



Consolidated Cash Flow Statement

For the year ended December 31, 2003

| | 2003 RMB million | 2002 RMB million |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss | (1,428) | (2,250) |
| Adjustments for non-cash items: | | |
| Changes in minority interests | (15) | 2 |
| Net realised and unrealised (gain)/loss on investments | (1,115) | 1,067 |
| Amortisation of deferred acquisition costs | 5,023 | 3,832 |
| Other impairments | 93 | 7 |
| (Profit)/loss from investments in associated companies | (16) | 6 |
| Interest credited to policyholder contract deposits | 7,260 | 7,095 |
| Investment contract policy fees | (6,097) | (5,010) |
| Depreciation and amortisation | 1,186 | 1,359 |
| Revaluation of investment properties | 181 | – |
| Amortisation of fixed maturities, premiums and discounts | 101 | 129 |
| (Gain)/loss on disposal of fixed assets | (69) | 91 |
| Deferred income tax | 1,041 | – |
| Changes in operational assets and liabilities: | | |
| Deferred policy acquisition costs | (11,806) | (10,649) |
| Reinsurance assets | 326 | (5) |
| Accrued investment income | (184) | (671) |
| Receivables and payables | 361 | 3,072 |
| Reserves for claims and claim adjustment expenses | (65) | 12 |
| Unearned premium reserves | 547 | 476 |
| Future life policyholder benefits | 43,066 | 45,374 |
| Statutory insurance fund | 120 | 122 |
| Net cash inflow from operating activities | 38,510 | 44,059 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Sales and maturities: | | |
| Fixed maturity securities | 36,507 | 9,711 |
| Equity securities | 4,514 | 5,371 |
| Fixed assets | 263 | 283 |
| Purchases: | | |
| Fixed maturities | (71,540) | (34,161) |
| Equity securities | (13,575) | (10,911) |
| Fixed assets | (2,242) | (1,796) |
| Term deposits, net | (75,724) | (47,593) |
| Securities purchased under agreements to resell | 13,854 | (5,908) |
| Proceeds from investment in securities sold under agreements to repurchase, net | 2,846 | (11,006) |
| Other (mainly policy loans), net | (69) | 112 |
| Net cash outflow from investing activities | (105,166) | (95,898) |



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For the year ended December 31, 2003

| | 2003 RMB million | 2002 RMB million |
|--|---------------------|---------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Contribution from minority shareholders | 320 | – |
| Proceeds from shares issued | 24,710 | – |
| Deposits accepted on investment contracts | 91,343 | 64,574 |
| Withdrawals from investment contracts | (13,329) | (15,995) |
| Repayment of bank borrowings | (2) | (66) |
| Cash and cash equivalents retained by CLIC upon the consummation of the Restructuring (<i>note 2(a)</i>) | (8,299) | – |
| Net cash inflow from financing activities | 94,743 | 48,513 |
| Net increase/(decrease) in cash and cash equivalents | 28,087 | (3,326) |
| Cash and cash equivalents | | |
| Beginning of year | 14,529 | 17,855 |
| End of year | 42,616 | 14,529 |
| Supplemental cash flow information | | |
| Income tax paid | 8 | 14 |
| Interest paid | 7 | 7 |