

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2006

	Issued share capital RMB million	Share premium account RMB million	Available- for-sale revaluation reserve RMB million	Statutory surplus reserve RMB million	(Note 1) Statutory public welfare fund RMB million	(Note 2) Other reserves RMB million	Retained profits/ (Accumulated losses) RMB million	Proposed interim dividend RMB million	Total RMB million
Unaudited									
At 1 January 2006	11,142	4,739	(80)	101	51	774	109	–	16,836
Net fair value gain of available-for-sale financial instruments	–	–	26	–	–	–	–	–	26
Realised on disposals of available-for-sale financial instruments	–	–	(10)	–	–	–	–	–	(10)
Change of deferred tax assets recognised	–	–	(6)	–	–	–	–	–	(6)
Net gain for the period recognised directly in equity	–	–	10	–	–	–	–	–	10
Net profit for the period	–	–	–	–	–	–	1,109	–	1,109
Transfer from/(to) reserves	–	–	–	51	(51)	–	–	–	–
At 30 June 2006	11,142	4,739	(70)	152	–	774	1,218	–	17,955
Unaudited									
At 1 January 2005	11,142	4,739	(452)	6	3	774	(59)	–	16,153
Net fair value gain of available-for-sale financial instruments	–	–	177	–	–	–	–	–	177
Realised on disposals of available-for-sale financial instruments	–	–	100	–	–	–	–	–	100
Impairment loss	–	–	228	–	–	–	–	–	228
Change of deferred tax assets recognised	–	–	(167)	–	–	–	–	–	(167)
Net gain for the period recognised directly in equity	–	–	338	–	–	–	–	–	338
Net profit for the period	–	–	–	–	–	–	889	–	889
Proposed 2005 Interim dividend	–	–	–	–	–	–	(802)	802	–
Transfer from/(to) reserves	–	–	–	95	48	–	(143)	–	–
At 30 June 2005	11,142	4,739	(114)	101	51	774	(115)	802	17,380

Notes:

- As a result of the adoption of amendments to the PRC Company Law, the balance of statutory public welfare fund was transferred to the statutory surplus reserve on 1 January 2006.
- 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 (the "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 Company's financial statements for the year ended 31 December 2005.