
FUTURE PLANS AND USE OF PROCEEDS FROM THE GLOBAL OFFERING

FUTURE PLANS

See the sections headed “Business — Our Strategy”, “Business — Life Insurance — Business Initiatives” and “Business — Property and Casualty Insurance — Business Initiatives” for a detailed description of our future plans.

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 estimated underwriting fees and 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 H Shares are sold in the form of ADSs and assuming an Offer Price of HK\$10.735 per H Share, the midpoint of the estimated offer price range. We intend to use these net proceeds for the following purposes:

- approximately 70% of the net proceeds for general corporate purposes, including strengthening of our capital base, meeting future solvency requirements, business expansion and potential strategic transactions, and other general corporate expenses, such as consolidation and streamlining of our back office processing operations and staff training;
- approximately 15% of the net proceeds for improving our business and operations, including expanding our service network, increasing sales agents training and strengthening distribution capability; See the sections headed “Business — Life Insurance” and “Business — Property and Casualty Insurance”; and
- approximately 15% of the net proceeds for upgrading our information technology system. See the section headed “Business — Information Technology”.

To the extent that the net proceeds of the Global Offering are not immediately applied to the above purposes and to the extent permitted by PRC law and regulations, we intend to deposit the net proceeds into interest-bearing bank accounts or to invest those proceeds in short-term investment grade debt securities.

Net proceeds from the Global Offering to the Selling Shareholders are estimated to be approximately HK\$1,287 million (RMB1,371 million), after deducting the estimated underwriting fees and expenses payable by them in the Global Offering, assuming that the Over-allotment Option is not exercised and, no H Shares are sold in the form of ADSs and assuming an Offer Price of HK\$10.735 per H Share, the midpoint of the estimated offer price range.

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 net proceeds from the sale of H Shares or ADSs by the Selling Shareholders will be remitted to the national security fund in accordance with the PRC government requirements. See the section headed “Substantial and Selling Shareholders”.

The net proceeds from the Global Offering received by us in US dollars and Hong Kong dollars will be accounted for in our financial statements at the exchange rate published by the PBOC in effect at the time the net proceeds are received.