
STRUCTURE OF THE GLOBAL OFFERING

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$11.88 and is expected to be not less than HK\$9.59. Applicants under the Hong Kong Public Offering should pay, on application, the maximum price of HK\$11.88 per H Share plus 1% brokerage, 0.005% SFC transaction levy, 0.002% investor compensation levy and 0.005% Hong Kong Stock Exchange trading fee amounting to a total of HK\$6,000.12 per board lot of 500 H Shares.

If the Offer Price, as finally determined in the manner described below, is lower than the maximum price, appropriate refund payments (including the brokerage, the SFC transaction levy, the investor compensation 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 forth in the section headed “Terms and Conditions of the Hong Kong Public Offering”.

DETERMINING THE OFFER PRICE

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators, on behalf of the Underwriters, and us (for ourselves and on behalf of the Selling Shareholders) on the Price Determination Date, when market demand for the H Shares will be determined. The Price Determination Date is expected to be on or around June 18, 2004 and in any event, no later than June 20, 2004.

The Offer Price will not be more than HK\$11.88 per Offer Share and is expected to be not less than HK\$9.59 per Offer Share. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, as further explained below, not later than the morning of the latest day for lodging applications under the Hong Kong Public Offering. The Joint Global Coordinators, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of the Company, reduce the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the latest day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the latest day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) notices of the reduction in the indicative Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the issue statistics as currently set forth in the section headed “Summary”, and any other financial information which may change as a result of such reduction. **If applications for Hong Kong Offer Shares have been submitted prior to the day which is the latest day for lodging applications under the Hong Kong Public Offering, then even if the Offer Price range is so reduced such applications cannot be subsequently withdrawn.**

If the Joint Global Coordinators (on behalf of the Underwriters) and we (for ourselves and on behalf of the Selling Shareholders) are unable to reach agreement on the Offer Price, the Global Offering will not become unconditional and will lapse.

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An announcement of the Offer Price, together with the level of interests in the International Offering and the results of application and basis of allotment of the Hong Kong Offer Shares, is expected to be published on June 23, 2004.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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

- (a) the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (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), and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the H Shares on the Hong Kong Stock Exchange;
- (b) the Offer Price having been duly determined and the execution and delivery of the International Purchase Agreement on or around the Price Determination Date; and
- (c) the obligations of the Underwriters under the Hong Kong Underwriting Agreement and the International Purchase Agreement becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Joint Global Coordinators, on behalf of the Underwriters) and such obligations not being terminated in accordance with the terms of the respective agreements,

in each case, on or before the dates and times specified in the Hong Kong Underwriting Agreement and the International Purchase 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 the date which is 30 days after the date of this prospectus.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with their 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 Global Offering will be caused to be published by our Company in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse.

In the above eventuality, all application monies will be returned to the applicants, without interest and on the terms set out under "Terms and Conditions of the Hong Kong Public Offering". In the meantime, all application monies will be held in a separate bank account(s) with the receiving bankers or other bank(s) licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

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THE GLOBAL OFFERING

The Global Offering comprises the Hong Kong Public Offering and the International Offering. A total of up to 1,387,892,000 Offer Shares will be initially made available under the Global Offering, of which 1,318,497,000 Offer Shares (which may, at the option of investors, be delivered in the form of H Shares or ADSs) will initially be conditionally placed pursuant to the International Offering and the remaining 69,395,000 Offer Shares will initially be offered to the public in Hong Kong at the Offer Price under the Hong Kong Public Offering (subject, in each case, to reallocation on the basis described below under “Hong Kong Public Offering”). The H Shares or ADSs to be placed pursuant to the International Offering will be conditionally placed with professional and institutional and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong, Europe and other jurisdictions outside the United States, other than the PRC, in offshore transactions in reliance on Regulation S, and in the United States with qualified institutional buyers as defined in Rule 144A.

Investors may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest for Offer Shares under the International Offering, but may not do both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. The International Offering will involve selective marketing of the Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. The International Offering will also include a public offer without listing to investors (including retail investors) in Japan, provided that ADSs will not be publicly offered in Japan. Prospective professional, institutional and other 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 before June 17, 2004.

Allocation of the Offer Shares pursuant to the International Offering will be determined by the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, 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, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and shareholders as a whole.

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, but, subject to that, will be made strictly on a pro-rata basis, although the allocation of Hong Kong Offer Shares 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.

In connection with the International Offering, we and the Selling Shareholders intend to grant the Over-allotment Option to the International Purchasers exercisable by the Joint Global Coordinators on behalf of the International Purchasers. Pursuant to the Over-allotment Option, the Joint Global Coordinators will have the right, exercisable up to 30 days from the last day for

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lodging of appreciations under the Hong Kong Public Offering, to require us to allot and 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 approximately 15% of the initial size of the Global Offering at the Offer Price solely to cover over-allocations in the International Offering, if any. The Joint Global Coordinators may also cover such over-allocations by purchasing the Offer Shares in the secondary market or by a combination of purchases in the secondary market and a partial exercise of the Over-allotment Option. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations. If the Over-allotment Option is exercised in full, the additional Offer Shares (all or a portion of which may be delivered in the form of H Shares or ADSs) will represent approximately 3.26% of the Company's enlarged share capital following the completion of the Global Offering and the exercise of the Over-allotment Option (but not taking into account any new Shares that may be issued under the HSBC Price Adjustment Top-Up). In the event that the Over-allotment Option is exercised, a press announcement will be made.

The 1,387,892,000 Offer Shares initially being offered in the Global Offering will represent approximately 22.40% of our Company's enlarged share capital immediately after completion of the Global Offering, without taking into account the exercise of the Over-allotment Option and assuming no new Shares will be issued pursuant to the HSBC Price Adjustment Top-Up. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 25.00% of the enlarged share capital of our Company immediately after completion of the Global Offering and the exercise of the Over-allotment Option (assuming no new Shares will be issued under the HSBC Price Adjustment Top-Up).

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters and the International Offering is expected to be fully underwritten by the International Purchasers, in each case on a several basis, each being subject to the conditions set out under "Underwriting — Underwriting Arrangements and Expenses". The Hong Kong Underwriting Agreement was entered into on June 11, 2004 and, subject to agreement on the Offer Price between us (for the Company and on behalf of the Selling Shareholders) and the Joint Global Coordinators (on behalf of the Underwriters), the International Purchase Agreement is expected to be entered into on June 18, 2004. The Hong Kong Underwriting Agreement and the International Purchase Agreement are expected to be conditional upon each other.

THE HONG KONG PUBLIC OFFERING

We are initially offering 69,395,000 Offer Shares at the Offer Price (representing approximately 5% of the total number of the Offer Shares initially available under the Global Offering) for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering as mentioned below, the Hong Kong Offer Shares will represent approximately 1.12% of our Company's enlarged issued share capital immediately after completion of the Global Offering, without taking into account the exercise of the Over-allotment Option or any new Shares that may be issued under the HSBC Price Adjustment Top-Up. We have applied to the Stock Exchange for a waiver from strict compliance with paragraph 4.2 of Practice Note 18 to the Hong Kong Listing Rules which requires in an initial public offering having both a Hong Kong subscription

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tranche and a placing tranche, a minimum allocation to the Hong Kong subscription tranche of shares representing 10% of the shares offered in the initial public offering.

The total number of the Offer 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 Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the H Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, the SFC transaction levy, the investor compensation levy and the Hong Kong Stock Exchange trading fee payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy, the investor compensation levy and the 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 the Offer Shares in one (but not both) of the pools are undersubscribed, the surplus H Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this paragraph only, the “subscription price” for the Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of the Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 50% of the 69,395,000 Offer Shares initially included in the Hong Kong Public Offering (that is, 34,697,500 Offer Shares) will be rejected. 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 indicated an interest for or taken up and will not indicate an interest for or take up any Offer Shares under the International Offering, and such applicant’s application will be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

We have applied to the Hong Kong Stock Exchange for a waiver from strict compliance with the clawback requirements specified in paragraph 4.2 of Practice Note 18 to the Listing Rules on the following basis. If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 104,092,000 H Shares, representing 7.5% of the Offer Shares initially available under the Global Offering. If the number of the H Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the H Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the H Shares available under the Hong Kong Public Offering will be 208,184,000 H Shares, representing 15% of the Offer Shares initially available under the Global Offering. If the number of the H Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the H Shares initially available for subscription under the Hong Kong Public Offering, then the number of the H Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the H Shares available under the Hong Kong Public Offering will be 277,579,000 H Shares, representing 20% of the

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Offer Shares initially available under the Global Offering. In each such case, the additional H Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of the H Shares allocated to the International Offering will be correspondingly reduced.

In addition, if the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators will have the discretion to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

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

THE INTERNATIONAL OFFERING

We and the Selling Shareholders are initially offering 1,192,325,000 Offer Shares and 126,172,000 Offer Shares, respectively (which may, at the option of investors, be delivered in the form of H Shares or ADSs), pursuant to the International Offering, representing approximately 95% of the total number of Offer Shares initially available under the Global Offering and, subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, if any, approximately 21.28% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised and no new Shares will be issued under the HSBC Price Adjustment Top-Up. For details of the Selling Shareholders and the respective number of H Shares to be offered, please refer to Appendix VIII — "Statutory and General Information — 5.F. Selling Shareholders' particulars".

Pursuant to the International Offering, the Offer Shares or ADSs will be conditionally placed on behalf of our Company and the Selling Shareholders by the International Purchasers or through selling agents appointed by them. Offer Shares or ADSs under the International Offering will be placed with certain professional and institutional investors and other investors anticipated to have a sizeable demand for the Placing Shares in Hong Kong, Europe and other jurisdictions outside the United States (other than the PRC) in offshore transactions in reliance on Regulation S and in the United States with qualified institutional buyers as defined in on Rule 144A. Pursuant to its right under the Company's articles of association, HSBC Insurance has expressed an interest to subscribe for H Shares in the International Offering but will maintain its shareholding interest in the Company at a level less than its existing 10% interest. See the section headed "Business — Overseas Investors" for further details. If HSBC Insurance were to so subscribe for H Shares, such H Shares will be placed to HSBC Insurance under the International Offering. The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

OVER-ALLOTMENT OPTION

Pursuant to 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) within 30 days from the last day for lodging of applications 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

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aggregate of 18,925,000 additional Offer Shares (all or a portion of which may be delivered in the form of H Shares or ADS), collectively representing approximately 15% of the total number of Offer Shares initially available under the Global Offering, solely to cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the Offer Shares (which may be delivered in the form of H Shares or ADSs) will represent approximately 25.00% of the enlarged issued share capital of our Company immediately after completion of the Global Offering (assuming no new Shares will be issued pursuant to the HSBC Price Adjustment Top-Up). The Joint Global Coordinators may also cover any over-allocations in accordance with arrangements described in the paragraph headed “Stabilization” in the section headed “Information about this prospectus and the Global Offering” of this prospectus. In the event that the Over-allotment Option is exercised, an announcement will be made by our Company setting out the relevant details.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. on June 24, 2004, it is expected that dealings in the Offer Shares on the Hong Kong Stock Exchange will commence on June 24, 2004.