

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2004

	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	Owners' equity / other reserves RMB million	Retained profits RMB million	Total RMB million
Unaudited								
At 1 January 2004	11,142	4,739	(5)	6	3	774	98	16,757
Revaluation of investments in non-trading securities	—	—	(610)	—	—	—	—	(610)
Deferred tax assets recognised	—	—	199	—	—	—	—	199
Net loss not recognised in the profit and loss account	—	—	(411)	—	—	—	—	(411)
Net profit for the period	—	—	—	—	—	—	963	963
At 30 June 2004	11,142	4,739	(416)	6	3	774	1,061	17,309
Pro forma (Note (b))						<i>(Note(a))</i>		
At 1 January 2003	—	—	—	—	—	10,293	—	10,293
Pre-incorporation revaluation of investments in non-trading securities	—	—	—	—	—	85	—	85
Revaluation surplus realised	—	—	—	—	—	(5)	—	(5)
Pre-incorporation recognition of change in deferred tax assets	—	—	—	—	—	(27)	—	(27)
Net gain recognised in the profit and loss account	—	—	—	—	—	53	—	53
Pre-incorporation net profit for the period	—	—	—	—	—	1,321	—	1,321
At 30 June 2003	—	—	—	—	—	11,667	—	11,667

Note (a): 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 interim financial statements). According to a legal opinion obtained from the Company's PRC legal counsel, this amount is distributable, subject to the provisions as set out under "Profit appropriation" in note 3 to the Company's first set of financial statements for the period from 7 July 2003 (date of incorporation) to 31 December 2003.

Note (b): The pro forma statement of changes in equity of the Company for the six months ended 30 June 2003 was extracted from the Accountant's Report as set out in the Company's prospectus dated 27 October 2003.