
STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering which forms part of the Global Offering. The Global Offering comprises (assuming the Over-allotment Option is not exercised):

- the Hong Kong Public Offering of an initial 30,650,000 Shares (subject to adjustment as mentioned below) (representing approximately 10.7% of the initial total number of Offer Shares) in Hong Kong as described in the paragraph headed “The Hong Kong Public Offering” of this section;
- the International Offering of an initial 255,510,000 Shares (subject to adjustment as mentioned below and the Over-allotment Option) (representing approximately 89.3% of the initial total number of Offer Shares) (a) in the United States with QIBs in reliance on Rule 144A or another available exemption; and (b) outside the United States in accordance with Regulation S.

Morgan Stanley is the Sole Global Coordinator. Morgan Stanley and UBS are the Joint Sponsors. Morgan Stanley, UBS and BOCI, are the Joint Bookrunners and Joint Lead Managers of the Global Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering respectively may be subject to reallocation and, in the case of the International Offering only, the Over-allotment Option as described below in the paragraph headed “Over-Allotment and Stabilization” of this section.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to the Company and the Joint Bookrunners (on behalf of the Underwriters), agreeing on the Offer Price. The Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date. These underwriting arrangements, and the respective Underwriting Agreements, are summarized in “Underwriting”.

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

Under the Hong Kong Public Offering, the Company is initially offering 30,650,000 Shares at the Offer Price for subscription by the public in Hong Kong, representing approximately 10.7% of the total number of Shares initially available under the Global Offering. Subject to the reallocation of Shares between (i) the International Offering and (ii) the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 1.65% (assuming an Offer Price of HK\$12.83 per Share, being the higher end of the estimated Offer Price range) and approximately 1.64% (assuming an Offer Price of HK\$9.54 per Share, being the lower end of the estimated Offer Price range), of our issued share capital immediately after completion of the Global Offering (taking into account the partial exercise of General Atlantic’s Anti-Dilution Right by investing US\$25 million to subscribe for the new Shares in our Company), assuming that the Over-allotment Option is not exercised.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed “Conditions of the Hong Kong Public Offering” of this section.

STRUCTURE OF THE GLOBAL OFFERING

Conditions of the Hong Kong Public Offering

Acceptance of all applications for the Offer Shares in the Hong Kong Public Offering will be conditional on:

- (i) the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the existing issued Shares, the Offer Shares to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option), and of the Shares issuable on the exercise of any options which may be granted under the Share Option Scheme;
- (ii) the Offer Price having been fixed on or around the Price Determination Date;
- (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 15 April 2010 being the 30th day after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Company and the Joint Bookrunners (on behalf of the Underwriters on or before 5:00 p.m. on Wednesday, 24 March 2010), the Global Offering will not proceed.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by us in the South China Morning Post and the Hong Kong Economic Times on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares”. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bankers or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on Friday, 26 March 2010 provided that (i) the Global Offering has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms.

STRUCTURE OF THE GLOBAL OFFERING

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those, applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Shares in pool A will be allocated on an equitable basis to applicants who have applied for Shares with an aggregate price of HK\$5 million (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable) or less. The Shares in pool B will be allocated on an equitable basis to applicants who have applied for Shares with an aggregate price of more than HK\$5 million and up to the total value of pool B (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Shares in one (but not both) of the pools are under-subscribed, the surplus Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 15,325,000 Shares (being 50% of the 30,650,000 Shares initially comprised in the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of the Shares between (i) the Hong Kong Public Offering and (ii) the International Offering is subject to adjustment. If the number of Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Shares initially available under the Hong Kong Public Offering, then Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Shares available under the Hong Kong Public Offering will be increased to 85,848,000 Shares (in the case of (i)), 114,464,000 Shares (in the case of (ii)) and 143,080,000 Shares (in the case of (iii)) representing 30%, 40% and 50% of the Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Bookrunners deem appropriate. In addition, the Joint Bookrunners may allocate Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed for, the Joint Bookrunners have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Bookrunners deem appropriate.

STRUCTURE OF THE GLOBAL OFFERING

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or if he has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$12.83 per Share in addition to any brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable on each Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "Pricing of the Global Offering" of this section below, is less than the maximum price of HK\$12.83 per Share, appropriate refund payments (including the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in "How to Apply For Hong Kong Offer Shares".

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Shares Offered

Subject to reallocation as described above, the International Offering will consist of an initial offering of 255,510,000 Shares.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "bookbuilding" process described in the paragraph headed "Pricing of the Global Offering" of this section below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and our shareholders as a whole.

STRUCTURE OF THE GLOBAL OFFERING

The Joint Bookrunners (on behalf of the Underwriters) may require any investor who has been offered Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application of Shares under the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, the Company is expected to grant an Over-allotment Option to the International Underwriters exercisable by the Joint Bookrunners on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Joint Bookrunners have the right, exercisable at any time from the day on which trading of the Shares commences on the Hong Kong Stock Exchange until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require us to allot and issue up to 42,924,000 additional Shares, representing no more than 15% of the initial Offer Shares, at the same price per Share under the International Offering, to among other things, cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Shares will represent approximately 2.3% (assuming an Offer Price of HK\$12.83 per Share, being the higher end of the estimated Offer Price range) and 2.2% (assuming an Offer Price of HK\$9.54 per Share, being the lower end of the estimated Offer Price range), of our enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option taking into account the partial exercise of General Atlantic's Anti-Dilution Right by investing US\$25 million to subscribe for new Shares in our Company. In the event that the Over-allotment Option is exercised, a press announcement will be made.

PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Friday, 19 March 2010, and in any event on or before Wednesday, 24 March 2010, by agreement between the Joint Bookrunners, on behalf of the Underwriters, the Company and the number of Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$12.83 per Share and is expected to be not less than HK\$9.54 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the estimated offer price range stated in this prospectus.**

STRUCTURE OF THE GLOBAL OFFERING

The Joint Bookrunners, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of the Company reduce the number of Offer Shares being offered under the Global Offering and/or the estimated offer price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post and the Hong Kong Economic Times notices of any such reduction in the number of Offer Shares being offered under the Global Offering and/or the estimated offer price range. Such notice will also be available at the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.zs-group.com.cn. Upon issue of a notice in the reduction of the Offer Price, the revised offer price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Bookrunners, on behalf of the Underwriters, the Company, will be fixed within such revised offer price range. Applicants should have regard to the possibility that any announcement of any such reduction in the number of Offer Shares being offered under the Global Offering and/or the estimated offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any notice published in relation to the reduction in the Offer Price, the Offer Price, if agreed upon with the Company and the Joint Bookrunners, will under no circumstances be set outside the offer price range as stated in this prospectus.

The net proceeds of the Global Offering accruing to the Company (after deduction of underwriting fees and estimated expenses payable by the Company in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK\$2,552 million, assuming an Offer Price per Share of HK\$9.54, approximately HK\$3,008 million, assuming an Offer Price per Share of HK\$11.19, or approximately HK\$3,461 million, assuming an Offer Price per Share of HK\$12.83 (or if the Over-allotment Option is exercised in full, approximately HK\$2,947 million, assuming an Offer Price per Share of HK\$9.54, or approximately HK\$3,992 million, assuming an Offer Price per Share of HK\$12.83).

The final Offer Price, the indications of interest in the Global Offering, the results of applications and the basis of allotment of Shares available under the Hong Kong Public Offering, are expected to be announced on Thursday, 25 March 2010, in the manner set out in “How to Apply for the Hong Kong Offer Shares — Results of Allocation”.

OVER-ALLOTMENT AND STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the market price of the securities below the offer price. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

STRUCTURE OF THE GLOBAL OFFERING

In connection with the Global Offering, Morgan Stanley, its affiliates or any person acting for it, as Stabilizing Manager, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the issue date. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements. However, there is no obligation on Morgan Stanley, its affiliates or any person acting for it to do this. Such stabilization, if commenced, will be conducted at the absolute discretion of Morgan Stanley, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period. The number of Shares that may be over-allocated will not be greater than the number of Shares which may be issued and sold upon exercise of the Over-allotment Option, being 42,924,000 Shares, which is 15% of the Shares initially available under the Global Offering.

Morgan Stanley, its affiliates or any person acting for it may take all or any of the following stabilizing actions in Hong Kong during the stabilization period:

- (i) purchase, or agree to purchase, any of the Shares or offer or attempt to do so for the sole purpose of preventing or minimizing any reduction in the market price of the Shares;
- (ii) in connection with any action described in paragraph (i) above;
 - (A) (1) over-allocate the Shares; or
 - (2) sell or agree to sell the Shares so as to establish a short position in them,

for the sole purpose of preventing or minimizing any reduction in the market price of the Shares;
 - (B) exercise the Over-allotment Option and purchase or subscribe for or agree to purchase or subscribe for the Shares in order to close out any position established under paragraph (A) above;
 - (C) sell or agree to sell any of the Shares acquired by it in the course of the stabilizing action referred to in paragraph (i) above in order to liquidate any position that has been established by such action; or
 - (D) offer or attempt to do anything as described in paragraphs (ii)(A)(2), (ii)(B) or (ii)(C) above.

Morgan Stanley, its affiliates or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the Shares, and there is no certainty as to the extent to which and the time period for which it will maintain such a position. Investors should be warned of the possible impact of any liquidation of the long position by Morgan Stanley, its affiliates or any person acting for it, which may include a decline in the market price of the Shares.

Stabilization cannot be used to support the price of the Shares for longer than the stabilization period, which begins on the day on which trading of the Shares commences on the Hong Kong Stock Exchange and ends on the earlier of the 30th day after the last day for lodging of applications under the

STRUCTURE OF THE GLOBAL OFFERING

Hong Kong Public Offering or the commencement of trading of the Shares. The stabilization period is expected to expire on 17 April 2010, after which an announcement will be made pursuant to section 9 of and schedule 3 to the Securities and Futures (Price Stabilization) Rules. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore then market price, could fall.

Any stabilizing action taken by Morgan Stanley, its affiliates or any person acting for it, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilization period. Stabilizing bids or market purchases effected in the course of the stabilization action may be made at any price at or below the Offer Price and can therefore be done at a price below the price the investor has paid in acquiring the Shares.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, Morgan Stanley may choose to enter into an agreement on its own or through its affiliate and agents with Blue Natural, to borrow up to 42,924,000 Shares, representing 15% of the Offer Shares, from Blue Natural to cover over-allocations (being the maximum number of additional Shares which may be allotted and issued upon exercise of the Over-allotment Option), or acquire Shares from other sources, including the exercise of the Over-allotment Option.

If such stock borrowing arrangement with Blue Natural is entered into, it will only be effected by Morgan Stanley, its affiliates or its agent for settlement of over-allocations in the International Offering and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with:

- (a) the stock borrowing arrangement with Blue Natural will only be effected for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;
- (b) the maximum number of Shares to be borrowed from Blue Natural will be limited to the maximum number of Shares which may be allotted and issued by our Company upon full exercise of the Over-allotment Option;
- (c) the same number of Shares so borrowed (if any) must be returned to Blue Natural or its nominees (as the case may be), no later than three Business days after the earlier of (i) the last day on which the Over-allotment Option may be exercised; and (ii) the day on which the Over-allotment Option is exercised in full;
- (d) the stock borrowing arrangement will be effected in compliance with all applicable laws, Listing Rules and regulatory requirements; or
- (e) no payments will be made to Blue Natural by Morgan Stanley, its affiliates or any person acting for it in relation to the stock borrowing arrangement.

DEALINGS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 26 March 2010, it is expected that dealings in the Shares on the Hong Kong Stock Exchange will commence at 9:30 a.m. on Friday, 26 March 2010.

STRUCTURE OF THE GLOBAL OFFERING

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Joint Bookrunners (on behalf of the Underwriters) and the Company on the Price Determination Date.

We expect that we will, on or about Friday, 19 March 2010, shortly after determination of the Offer Price, enter into the International Underwriting Agreement relating to the International Offering.

Underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarised in the section entitled “Underwriting” in this prospectus.

LISTING ON ANY OTHER STOCK EXCHANGE

Our Directors are not considering any listing of our Company on any other overseas stock exchange. The Company has not submitted any application nor obtained any approval for the listing of the Shares.