

Condensed Statement of Changes in Equity

For the six months ended 30 June 2005

	Issued share capital RMB million	Share premium account RMB million	Investment revaluation RMB million	Statutory surplus reserve RMB million	Statutory public welfare fund RMB million	(Note) Other reserves RMB million	Retained profits RMB million	Proposed interim dividend RMB million	Total RMB million
Unaudited									
At 1 January 2005	11,142	4,739	(452)	6	3	774	306	-	16,518
Revaluation of available-for-sale investments	-	-	177	-	-	-	-	-	177
Deferred tax assets released	-	-	(59)	-	-	-	-	-	(59)
Net loss not recognised in the profit and loss account	-	-	118	-	-	-	-	-	118
Realised on disposal of available-for-sale investments	-	-	100	-	-	-	-	-	100
Impairment	-	-	228	-	-	-	-	-	228
Deferred tax assets released	-	-	(108)	-	-	-	-	-	(108)
	-	-	220	-	-	-	-	-	220
Net profit for the period	-	-	-	-	-	-	889	-	889
Transfer from/(to) reserves	-	-	-	95	48	-	(143)	-	-
Proposed 2005 interim dividend	-	-	-	-	-	-	(802)	802	-
At 30 June 2005	11,142	4,739	(114)	101	51	774	250	802	17,745

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

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 of the Company on 30 September 2002. Details of this reorganisation are set out in the Company's prospectus dated 27 October 2003 issued in respect of the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited ("HKSE"). 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 4 to the Company's financial statements for the year ended 31 December 2004.