
SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the H Shares. There are risks associated with any investment. Some of the particular risks in investing in the H Shares are set forth in the section headed "Risk Factors" of this prospectus. You should read that section carefully before you decide to invest in the H Shares.

We have included a glossary of insurance and other terms beginning on page 21. These terms are printed in boldface type the first time they appear in this prospectus summary and the first time they appear after this prospectus summary.

OVERVIEW

We are a leading insurance group in the PRC with the ability to provide multiple financial services and products. Our objective is to become one of the leading multiple financial services providers in the world with a core insurance business that consistently delivers stable profit growth and shareholder return. Our strategy is to offer our customers a broad range of financial products and services under one brand, with a focus on life and property and casualty insurance products, through our multi-channel distribution network. Our ability to execute this strategy is enhanced by our sound corporate governance and internal control, strong management team with international experience, advanced information technology platform, centralized customer database, and unified financial, risk and human resource management systems and processes. Our multiple financial services platform enables us to leverage our resources to promote cross-selling and to increase cost efficiency. Moreover, our corporate culture, which is focused on the creation of shareholder value and the adoption of international practices in product management, customer service, distribution and corporate governance, helps us maintain our leadership position in the PRC insurance industry. We have one of the most recognized brands in the PRC insurance industry, especially in individual life insurance, and have developed an extensive customer base in the PRC with over 27 million life insurance and 4 million property and casualty insurance customers as of December 31, 2003. We have also developed one of the largest distribution networks in the PRC, with 70 branch offices, over 3,600 sub-branch offices, more than 180,000 sales agents for our individual life insurance products and over 8,000 employees engaged in sales and marketing activities of our group and property and casualty insurance products as of December 31, 2003. We constantly seek new and innovative ways to serve our customers, and our innovation has not only allowed us to capture market opportunities, but also enabled us to quickly adapt to the rapidly changing market conditions in the PRC.

Based on our PRC GAAP financial data and PRC insurance industry data calculated in accordance with PRC GAAP and published by the National Bureau of Statistics of China and the CIRC:

- We had the second largest market share in the PRC life insurance market in 2002. In addition, we had approximately 19.6% of all the gross written premiums and policy fees received by PRC life insurance companies in 2003;
- We had the third largest market share in the PRC property and casualty insurance market in 2002. In addition, we had approximately 9.7% of the gross written

SUMMARY

premiums and policy fees received by PRC property and casualty insurance companies;

- Our net profit in 2001 and 2002 were the highest among all PRC insurance companies; and
- Our total assets as of December 31, 2002 were the second highest among all PRC insurance companies.

We have experienced strong growth in our overall insurance operations over the past three years. In particular, our gross written premiums and policy fees increased 42.6% in 2002 to RMB58,420 million from RMB40,955 million in 2001, and increased a further 8.1% in 2003 to RMB63,134 million.

RECENT DEVELOPMENTS

On September 29, 2003, our subsidiary China Ping An Trust & Investment Co., Ltd., or Ping An Trust, entered into a share transfer agreement with Bank of China, pursuant to which Ping An Trust agreed to acquire Bank of China's 50% equity interest in Fujian Asia Bank Ltd., which is a joint venture bank primarily engaged in foreign currency commercial banking businesses in the PRC, for US\$18.3 million. HSBC and BCA Finance Limited had previously entered into a separate share transfer agreement, pursuant to which HSBC agreed to acquire BCA Finance Limited's 50% equity interest in Fujian Asia Bank Ltd. Ping An Trust and HSBC subsequently entered into a joint venture contract, pursuant to which Ping An Trust agreed to make a capital contribution of US\$23 million for an additional 23% equity interest in Fujian Asia Bank Ltd.

Fujian Asia Bank Ltd., which has been renamed Ping An Bank Limited, became a 73% owned subsidiary of Ping An Trust on February 19, 2004. We intend to leverage Ping An Bank Limited to develop a consumer banking business, including offering credit card and real estate mortgage lending services, as and when laws and regulations permit. We believe this transaction will further enhance our ability to provide our customers with multiple financial services, including insurance, securities, banking, pension fund management and credit cards. See the section headed "Business — Recent Developments".

MARKET OPPORTUNITIES

During the past decade, the PRC insurance market has been one of the fastest growing insurance markets in the world, with industry-wide insurance premiums increasing from RMB50 billion in 1994 to RMB388 billion in 2003 based on data published by the National Bureau of Statistics of China. In particular, significant growth was recorded since 2000, with industry-wide insurance premiums increasing by 44.7% to RMB305 billion and 27.2% to RMB388 billion in 2002 and 2003, respectively. Despite the substantial growth in premiums in recent years, the industry-wide life and property and casualty insurance premiums represented only 2.6% and 0.7%, respectively, of the PRC's GDP in 2003. These low penetration rates indicate that the PRC insurance market has substantial potential for further significant growth. Furthermore, penetration rates in the PRC insurance market are significantly lower than those in the more developed markets in Asia, Europe and North America.

SUMMARY

The PRC is in the midst of an economic as well as demographic transformation, which we believe will continue to create significant growth opportunities in the PRC insurance market. In particular, the economic transformation has resulted in the gradual reduction of government sponsored benefits, while at the same time giving rise to a middle class that has growing levels of disposable income, and the demographic transformation is expected to result in an increase in demand for insurance-related products due to the increase in the percentage of the population aged 65 or older.

Moreover, we believe the economic transformation in the PRC will create opportunities for other consumer financial products and services, such as credit cards and home mortgages. In addition, we expect to see an increase in demand for more sophisticated and diversified consumer financial products and services, such as trust, securities and related services. We believe that, as a leading PRC insurance group with the ability to provide multiple financial services and products, we are well-positioned to capture these opportunities.

OUR STRENGTHS

We are one of the largest and most profitable and most innovative insurance companies in the PRC. Our principal strengths include:

- A leading insurance franchise with a well-recognized brand name;
- A corporate culture that is focused on shareholder value and on effective adoption of international practices;
- Sound corporate governance and effective internal controls;
- An experienced and strong management team that combines international expertise with extensive operating experience in the PRC insurance industry;
- Strong multi-channel distribution capability;
- Leading and innovative customer service;
- Focus on more profitable regular premium individual life insurance products;
- Strong investment management capability;
- Leading information technology systems; and
- A multiple financial services platform to capture new business opportunities.

OUR STRATEGY

Our strategy is to offer our customers a broad range of financial products and services under one brand, with a focus on life and property and casualty insurance products, through our multi-channel distribution channels. We will undertake strategic initiatives focused on enhancing our competitiveness in our core life and property and casualty insurance businesses, pursuing our multiple financial services business model and building strong back office and risk management support. In particular, we will:

- Pursue profitable growth through the strengthening of our distribution channels;
- Enhance our profitability through product mix optimization and more rigorous and disciplined underwriting;

SUMMARY

- Continue to focus on and enhance product offerings and customer service;
- Maximize cross-selling opportunities by leveraging our broad customer base and diverse product offerings;
- Further develop a multiple financial services platform by pursuing potential new business opportunities; and
- Further centralize our key processing functions to control operating costs and improve operational efficiency.

RISK FACTORS

There are certain risks relating to an investment in the Offer Shares. These risks can be categorized into (i) risks relating to our overall business; (ii) risks relating to our insurance operations; (iii) risks relating to our investment portfolio; (iv) risks relating to the insurance industry in the PRC; (v) general risks relating to the PRC; and (vi) risks relating to the Global Offering. These risks are further described in the section headed “Risk Factors” and are listed below:

Risks Relating to Our Overall Business

- Interest rate fluctuations as well as the continuation of the current low interest rate environment may materially and adversely affect our profitability.
- Due to the limited availability of long-term fixed income securities in the PRC capital markets and the legal and regulatory restrictions on the types of investments we may make, we are unable to match closely the duration of our assets and liabilities, which increases our exposure to interest rate risk.
- Our business and prospects would be materially and adversely affected if we are not able to manage our growth successfully.
- We may need additional capital in the future, and we cannot assure you that we would be able to obtain such capital on acceptable terms, or at all.
- Our risk management policies and procedures and internal controls, as well as the risk management tools available to us, may not be adequate or effective in all respects, and may expose us to unidentified or unanticipated risks, which could materially and adversely affect our business or result in losses.
- Any significant failure in our information technology systems, including our management information systems, could have a material adverse effect on our business and profitability.
- A perceived reduction in our financial strength or a downgrade in our rating could increase policy surrenders and withdrawals and damage our relationship with our creditors, our counterparties and the distributors of our products.
- Our ability to pay dividends and meet other obligations depends on dividends and other payments from our operating subsidiaries, which may be subject to contractual and other limitations.

SUMMARY

- Misconduct by our employees and agents is difficult to detect and deter and could harm our business, financial condition and results of operations.
- Our largest shareholders may take collective actions that are not in, and may conflict with, our or our other shareholders' best interests.
- A material increase in the enterprise income tax rate applicable to our operations in Shenzhen would materially and adversely affect our financial condition and results of operations.
- Any future outbreak of severe acute respiratory syndrome or similar illnesses in the PRC may have a material adverse effect on our financial condition and results of operations.
- Future periodic examinations by PRC regulatory authorities may result in fines, other penalties or actions that could materially and adversely affect our business, financial condition and results of operations as well as our reputation.
- We do not possess the title deeds in respect of some of the properties owned by us.
- We may be subject to administrative sanctions, fines and other penalties for using our funds in a manner that is inconsistent with, or impermissible under, the applicable limitations set forth in the PRC Insurance Law and CIRC regulations.
- If we are not able to realize the potential benefits of our acquisition of an equity interest in Fujian Asia Bank Ltd., our business prospects may be materially and adversely affected.

Risks Relating to Our Insurance Operations

- Differences between actual benefits and **claims** experience and underwriting and reserving assumptions may require us to increase our reserves.
- Competition in the PRC insurance industry is increasing and our business and prospects will be harmed if we are not able to compete effectively.
- We depend on select management and actuarial personnel as well as dedicated sales agents, and could be materially and adversely affected by the loss of their services.
- The termination or disruption of our bancassurance arrangements in the PRC may have a material adverse effect on our competitiveness and result in a decline in our revenues and profits.
- Our business and prospects would be materially and adversely affected to the extent our cross-selling activities are not successful.
- Catastrophic losses could materially reduce our profitability or cash flow.
- If we are not able to obtain reinsurance on a timely basis or at all, we may be required to bear increased risks or reduce the level of our underwriting commitments.
- A default by one or more of our reinsurers could materially and adversely affect our financial condition and results of operations.

SUMMARY

Risks Relating to Our Investment Portfolio

- We may incur significant losses on our investments, which may cause our investment income to decrease, and could have a material adverse effect on our financial condition and results of operations.
- Applicable PRC regulations limit our ability to diversify our investment portfolio as well as seek an optimal return on our investments; as a result, a decrease in the value of a particular type of investment could have a material adverse effect on our financial condition and results of operations.
- Certain of our fixed income investment assets are not rated, which may affect your ability to independently evaluate the risks of our investments.
- Fluctuations in share values resulting from the volatility of the PRC securities market may materially and adversely affect the value of our investment portfolio and our financial condition and results of operations.

Risks Relating to the PRC Insurance Industry

- Our businesses are highly regulated and we may be materially and adversely affected by future regulatory changes.
- New entrants in the PRC insurance market as a result of the PRC joining the WTO may increase competition and reduce our profitability.
- All of our insurance agents are required to obtain a qualification certificate from the CIRC and register with the relevant local bureau of the SAIC; if the regulatory authorities decide to enforce these qualification and registration requirements, our business may be materially and adversely affected.
- The further development of regulations in the PRC may impose additional costs and restrictions on our activities.
- Our ability to comply with minimum solvency requirements is affected by a number of factors, and our compliance may force us to raise additional capital, which could be dilutive to you, or could reduce our growth.
- The rate of growth of the PRC insurance market may not be as high or as sustainable as we anticipate.

General Risks Relating to the PRC

- The PRC's economic, political and social conditions and government policies could affect our business.
- Government control of currency conversion and future movements in exchange rates could have a material adverse effect on our operations and financial results, as well as affect our ability to pay dividends in foreign currencies.
- An economic slowdown in the PRC may materially and adversely affect our financial condition and results of operations, as well as our future prospects.

SUMMARY

- Fluctuations of the Renminbi could have a materially adverse effect on our financial condition and results of operations, as well as reduce the value of, and dividends payable on, our H Shares in foreign currency terms.
- The PRC legal system has inherent uncertainties that could limit the legal protections available to you.
- Holders of more than 10% or such percentage as specified by the CIRC from time to time, whichever is higher, of our issued and outstanding Shares may not be able to fully exercise their rights as our shareholder.
- You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.
- Holders of H Shares may be subject to PRC taxation.
- Payment of dividends is subject to restrictions under PRC law.

Risks Relating to the Global Offering

- An active trading market for our H Shares and ADSs may fail to develop or be sustained, and their trading prices may fluctuate significantly.
- Future sales, or perceived sales, of substantial amounts of our H Shares or ADSs in the public market could have a material adverse effect on the prevailing market price of our H Shares or ADSs.
- Our actual financial performance could vary materially from the prospective financial information contained in this prospectus, which may adversely affect the market price of our H Shares or ADSs.
- The **embedded value** of our Company, and the value of one year's sales in respect of our new life insurance business, are calculated based on, among other things, a number of assumptions used in the calculations, and you should not rely on these values as a measure of our actual value and performance.

SUMMARY

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

You should read the summary consolidated financial information set forth below in conjunction with our consolidated financial statements included in the Accountants' Report set forth in Appendix I, which are prepared in accordance with IFRS. The summary consolidated results for the three years ended December 31, 2003, and the summary balance sheet information as of December 31, 2001, 2002 and 2003, set forth below are derived from the Accountants' Report set forth in Appendix I. The basis of presentation is set forth in note 1(2) to the Accountants' Report.

	For the year ended December 31,		
	2001	2002	2003
	(in millions of RMB, except per share data)		
Income Statement Data			
Gross written premiums and policy fees, net of business tax and surcharges	40,955	58,420	63,134
Less: premiums ceded to reinsurers	(2,700)	(3,720)	(3,800)
Net written premiums and policy fees	38,255	54,699	59,334
Increase in unearned premium reserves	(1,264)	(1,402)	(485)
Net earned premiums	36,992	53,297	58,849
Reinsurance commission income	928	1,195	1,248
Investment income and other income	3,914	4,256	6,527
Total revenue	41,834	58,748	66,623
Policy acquisition costs deferred	7,184	8,320	7,483
Amortization of deferred policy acquisition costs	(2,654)	(3,301)	(4,598)
Change in deferred policy acquisition costs ⁽¹⁾	4,530	5,019	2,885
Claims, surrenders, annuities and maturities	(7,274)	(12,693)	(13,585)
Policyholder dividends and reserves	(118)	(131)	(988)
Increase in policyholders' reserves	(24,814)	(35,648)	(40,417)
Commission expenses	(5,680)	(6,692)	(5,676)
General and administrative expenses	(4,471)	(5,596)	(5,718)
Finance costs	(23)	(175)	(224)
Provision for insurance guarantee fund	(65)	(80)	(84)
Total expenses	(37,915)	(55,995)	(63,807)
Operating profit	3,919	2,753	2,816
Share of profits (losses) of associates	(65)	(59)	5
Income taxes	(900)	(689)	(494)
Net profit before minority interests	2,954	2,005	2,327
Minority interests	(2)	12	(7)
Net profit attributable to shareholders	2,952	2,017	2,320
Dividends	266	266	493
Dividends per Share	0.06	0.06	0.10
Basic earnings per Share	0.66	0.45	0.47

(1) Consists of policy acquisition costs deferred and amortization of deferred policy acquisition costs.

SUMMARY

	As of December 31,		
	2001	2002	2003
	(in millions of RMB)		
Balance Sheet Data			
Assets			
Investments			
Held-for-trading investments	3,534	3,437	6,799
Available-for-sale investments	18,657	22,686	14,764
Held-to-maturity investments	—	9,991	32,332
Loans and receivables originated by the enterprise			
Bonds	4,170	5,667	19,170
Fixed deposits	45,923	73,439	78,233
Placements and loans	6,204	9,541	3,285
Investment in an associate	381	275	3
Investment properties, net	1,523	1,494	1,333
Total investments	80,392	126,530	155,920
Other Assets			
Cash and cash equivalents	4,955	3,815	8,017
Premium receivables, net	401	392	439
Interest receivables, net	144	394	316
Claims recoverable	687	775	1,338
Deferred policy acquisition costs	12,457	17,476	20,361
Statutory deposits	444	444	1,200
Property, plant and equipment, net	2,470	2,704	3,147
Construction-in-progress, net	207	143	146
Land use rights, net	494	847	924
Goodwill	—	—	241
Deferred tax assets	269	199	293
Other assets	815	872	1,078
Separate account (investment-linked) assets	4,979	8,006	10,059
Total other assets	28,322	36,066	47,559
Total assets	108,714	162,596	203,479

SUMMARY

	As of December 31,		
	2001	2002	2003
	(in millions of RMB)		
Equity and Liabilities			
Equity			
Paid-in-capital	2,220	2,467	4,933
Reserves	4,180	9,322	7,667
Retained profits/(accumulated deficits)	(1,130)	(102)	352
Total equity	<u>5,270</u>	<u>11,687</u>	<u>12,952</u>
Minority interests	101	113	337
Liabilities			
Customers' deposits	—	—	2,304
Short term borrowings	3,001	8,313	200
Premiums received in advance	1,499	2,604	2,129
Commission payable	576	544	497
Claim reserves	2,248	2,836	4,817
Payable to reinsurers	21	283	270
Dividends payable to shareholders	—	—	—
Policyholder dividends payable and reserves	118	237	1,189
Deposits from policyholders	80	68	49
Deposits from reinsurers	268	283	130
Unearned premium reserves	3,895	5,296	5,781
Policyholders' reserves	83,880	119,528	159,945
Taxes payable	608	618	326
Insurance guarantee fund	538	618	711
Other liabilities	1,629	1,561	1,785
Separate account (investment-linked) liabilities	<u>4,979</u>	<u>8,006</u>	<u>10,059</u>
Total liabilities	<u>103,342</u>	<u>150,796</u>	<u>190,190</u>
Total equity and liabilities	<u>108,714</u>	<u>162,596</u>	<u>203,479</u>

SUMMARY

SUMMARY OPERATING DATA

The following table sets forth certain operating data relating to our life insurance, property and casualty insurance, trust and securities operations as of and for the years ended December 31, 2001, 2002 and 2003.

	As of or for the year ended December 31,		
	2001	2002	2003
Life Insurance			
Number of customers:			
Individual (in thousands)	15,531	21,218	26,880
Corporate (in thousands)	73	119	188
Total (in thousands)	<u>15,604</u>	<u>21,337</u>	<u>27,068</u>
Persistency ratio:			
13-month	83.4%	86.1%	85.7%
25-month	80.8%	75.5%	79.6%
Distribution channels:			
Number of individual life sales agents	267,933	224,313	188,033
Number of group sales representatives	1,941	2,152	1,275
Bancassurance outlets	17,540	20,532	21,299
Property and Casualty Insurance			
Number of customers:			
Individual (in thousands)	1,994	3,546	3,933
Corporate (in thousands)	435	531	515
Total (in thousands)	<u>2,429</u>	<u>4,077</u>	<u>4,448</u>
Distribution channels:			
Number of direct sales representatives	5,629	9,940	6,742
Number of insurance agents	5,405	6,453	7,589

EMBEDDED VALUE

In order to provide investors with an additional tool to understand our economic value and business results, we have disclosed the embedded value of our Company. We have also disclosed the value of one year's sales in respect of our new life insurance business. These values have been reviewed by Watson Wyatt, an independent firm of consulting actuaries. A copy of Watson Wyatt's opinion regarding these values is included in the Consulting Actuaries' Report set forth in Appendix IV in this prospectus. See the section headed "Embedded Value".

FORECAST FOR THE YEAR ENDING DECEMBER 31, 2004⁽¹⁾

Forecast profit after taxation and minority interests but before extraordinary items ⁽²⁾ not less than	RMB2,760 million
Forecast earnings per Share	
(a) Pro forma fully diluted ⁽³⁾	RMB0.45 (HK\$0.42)
(b) Weighted average ⁽⁴⁾	RMB0.49 (HK\$0.46)

(1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised and no new Shares are issued pursuant to the HSBC Price Adjustment Top-Up.

SUMMARY

- (2) The bases on which the above profit forecast has been prepared are set out in Appendix II to this prospectus.
- (3) The calculation of the forecast earnings per Share on a pro forma fully diluted basis is based on the forecast profit after taxation and minority interests but before extraordinary items for the year ending December 31, 2004, assuming that we had been listed since January 1, 2004 and a total of 6,195,053,334 Shares were issued and outstanding during the entire year. This calculation assumes that the Over-allotment Option will not be exercised, no new Shares will be issued pursuant to the HSBC Price Adjustment Top-Up and the H Shares issued pursuant to the Global Offering were issued on January 1, 2004.
- (4) The calculation of the forecast earnings per Share on a weighted average basis is based on the forecast profit after taxation and minority interests but before extraordinary items for the year ending December 31, 2004 and a weighted average number of 5,588,324,591 Shares issued and outstanding during the year. This calculation assumes that the Over-allotment Option will not be exercised, no new Shares will be issued pursuant to the HSBC Price Adjustment Top-Up and the H Shares issued pursuant to the Global Offering will be issued on June 24, 2004.

Offer Statistics⁽¹⁾

	<u>Based on an Offer Price of HK\$9.59</u>	<u>Based on an Offer Price of HK\$11.88</u>
Market capitalization of the H Shares ⁽²⁾	HK\$24,537 million	HK\$30,397 million
Prospective price/earnings multiple		
(a) Pro forma fully diluted ⁽³⁾	22.9 times	28.4 times
(b) Weighted average ⁽⁴⁾	20.7 times	25.6 times
Adjusted net tangible asset value per Share ⁽⁵⁾	HK\$1.38	

- (1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised and no new Shares are issued pursuant to the HSBC Price Adjustment Top-Up.
- (2) The calculation of market capitalization is based on 2,558,643,698 H Shares expected to be in issue following the Global Offering.
- (3) The calculation of the prospective price/earnings multiple on a pro forma fully diluted basis is based on the forecast earnings per Share on a pro forma fully diluted basis at the respective offer prices of HK\$9.59 and HK\$11.88.
- (4) The calculation of the prospective price/earnings multiple on a weighted average basis is based on the forecast earnings per Share on a weighted average basis at the respective offer prices of HK\$9.59 and HK\$11.88.
- (5) The adjusted net tangible asset value per Share is based on 6,195,053,334 Shares expected to be in issue following the Global Offering and an Offer Price of HK\$10.735 (being the mid-point of the estimated offer price range of between HK\$9.59 and HK\$11.88).

If the Over-allotment Option is exercised in full and no new Shares are issued pursuant to the HSBC Price Adjustment Top-Up, assuming an Offer Price of HK\$10.735 (being the mid-point of the estimated Offer Price range of HK\$9.59 and HK\$11.88), the adjusted net tangible asset value per H Share will be HK\$1.69 per H Share, while the earnings per H Share on a pro forma fully diluted basis and on a weighted average basis will be diluted correspondingly to HK\$0.41 and HK\$0.46, respectively.

DIVIDEND POLICY

Subject to applicable requirements of PRC law, our Board will declare dividends, if any, in Renminbi with respect to the H Shares on a per Share basis and will pay such dividends in Hong Kong dollars. Any declaration of dividends for a fiscal year will be subject to

SUMMARY

shareholders' approval. The amounts of dividends to be declared and actually distributed will depend upon the following factors:

- our results of operations and cash flows;
- our financial position;
- statutory solvency requirements as determined under PRC GAAP with reference to CIRC rules;
- our shareholders' interests;
- general business conditions;
- our future prospects;
- statutory and regulatory restrictions on the payment of dividends by us; and
- other factors that our Board deems relevant.

Under the PRC Company Law and our Articles of Association, all of our shareholders have equal rights to dividends and distributions. Holders of the H Shares will share proportionately on a per Share basis in all dividends and other distributions declared by our Board. See the section headed "Financial Information — Dividend Policy".

USE OF PROCEEDS FROM THE GLOBAL OFFERING

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$12,867 million (RMB13,713 million), after deducting the underwriting fees and estimated expenses payable by us in the Global Offering, assuming the Over-allotment Option is not exercised, no new Shares are issued pursuant to the HSBC Price Adjustment Top-Up, no Offer Shares are sold in the form of ADSs and assuming an Offer Price of HK\$10.735 per Offer Share, being the midpoint of the estimated Offer Price range. We intend to use these net proceeds for, among other things, general corporate purposes, improvement of business and operations, and upgrading of information technology system. See the section headed "Future Plans and Use of Proceeds from the Global Offering".

We will not receive any of the proceeds from the sale of H Shares or ADSs in the Global Offering by the Selling Shareholders. All of the proceeds from the sale of H Shares or ADSs in the Global Offering by the Selling Shareholders that are PRC state-owned entities will be remitted to the national social security fund in accordance with the relevant PRC government requirements.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares or ADSs are set forth in the section headed "Risk Factors". You should read that section carefully before you decide to invest in the Offer Shares or ADSs.