

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2005

	Issued share capital RMB million	Share premium account RMB million	Available- for-sale/ non-trading securities revaluation reserve RMB million	Statutory surplus reserve RMB million	Statutory public welfare fund RMB million	(Note) Other reserves RMB million	Retained profits/ (Accum- ulated losses) RMB million	Total RMB million
At 1 January 2004								
As previously reported	11,142	4,739	(5)	6	3	774	98	16,757
Prior year adjustment – on adoption of HKFRS 4	–	–	–	–	–	–	(291)	(291)
As restated	11,142	4,739	(5)	6	3	774	(193)	16,466
Revaluation of non-trading securities	–	–	(674)	–	–	–	–	(674)
Realised on disposals of non-trading securities	–	–	5	–	–	–	–	5
Change of deferred tax assets recognised	–	–	222	–	–	–	–	222
Net loss for the year recognised directly in equity	–	–	(447)	–	–	–	–	(447)
Net profit for the year (as restated)	–	–	–	–	–	–	134	134
At 31 December 2004	11,142	4,739	(452)	6	3	774	(59)	16,153
At 1 January 2005								
As previously reported	11,142	4,739	(452)	6	3	774	306	16,518
Prior year adjustment – on adoption of HKFRS 4	–	–	–	–	–	–	(365)	(365)
As restated	11,142	4,739	(452)	6	3	774	(59)	16,153
Net fair value gain of available- for-sale financial instruments	–	–	188	–	–	–	–	188
Realised on disposals of available- for-sale financial instruments	–	–	120	–	–	–	–	120
Impairment loss	–	–	245	–	–	–	–	245
Change of deferred tax assets recognised	–	–	(181)	–	–	–	–	(181)
Net gain for the year recognised directly in equity	–	–	372	–	–	–	–	372
Net profit for the year	–	–	–	–	–	–	1,113	1,113
2005 Interim dividend	–	–	–	–	–	–	(802)	(802)
Transfer from/(to) reserves	–	–	–	95	48	–	(143)	–
At 31 December 2005	11,142	4,739	(80)	101	51	774	109	16,836

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 2.5 to the financial statements.