
UNDERWRITING

HONG KONG UNDERWRITERS

Joint Lead Managers (in alphabetical order)

BOCI Asia Limited

Goldman Sachs (Asia) L.L.C.

The Hongkong and Shanghai Banking Corporation Limited

Morgan Stanley Dean Witter Asia Limited

Co-lead Manager

BNP Paribas Peregrine Capital Limited

Co-managers

Celestial Capital Limited

CM-CCS Securities Limited

DBS Asia Capital Limited

First Shanghai Securities Limited

Guotai Junan Securities (Hong Kong) Limited

KGI Capital Asia Limited

Oriental Patron Asia Limited

Tai Fook Securities Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are initially offering 69,395,000 Hong Kong Offer Shares for subscription under the Hong Kong Public Offering on and subject to the terms and conditions of this prospectus and the related Application Forms.

Subject to (i) the Listing Committee of the Hong Kong Stock Exchange granting the listing of and permission to deal in the Offer Shares (including the additional H Shares which may be made available pursuant to the exercise of the Over-allotment Option) and the H Shares resulting from the conversion of the Company's existing issued Unlisted Foreign Shares (subject only to allotment and the dispatch of share certificates in respect thereof and such other normal conditions acceptable to the Company and the Joint Global Coordinators, on behalf of the Underwriters) not later than June 24, 2004 (or such later date as the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) may agree) and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to apply or procure applications, on the terms and conditions of this prospectus and the related Application Forms, for the Hong Kong Offer Shares now being offered and which are not taken up under the Hong Kong Public Offering.

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Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares will be subject to termination by notice in writing from the Joint Global Coordinators (for itself and on behalf of the Hong Kong Underwriters) if any of the following events occurs prior to 8:00 a.m. on the day that trading in the Offer Shares commences on the Hong Kong Stock Exchange:

- (a) there has been a breach of any of the warranties of the Company and our executive Directors under the Hong Kong Underwriting Agreement or there has been a breach by the Company or any of our Executive Directors of any of the provisions of the Hong Kong Underwriting Agreement;
- (b) any matter has arisen or has been discovered which would, had it arisen immediately before the date of this prospectus and not having been disclosed in this prospectus, constitute an omission;
- (c) any statement contained in this prospectus has become or been discovered to be untrue, incorrect or misleading in any respect;
- (d) there shall have occurred any event, act or omission which gives or is likely to give rise to any liability of the Company or our Executive Directors pursuant to the indemnities contained in the Hong Kong Underwriting Agreement;
- (e) there shall have been any adverse change or prospective adverse change in the business or the financing or trading position of any member of the Group;
- (f) there shall have developed, occurred, happened or come into effect any event or series of events, matters or circumstances concerning or relating to:
 - (i) any change in, or any event or series of events likely to result in, local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions or equity securities or stock or other financial market conditions or any monetary or trading settlement system (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies) in Hong Kong, the PRC, the United States, the United Kingdom, Japan or any other jurisdiction considered by the Joint Global Coordinators to be relevant; or
 - (ii) any new law or change in existing laws or any change in the interpretation or application thereof by any court or other competent authority in the PRC, Hong Kong, the United States, the United Kingdom, Japan or any other jurisdiction considered by the Joint Global Coordinators to be relevant; or
 - (iii) any event of force majeure affecting Hong Kong, the PRC, the United States, the United Kingdom, Japan or any other jurisdiction considered by the Joint Global Coordinators to be relevant including, without limiting the generality thereof, any act of God, war, outbreak or escalation of hostilities (whether or not war is declared) or act of terrorism, or declaration of a national or international emergency or war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, outbreak of an infectious

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disease, calamity crisis, strike or lock-out (whether or not covered by insurance); or

- (iv) a suspension or material limitation in trading in securities generally on the Hong Kong Stock Exchange or the New York Stock Exchange or the London Stock Exchange or a suspension or material limitation in trading of any of the securities of the Company on an exchange or over-the-market or a material disruption in commercial banking or securities settlement or clearing services in Hong Kong, the United States or the United Kingdom or a general moratorium on commercial banking activities in Hong Kong, New York, London or the PRC declared by the relevant authorities, due to exceptional financial circumstances or otherwise; or
- (v) a change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the United States, the PRC, the United Kingdom, Japan or any other jurisdiction considered by the Joint Global Coordinators to be relevant; or
- (vi) any material litigation or claim being threatened or instigated against any member of the Group,

which, in the sole opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

- (a) is or will be, or is likely to be, materially adverse to the general affairs, management, business, financial, trading or other condition or prospects of the Group or to any present or prospective shareholder of the Company in its capacity as such; or
- (b) has or will have or is likely to have a material adverse impact on the success of the Global Offering or the level of Offer Shares applied for or accepted or subscribed for or purchased or the distribution of the Offer Shares or dealings in the H Shares in the secondary market; or
- (c) makes it impracticable, inadvisable or inexpedient to proceed with the Hong Kong Public Offering and/or the International Offering.

Undertakings

During the period commencing on the Price Determination Date and ending 180 days after the date on which dealings in the H Shares commence on the Hong Kong Stock Exchange (the “**Six Month Period**”), our Company will not, without the prior written consent of the Joint Global Coordinators on behalf of the Hong Kong Underwriters (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, H Shares, directly or in the form of ADSs, or any shares of the Company or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive, the H Shares, ADSs or any shares of our Company, or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the H Shares, ADSs or any shares of our Company, whether any such transaction described in (1) or (2) above is to be settled by delivery of H Shares, ADSs or shares of our Company or such other securities, in cash or otherwise. The

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foregoing will not apply to (A) the sale of any H Shares or ADSs to the Hong Kong Underwriters or the International Purchasers pursuant to the Hong Kong Underwriting Agreement or the International Purchase Agreement, respectively, (B) the issuance of shares pursuant to the subscription agreement relating to the investment by HSBC Insurance in our Company and our Articles of Association of our Company as described under the section headed “Business — Overseas Investors” in this prospectus, (C) the issuance by our Company of H Shares or ADSs upon the exercise of an option or a warrant or the conversion of a security outstanding on the date on which dealings in the H Shares commence on the Hong Kong Stock Exchange, or (D) transactions by any person other than our Company relating to the H Shares (including H Shares represented by ADSs) or other securities of our Company acquired in open market transactions after the completion of the Global Offering.

During the Six Month Period, our Company will, unless it has obtained the prior written consent of the Joint Global Coordinators on behalf of the Hong Kong Underwriters, cause each of its subsidiaries and controlled affiliates not to (X) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, H Shares, directly or in the form of ADSs, or any shares of our Company or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive, the H Shares, ADSs or any shares of our Company, whether now owned or hereinafter acquired, owned directly or indirectly by such subsidiary or affiliate or (Y) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the H Shares, ADSs or any shares of our Company, whether any such transaction described in (X) or (Y) above is to be settled by delivery of H Shares, ADSs or shares of our Company or such other securities, in cash or otherwise.

For a period of 180 days after the date on which dealings in our H Shares commence on the Hong Kong Stock Exchange, our Company will not assist any of the Selling Shareholders to (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, H Shares, directly or in the form of ADSs, or any shares of our Company or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive, the H Shares, ADSs or any shares of our Company, whether now owned or hereinafter acquired, owned directly or indirectly by such Selling Shareholder, or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the H Shares, ADSs or any shares of our Company, whether any such transaction described in (a) or (b) above is to be settled by delivery of H Shares, ADSs or shares of our Company or such other securities, in cash or otherwise.

Commission and Expenses

The Hong Kong Underwriters will receive a commission of 2.5% of the aggregate Offer Price of all the Hong Kong Offer Shares, out of which they will pay any sub-underwriting commission. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the International Purchasers and not the Hong Kong Underwriters.

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Hong Kong Underwriters' Interests in the Company

BOCI Asia Limited, being one of the Hong Kong Underwriters, is the Sponsor of the Company's listing on the Hong Kong Stock Exchange. Three of the Hong Kong Underwriters, namely Goldman Sachs (Asia) L.L.C., HSBC and Morgan Stanley Dean Witter Asia Limited, are the Co-Sponsors of the Company's listing on the Hong Kong Stock Exchange.

Goldman Sachs (Asia) L.L.C. is a wholly-owned subsidiary of GS Investor, which owns a shareholding interest in the Company and two of the Company's subsidiaries. HSBC is an affiliate of HSBC Insurance and holds an interest in one of the Company's subsidiaries. Morgan Stanley Dean Witter Asia Limited is a member of the Morgan Stanley group and is an affiliate of MS Investor, which owns a shareholding interest in the Company and two of the Company's subsidiaries.

Respective affiliates of the Co-Sponsors currently hold a shareholding interest in the Company. HSBC and respective affiliates of Goldman Sachs (Asia) L.L.C. and Morgan Stanley Dean Witter Asia Limited currently hold an interest in certain members of the Group. We have also entered into transactions with affiliates of the Sponsor and the Co-Sponsors, including relating to the establishment of a joint venture with HSBC to engage in the credit card business and/or mortgage lending business, the provision by HSBC Insurance of certain technical assistance and services to the Group, provision of insurance coverage to persons who have purchased certain insurance policies from HSBC Insurance, deposits and securities trading services with Morgan Stanley and its affiliate and deposits, banking facilities, settlement services and bancassurance arrangements with Bank of China. See the sections headed "Business — Overseas Investors", "Business — Connected Transactions", "Business — Life Insurance — Bancassurance", "Business — Trust", "Business — Investment Portfolio", "Business — Recent Developments" and Appendix VIII — "Statutory and General Information" for further information.

International Placing

International Purchase Agreement

In connection with the International Offering, we and the Selling Shareholders expect to enter into the International Purchase Agreement with the International Purchasers. Under the International Purchase Agreement, the International Purchasers to be named therein would severally agree to purchase the Offer Shares or procure purchasers for the Offer Shares offered in the International Offering.

Under the International Purchase Agreement, we and the Selling Shareholders intend to grant to the International Purchasers the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Purchasers for up to 30 days from the last day for lodging of application under the Hong Kong Public Offering, to require us to issue up to an aggregate of 189,258,000 additional Offer Shares (all or a portion of which may be delivered in the form of H Shares or ADSs) and the Selling Shareholders to sell up to an aggregate of 18,925,000 additional Offer Shares (all or a portion of which may be delivered in the form of H Shares or ADSs), collectively representing 15% of the maximum number of Offer Shares initially available under the Global Offering. These Offer Shares (all or a portion of which may be delivered in the form of H Shares or ADSs at the option of the investors) will be

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issued or sold at the Offer Price and will be solely for the purpose of covering over-allocations in the International Offering, if any.

Total Expenses

Assuming an Offer Price of HK\$10.735 per Offer Share (being the midpoint of the stated offer price range of HK\$9.59 to HK\$11.88 per Offer Share), the aggregate commissions and fees, together with Hong Kong Stock Exchange listing fees, SFC transaction levy, investor compensation levy and Hong Kong Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering, are estimated to amount in aggregate to approximately HK\$745 million (assuming the Over-allotment Option is not exercised) in total. Such commissions, fees and expenses are payable by us (as to HK\$677 million) and the Selling Shareholders (as to HK\$68 million), being in proportion to the number of Offer Shares sold by us and the Selling Shareholders in the Global Offering.