
STRUCTURE OF THE GLOBAL OFFERING

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$1.88 and is expected to be not less than HK\$1.28. Applicants under the Public Offer should pay, on application, the maximum price of HK\$1.88 per Share plus 1.0% brokerage fee, 0.004% SFC transaction levy and 0.005% Stock Exchange trading fee amounting to a total of HK\$3,798 per board lot of 2,000 Shares.

If the Offer Price, as finally determined in the manner described below, is lower than HK\$1.88, being the maximum price, we will refund the respective difference (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies), without interest. Further details are set out in “How to Apply for Public Offer Shares”.

DETERMINING THE OFFER PRICE

The Offer Price is expected to be determined by agreement between the Global Coordinator, on behalf of the Underwriters, China Insurance HK and us on or before the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around 14 December 2006 and in any event, no later than 19 December 2006.

The Offer Price will not be more than HK\$1.88 per Offer Share and is expected to be not less than HK\$1.28 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 last day for lodging applications under the Public Offer. 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 indicative Offer Price range stated in this prospectus.

The Global Coordinator, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional, corporate and other investors during the book-building process, and with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. 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 last day for lodging applications under the Public Offer, cause 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 number of Offer Shares and/or the indicative Offer Price range. Upon issue of such a notice, the revised number of Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon with China Insurance HK and us, will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the forecasts for the year ending 31 December 2006, the offer statistics as currently set out in “Summary”, and any other financial information which may change materially as a result of such reduction.

If applications for Public Offer Shares have been submitted, then even if the number of Offer Shares and/or the Offer Price range is so reduced, such applications cannot be withdrawn subsequently.

In the absence of any notice being published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) of a reduction in the number of Offer Shares and/or the indicative Offer Price range stated in this prospectus on or before the morning of the last day for lodging applications under the Public Offer, the number of Offer Shares and/or the Offer Price, if agreed upon with China Insurance HK and us, will under no circumstances be fewer than the number of Offer Shares or be set outside the Offer Price range as stated in this prospectus.

If the Global Coordinator (on behalf of the Underwriters), China Insurance HK and our Company are unable to reach agreement on the Offer Price, the Global Offering will not become unconditional and will lapse immediately.

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We expect to publish an announcement of the Offer Price, together with the level of interest in the International Offer and the results of application and basis of allotment of the Public Offer Shares, on 21 December 2006.

THE GLOBAL OFFERING

This prospectus is published in connection with the Public Offer as part of the Global Offering. The Global Offering comprises the Public Offer and the International Offer. We and the Selling Shareholders intend to make available initially up to 700,334,000 Shares under the Global Offering, of which 630,300,000 Shares will initially be conditionally placed pursuant to the International Offer and the remaining 70,034,000 Shares will initially be offered to the public in Hong Kong at the Offer Price under the Public Offer (subject, in each case, to reallocation on the basis described below under “— The Public Offer”). We and the Selling Shareholders will conditionally place our Shares in the International Offer with professional, institutional, corporate and other investors whom we anticipate to have a sizeable demand for the Shares in Hong Kong and other jurisdictions outside the United States to non U.S. persons, in reliance on Regulation S, and in the United States with QIBs in reliance on Rule 144A.

Investors may apply for our Shares under the Public Offer or indicate an interest, if qualified to do so, for our Shares under the International Offer, but may not do both. The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offer will involve selective marketing of our Shares to professional, institutional, corporate and other investors anticipated to have a sizeable demand for such 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. Prospective professional, institutional, corporate and other investors will be asked to specify the number of our Shares under the International Offer 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 the Price Determination Date.

Allocation of our Shares pursuant to the International Offer will be determined by the Global Coordinator 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, Shares, after the Listing. Such allocation is intended to result in a distribution of Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our shareholders as a whole.

Allocation of Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants, although the allocation of Public 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 Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

In connection with the Global Offering, we intend to grant the Over-allotment Option to the International Underwriters exercisable by the Global Coordinator on behalf of the International Underwriters. Further details are set out in “— The Over-allotment Option”.

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The Public Offer is fully underwritten by the Hong Kong Underwriters and the International Offer is expected to be fully underwritten by the International Underwriters in each case on a several basis, each being subject to the conditions set out under “— Conditions of the Public Offer”. We entered into the Hong Kong Underwriting Agreement on 8 December 2006 and, subject to an agreement on the Offer Price between us, China Insurance HK and the Global Coordinator (on behalf of the Underwriters), we expect to enter into the International Purchase Agreement on 14 December 2006. The Hong Kong Underwriting Agreement and the International Purchase Agreement are expected to be conditional upon each other.

THE PUBLIC OFFER

The Public Offer is a fully underwritten public offer (subject to agreement as to pricing and satisfaction or waiver of the other conditions set out in the Hong Kong Underwriting Agreement) for the subscription in Hong Kong of, initially, 70,034,000 Shares at the Offer Price (representing 10% of the total number of Shares initially available under the Global Offering). Subject to the reallocation of Shares between the International Offer and the Public Offer, the Public Offer Shares will represent 2.5% of our Company’s enlarged issued share capital immediately after completion of the Global Offering assuming that the Over-allotment Option is not exercised.

The total number of Public Offer Shares available under the Public Offer (after taking into account any adjustment in the number of Offer Shares allocated between the Public Offer and the International Offer and excluding up to 7,002,000 Public Offer Shares validly applied for under preferential applications on **PINK** Application Forms) is to be divided into two pools for allocation purposes (subject to adjustment of odd lot size): pool A and pool B. The Public Offer Shares in pool A will be allocated on an equitable basis to applicants (other than applicants making preferential applications on **PINK** Application Forms) who have applied for Public Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Public Offer Shares in pool B will be allocated on an equitable basis to applicants (other than applicants making preferential applications on **PINK** Application Forms) who have applied for Shares with an aggregate subscription price of more than HK\$5 million and up to the total value of pool B (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable). Applicants should be aware that applications in pool A and in pool B may receive different allocation ratios. If the Public Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that pool and be allocated accordingly. Applicants can only receive an allocation of the Public 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 Public Offer Shares initially included in the Public Offer will be rejected. Each applicant under the Public Offer 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 Shares under the International Offer, 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).

The Offer Shares to be offered in the Public Offer and the International Offer may, in certain circumstances, be reallocated as between these offerings at the sole discretion of the Global Coordinator.

The allocation of Shares between the Public Offer and the International Offer is subject to adjustment. If the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the International Offer, so that the total number of Shares available under the Public Offer will be 210,102,000 Shares, representing 30% of the Offer Shares initially available under the Global Offering. If the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Public Offer, then the number of Shares to be reallocated to the Public Offer from the International Offer will be increased so that the total number of Shares available under the Public Offer will be 280,134,000 Shares, representing 40% of the Offer Shares initially available under the Global Offering. If the number of

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Shares validly applied for under the Public Offer represents 100 times or more the number of Shares initially available for subscription under the Public Offer, then the number of Shares to be reallocated to the Public Offer from the International Offer will be increased, so that the total number of Shares available under the Public Offer will be 350,170,000 Shares, representing 50% of the Offer Shares initially available under the Global Offering. In each such case, the additional Shares reallocated to the Public Offer will be allocated equally (subject to adjustment of odd lot size) between pool A and pool B and the number of Shares allocated to the International Offer will be correspondingly reduced.

In addition, if the Public Offer is not fully subscribed, the Global Coordinator will have the discretion (but shall not be under any obligation) to reallocate to the International Offer all or any unsubscribed Public Offer Shares in such proportion and amounts as they deem appropriate. Conversely, the Global Coordinator may at its discretion reallocate Shares from the International Offer to the Public Offer to satisfy valid applications under the Public Offer.

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

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Offer Shares pursuant to the Public Offer will be conditional on:

- (a) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, our Shares to be issued pursuant to the Public Offer, including the additional Shares which may be issued under the Over-allotment Option, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in our Shares on the Stock Exchange;
- (b) the Offer Price having been duly agreed between the Company, China Insurance HK and the Global Coordinator;
- (c) the execution and delivery of the International Purchase Agreement on or around the Price Determination Date; and
- (d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Global Coordinator, on behalf of the Hong Kong Underwriters) and such obligations not being terminated in accordance with the terms of the Hong Kong Underwriting Agreement,

in each case, on or before the dates and times specified in the Hong Kong 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 10 January 2007, which is 30 days after the date of this prospectus.

The consummation of the Public Offer is conditional upon, among other things, the International Offer and the Public Offer 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 we will notify the Stock Exchange immediately. We will publish or cause to be published a notice of the lapse of the Public Offer in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse.

In case the Public Offer lapses, we will return all application monies to the applicants, without interest and on the terms set out under “How to Apply for Public Offer Shares.” In the meantime, we will hold all application monies in a separate bank account or separate bank accounts with the receiving banker(s) or other bank(s) licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

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EMPLOYEE SUBSCRIPTION

Up to a maximum of 7,002,000 Public Offer Shares, representing approximately 10% of the total number of Shares initially available under the Public Offer and approximately 1% of the Offer Shares, are available for subscription by full-time employees of the Group (excluding the Directors or chief executive of the Company and its subsidiaries, the existing beneficial owners of Shares and their respective associates or connected persons) (the “Eligible Employees”) on a preferential basis, if their applications for the Public Offer Shares are made on the **PINK** Application Forms. Allocation of these Public Offer Shares will be based on the written guidelines consistent with the allocation guidelines contained in Practice Note 20 of the Listing Rules and distributed to the Eligible Employees. Under such written guidelines, the allocation will be made on a pro rata basis in an equitable manner based solely on the level of valid applications received from Eligible Employees. The allocation will not be based on the seniority or the length of service of the Eligible Employees. No favour will be given to the Eligible Employees who apply for a large number of Public Offer Shares and applications made on **PINK** Application Forms for more than the maximum number of Public Offer Shares available for subscription by Eligible Employees will be rejected.

THE INTERNATIONAL OFFER

The number of Shares to be initially offered for subscription or purchase under the International Offer will be 531,300,000 Shares to be offered by us and 99,000,000 Shares to be offered by the Selling Shareholders, together representing 90% of the Offer Shares initially available under the Global Offering. The International Offer is subject to the Public Offer being unconditional.

Pursuant to the International Offer, the International Offer Shares will be conditionally placed by the International Underwriters, or through selling agents appointed by them, with professional, institutional, corporate and other investors anticipated to have a sizeable demand for Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S and in the United States with QIBs in reliance on Rule 144A.

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

THE OVER-ALLOTMENT OPTION

In connection with the Global Offering, we intend to grant the Over-allotment Option to the Global Coordinator on behalf of the International Underwriters. The Over-allotment Option gives the Global Coordinator the right exercisable at any time from the date of the International Purchase Agreement until 30 days from the last day for the lodging of applications under the Public Offer to require us to allot and issue up to an aggregate of 105,050,000 additional Shares, representing in aggregate 15% of the initial size of the Global Offering at the Offer Price solely to cover over-allocations in the International Offer, if any. The Global Coordinator may also cover such over-allocations by purchasing Shares in the secondary market or by a combination of purchase 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 Global Coordinator exercises the Over-allotment Option in full, the additional Shares will represent approximately 3.6% of our enlarged share capital following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

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In order to facilitate the settlement of over-allocations in connection with the International Offer, the Global Coordinator may choose to borrow Shares from China Insurance HK under the stock borrowing arrangement between the Global Coordinator and China Insurance HK, or acquire Shares from other sources. A waiver has been granted by the Stock Exchange from strict compliance with Rule 10.07(1)(a) of the Listing Rules which restricts the disposal of Shares by controlling shareholders following a new listing, in order to allow China Insurance HK to enter into such stock borrowing arrangement. The waiver is subject to the conditions that any Shares which may be made available to the Global Coordinator pursuant to such arrangement will be on the terms that (i) they will only be used for settlement of over-allocations in the International Offer; (ii) the maximum number of Shares to be borrowed from China Insurance HK will be limited to the maximum number of Shares which may be issued and allotted by the Company upon exercise of the Over-allotment Option, which is limited to 105,050,000 Shares or 15% of the Shares initially available under the Global Offering; (iii) the same number of Shares so borrowed must be returned to China Insurance HK no later than three business days following the earlier of (a) the last date on which the additional Shares may be issued and allotted by the Company pursuant to the Over-allotment Option, and (b) the day on which the Over-allotment Option is exercised in full; (iv) borrowing of stock pursuant to the stock borrowing agreement will be effected in compliance with all applicable laws and regulatory requirements; and (v) no payment will be made to China Insurance HK in relation to the stock borrowing agreement.

STABILISING ACTION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to minimise and, if possible, prevent a decline in the initial public offer prices. In Hong Kong and certain other jurisdictions, the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period commencing from the Listing 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 the Stabilising Manager or any person acting for it to do this. Such stabilisation, if commenced, will be conducted at the absolute discretion of the Stabilising Manager or any person acting for it and may be discontinued at any time, and must be brought to an end within 30 days of the last day for the lodging of applications under the Public Offer. The number of Shares that may be over-allocated will not be greater than the number of Shares which may be sold upon exercise of the Over-allotment Option, being 105,050,000 Shares, which is approximately 15% of the Shares initially available under the Global Offering.

The Stabilising Manager or any person acting for it may take all or any of the following stabilising actions in Hong Kong during the stabilisation period:

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

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

The Stabilising Manager, or any person acting for it, may, in connection with the stabilising 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 the Stabilising Manager or any person acting for it, which may include a decline in the market price of our Shares.

Stabilisation cannot be used to support the price of our Shares for longer than the stabilisation period, which begins on the day on which dealings in our Shares commence on the Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Public Offer. The stabilisation period is expected to expire on 13 January 2007. After this date, when no further stabilising action may be taken, demand for our Shares, and therefore their market price, could fall. A public announcement will be made within seven days after the end of the stabilising period in accordance with the Securities and Futures (Price Stabilizing) Rules of the SFO.

Any stabilising action taken by the Stabilising Manager, or any person acting for it, may not necessarily result in the market price of our Shares staying at or above the Offer Price either during or after the stabilisation period. Stabilisation bids or market purchases effected in the course of the stabilising action may be made at any price at or below the Offer Price and can therefore be done at a price below the price investors have paid in acquiring our Shares.

DEALING

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 22 December 2006, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:30 a.m. on Friday, 22 December 2006. The Shares will be traded on the Main Board in board lots size of 2,000 Shares each.