest time for despatch of the Composite Document to a date falling within seven days of the Completion, accordingly, on the basis that Completion will take place on 15 May 2007, the Composite Document is expected to be despatched on or before 22 May 2007. Further announcements will be made when the Composite Document and accompanying documents are to be despatched.

By order of the board of
Fortis Insurance International N.V.
D.J. ZIENG
Director

By order of the board of
Pacific Century Insurance Holdings Limited
YUEN Tin Fan, Francis
Executive Chairman

Hong Kong, 10 May 2007

* *for identification purpose only*

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to the Company and its subsidiaries and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement relating to the Company and its subsidiaries have been arrived at after due and careful consideration and there are no other facts relating to the Company and its subsidiaries not contained in this announcement, the omission of which would make any statements in this announcement relating to the Company and its subsidiaries misleading.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information (other than information relating to the Company and its subsidiaries) contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than opinions relating to the Company and its subsidiaries) have been arrived at after due and careful consideration and there are no other facts (other than those relating to the Company and its subsidiaries) not contained in this announcement, the omission of which would make any statements in this announcement (other than those relating to the Company and its subsidiaries) misleading.

As at the date of this announcement, the directors of the Company are YUEN Tin Fan, Francis, CHAN Ping Kan, Raymond, SO Wing Hung, Peter, Peter Anthony ALLEN, CHUNG Cho Yee, Mico, FENG Xiaozeng, ZHENG Changyong, Prof. CHANG Hsin Kang, Tim FRESHWATER, WANG Xianzhang and Prof. WONG Yue Chim, Richard.

As at the date of this announcement, the directors of the Offeror are Jozef DE MEY, Joop FEILZER, Martin N. KOK, Peer VAN HARTEN, Jean-Paul VOTRON, Jacob WESTERLAKEN, and D.J. ZIENG.

“Please also refer to the published version of this announcement in The Standard and South China Morning Post”