

EMBEDDED VALUE

In order to provide investors with an additional tool to understand our economic value and business results, we have disclosed information relating to our group embedded value, as discussed below. As standards for the disclosure of embedded value continue to develop internationally and in the PRC, the form and content of our presentation of embedded value may change. We have also disclosed the value of one year's sales in respect of our new life insurance business. Due to the technical complexity involved with these calculations, and the fact that these estimates will vary materially as key assumptions are changed, investors should read the following discussion in its entirety and the opinion and report of Towers Perrin, an independent firm of consulting actuaries, set forth in Appendix VI — "Consulting Actuaries' Report", use care in interpreting these values and seek advice of experts familiar with the interpretations of these values. See the sections headed "Forward-Looking Statements" and "Risk Factors — Risks Relating to Our Company — Our group embedded value and the value of one year's sales of CPIC Life are each calculated based on a number of assumptions used in the calculations and may vary significantly as those assumptions are changed".

Our consolidated financial statements included in the Accountants' Report set forth in Appendix I to this prospectus are prepared in accordance with HKFRS. These financial statements measure our results of operations for a specific time period. An alternative method of measuring the value and profitability of a life insurance company is the embedded value method. Embedded value is an estimate of the economic value of the life insurance business of an insurance company that is determined based on a particular set of assumptions and a valuation model-based forecast of future distributable profits, excluding any value attributable to any future new business. While, under HKFRS, there is a lag time between the sale of policies and the recognition of profits, embedded value recognizes the contribution of future profits from existing policies as of the date of the embedded value calculation. Since life insurance policies usually extend over more than one fiscal year, embedded value is a technique that attempts to quantify the total financial impact of these policies, including the impact in future fiscal years, in order to provide an alternative assessment of potential shareholder value.

To assess the total economic value of our life insurance business, a value of future sales of new life insurance business, which reflects our ability to produce new business, should be added to the embedded value. The value of future new business is often calculated by applying a multiplying factor to the value of one year's sales. The value of one year's sales is a measure of the economic value added by a life insurance company during the course of the year as a result of writing new business. Assumptions regarding, among others, the future new business growth, profit margin of future products, risk discount rate, and the number of years of new business are considered to derive the multiplying factor.

Towers Perrin, an independent firm of consulting actuaries, has prepared a review report on the estimates of our group embedded value as of 30 June 2009, and the value of one year's sales of CPIC Life in respect of our new life insurance business written for the 12 months ended 30 June 2009, on a range of assumptions. A copy of Towers Perrin's report is included in Appendix VI to this prospectus. This report does not constitute an audit opinion of the financial information used in the report.

In its review of the estimates of our group embedded value and the value of one year's sales of CPIC Life, Towers Perrin has relied on the data and information supplied by us, including advice as to unaudited and audited information as of or before 30 June 2009. Tower Perrin's report provides further information regarding its use of, and reliance on, the data and information supplied to it.

In Towers Perrin's review report, the value of in-force business of CPIC Life and the value of one year's sales in respect of our new life insurance business have been calculated using a valuation

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model under a range of assumptions given the particular uncertainties associated with the future investment environment and future business operations. You should carefully consider the range of values arising from the sensitivity analysis contained in Towers Perrin's report, which reflect the impact of different assumptions on these values. Moreover, the values presented in Towers Perrin's report do not necessarily include the full range of potential outcomes.

The estimates of value of in-force business and the value of one year's sales of CPIC Life necessarily make numerous assumptions with respect to industry performance, general business and economic conditions, investment returns, reserving standards, taxation, life expectancy and other matters, many of which are beyond our control. As a result, actual future experience may vary from that assumed in the calculation, and these variations may be material. See the section headed "Risk Factors — Risks Relating to Our Company — Our group embedded value and the value of one year's sales of CPIC Life are each calculated based on a number of assumptions used in the calculations and may vary significantly as those assumptions are changed". Calculated values will vary, possibly materially, as key assumptions are varied. Moreover, as actual market value is determined by investors based on a variety of information available to them, these calculated values should not be construed as a direct reflection of actual market value. Furthermore, in the current environment in the PRC market, material uncertainty exists with respect to asset valuations, a key component of embedded value.