

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	2004
	RMB million	(Restated (Note 2)) RMB million
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit attributable to shareholders of the Company	9,306	7,171
Adjustments for non-cash items:		
Changes in minority interest	59	52
Net realised and unrealised losses on financial assets	250	-
Net realised and unrealised losses on investments	-	1,298
Amortisation of deferred policy acquisition costs	7,766	6,263
Interest credited to long-term investment type insurance contracts and investment contracts	5,867	4,320
Policy fees	(6,083)	(5,194)
Depreciation and amortisation	948	778
Amortisation of premiums and discounts	(130)	(120)
Loss on foreign exchange and impairments	646	8
Deferred income tax	1,373	2,201
Changes in operational assets and liabilities:		
Deferred policy acquisition costs	(14,131)	(13,478)
Financial assets at fair value through income	(20,321)	-
Trading securities	-	(1,406)
Receivables and payables	3,096	(2,364)
Reserves for claims and claim adjustment expenses	569	401
Unearned premium reserves	(65)	(170)
Deferred income	8,570	7,793
Long-term traditional insurance contracts	34,108	25,361
Net cash inflow from operating activities	31,828	32,914
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales and maturities:		
Debt securities	15,502	21,805
Equity securities	46,555	7,934
Property, plant and equipment	31	67
Purchases:		
Debt securities	(102,427)	(105,051)
Equity securities	(58,214)	(13,005)
Property, plant and equipment	(1,484)	(970)
Term deposits, net	9,008	(38,306)
Securities purchased under agreements to resell	279	13,723
Other	(590)	(275)
Net cash outflow from investing activities	(91,340)	(114,078)

CONSOLIDATED CASH FLOW STATEMENT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	2004
	RMB million	(Restated (Note 2)) RMB million
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from investment in securities sold under agreements to repurchase, net	4,731	(6,448)
Deposits in long-term investment type insurance contracts and investment contracts	85,946	88,736
Withdrawals from long-term investment type insurance contracts and investment contracts	(29,960)	(16,523)
Net cash inflow from financing activities	60,717	65,765
Net increase/(decrease) in cash and cash equivalents	1,205	(15,399)
Cash and cash equivalents		
Beginning of year	27,217	42,616
Foreign currency losses on cash and cash equivalents	(371)	-
End of year	28,051	27,217
Analysis of balance of cash and cash equivalents		
Cash at bank and in hand	12,448	12,540
Short-term bank deposits	15,603	14,677
Supplemental cash flow information		
Dividend Received	306	646
Interest Received	14,552	8,425
Income Tax Paid	279	168

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.