

Statement of Changes in Equity

31 December 2003

	Notes	Issued share capital RMB million	Share premium account RMB million	Non-trading investment securities revaluation reserve RMB million	Statutory surplus reserve RMB million	Statutory public welfare fund RMB million	Other reserves RMB million	Retained profits RMB million	Total RMB million
The Company									
At 7 July 2003 - Injection pursuant to the Reorganisation		—	—	—	—	—	11,695	—	11,695
Post-incorporation revaluation of investments in non-trading securities		—	—	(8)	—	—	—	—	(8)
Change of deferred tax asset recognised		—	—	3	—	—	—	—	3
Net gains and losses not recognised in the profit and loss account		—	—	(5)	—	—	—	—	(5)
Issue of shares upon incorporation	32	8,000	2,271	—	—	—	(10,271)	—	—
Issue of H Shares upon listing	32	3,142	2,882	—	—	—	—	—	6,024
Share issue expenses		—	(414)	—	—	—	—	—	(414)
Net profit for the period		—	—	—	—	—	—	107	107
Special dividends in connection with the Reorganisation	12	—	—	—	—	—	(650)	—	(650)
Transfer from/(to) reserves		—	—	—	6	3	—	(9)	—
At 31 December 2003		11,142	4,739	(5)	6	3	774	98	16,757

(Note)

Note: This represents the net profit during the period from 1 October 2002 to 6 July 2003 arising from the commercial insurance business injected into the Company, net of the special dividends payable, pursuant to the Reorganisation (see note 1 to financial statements). According to a legal opinion obtained from the Company's lawyer, this amount is distributable, subject to the provisions as set out under "Profit appropriation" in note 3 to financial statements.

Statement of Changes in Equity

31 December 2003

	Notes	Issued share capital RMB million	Share premium account RMB million	Non-trading investment securities revaluation reserve RMB million	Statutory surplus reserve RMB million	Statutory public welfare fund RMB million	Owner's equity / other reserves RMB million	Retained profits RMB million	Total RMB million
Pro forma									
At 1 January 2002		—	—	—	—	—	8,229	—	8,229
Pre-incorporation revaluation of fixed assets		—	—	—	—	—	3,716	—	3,716
Pre-incorporation revaluation of investments in non-trading securities		—	—	—	—	—	(137)	—	(137)
Change of deferred tax asset recognised		—	—	—	—	—	45	—	45
Net gains and losses not recognised in the profit and loss account		—	—	—	—	—	3,624	—	3,624
Net profit for the year		—	—	—	—	—	278	—	278
Capitalisation of accrued insurance protection	29	—	—	—	—	—	2,192	—	2,192
Net assets distributed to the ultimate holding company in connection with the Reorganisation		—	—	—	—	—	(3,749)	—	(3,749)
Elimination of deferred tax asset	31	—	—	—	—	—	(281)	—	(281)
At 31 December 2002 and 1 January 2003		—	—	—	—	—	10,293	—	10,293
Pre-incorporation net profit		—	—	—	—	—	1,344	—	1,344
Pre-incorporation revaluation of investments in non-trading securities		—	—	—	—	—	85	—	85
Post-incorporation revaluation of investments in non-trading securities		—	—	(8)	—	—	—	—	(8)
Change of deferred tax asset recognised		—	—	3	—	—	(27)	—	(24)
Net gains and losses not recognised in the profit and loss account		—	—	(5)	—	—	58	—	53
Capitalisation upon incorporation	32	8,000	2,271	—	—	—	(10,271)	—	—
Issues of H Shares upon listing	32	3,142	2,882	—	—	—	—	—	6,024
Share issue expenses		—	(414)	—	—	—	—	—	(414)
Post-incorporation net profit		—	—	—	—	—	—	107	107
Special dividends in connection with the Reorganisation	12	—	—	—	—	—	(650)	—	(650)
Transfer from/(to) reserves		—	—	—	6	3	—	(9)	—
At 31 December 2003		11,142	4,739	(5)	6	3	774	98	16,757

(Note)

Note: This represents the net profit during the period from 1 October 2002 to 6 July 2003 arising from the commercial insurance business injected into the Company, net of the special dividends payable, pursuant to the Reorganisation (see note 1 of the financial statements). According to a legal opinion obtained from the Company's lawyer, this amount is distributable, subject to the provisions as set out under "Profit appropriation" in note 3 to financial statements.