

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2004

		Issued share capital	Share premium account	Non-trading securities revaluation reserve	Statutory surplus reserve	Statutory public welfare fund	Other reserves	Retained profits	Total
	Notes	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
At 7 July 2003 – Injection pursuant to the Reorganisation		-	-	-	-	-	11,695	-	11,695
Revaluation of 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	34	8,000	2,271	-	-	-	(10,271)	-	-
Issue of H Shares upon listing	34	3,142	2,882	-	-	-	-	-	6,024
Share issue expenses		-	(414)	-	-	-	-	-	(414)
Net profit for the period		-	-	-	-	-	-	107	107
Special dividend in connection with the Reorganisation	13	-	-	-	-	-	(650)	-	(650)
Transfer from/(to) reserves		-	-	-	6	3	-	(9)	-
At 31 December 2003 and 1 January 2004		11,142	4,739	(5)	6	3	774	98	16,757
Revaluation of non-trading securities		-	-	(674)	-	-	-	-	(674)
Revaluation deficit realised		-	-	5	-	-	-	-	5
Change of deferred tax asset recognised		-	-	222	-	-	-	-	222
Net loss not recognised in the profit and loss account		-	-	(447)	-	-	-	-	(447)
Net profit for the year		-	-	-	-	-	-	208	208
At 31 December 2004		11,142	4,739	(452)	6	3	774	306	16,518

(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 dividend payable, pursuant to the Reorganisation (see note 1 to the 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 4 to the financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2004

		Issued share capital RMB million	Share premium account RMB million	Non-trading 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
Pro forma									
At 1 January 2003		-	-	-	-	-	10,293	-	10,293
Pre-incorporation net profit		-	-	-	-	-	1,344	-	1,344
Pre-incorporation revaluation of 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 loss not recognised in the profit and loss account		-	-	(5)	-	-	58	-	53
Capitalisation upon incorporation	34	8,000	2,271	-	-	-	(10,271)	-	-
Issues of H shares upon listing	34	3,142	2,882	-	-	-	-	-	6,024
Share issue expenses		-	(414)	-	-	-	-	-	(414)
Post-incorporation net profit		-	-	-	-	-	-	107	107
Special dividend in connection with the Reorganisation	13	-	-	-	-	-	(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 dividend payable, pursuant to the Reorganisation (see note 1 to the 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 4 to the financial statements.

The basis of presentation is disclosed in note 1 to the financial statements.