

Consolidated Balance Sheet

As at December 31, 2006
(in RMB thousand)

| | Notes V | December 31, 2006 | December 31, 2005 |
|--|---------|----------------------|----------------------|
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash on hand | 1 | 347,282 | 14,150 |
| Cash at bank | 1 | 89,788,851 | 80,290,899 |
| Balances with clearing companies | 1 | 1,134,759 | 176,987 |
| Precious metal | | 111,001 | – |
| Balances with central bank | 2 | 7,713,643 | 20,271 |
| Due from banks and other financial institutions | 3 | 2,840,207 | 426,491 |
| Short-term investments | 4 | 24,148,945 | 16,532,789 |
| Placements with banks and other financial institutions | 5 | 1,727,381 | 131,394 |
| Short-term loans | 6 | 10,709,388 | 400,882 |
| Policy loans | 7 | 1,380,990 | 864,483 |
| Assets purchased under agreements to resell | 8 | 6,950,915 | – |
| Discounted bills | 6 | 12,633,786 | – |
| Bills negotiation of export and import L/C | 6 | 317,596 | – |
| Interest receivables | | 609,230 | 438,098 |
| Premium receivables | 9 | 3,072,759 | 748,808 |
| Receivables from reinsurers | 9 | 787,042 | 720,124 |
| Prepaid claims | | 135,229 | 226,016 |
| Reinsurance deposits | | 43 | 44 |
| Deposits with stock and futures exchanges | 10 | 74,047 | 42,120 |
| Other receivables | 11 | 2,674,855 | 467,481 |
| Materials | | 2,501 | 4,132 |
| Low-value consumables | | 113,813 | 88,835 |
| Deferred expenses | | 121,674 | 94,348 |
| Financial guarantees | | 94,040 | – |
| Dividends receivable | | 42,735 | – |
| Long-term bond investments due within one year | 13 | 2,506,243 | 779,804 |
| Total current assets | | 170,038,955 | 102,468,156 |
| LONG-TERM INVESTMENTS: | | | |
| Long-term equity investments | 12 | 13,387,680 | 3,006,663 |
| Consolidation surplus | 12 | 599,497 | 330,433 |
| Long-term bond investments | 13 | 192,024,584 | 151,965,803 |
| Long-term fund investments | 14 | 5,193,156 | 6,977,965 |
| Total long-term investments | | 211,204,917 | 162,280,864 |
| Medium to long-term loans | 6 | 24,240,288 | 129,667 |
| Overdue loans | 6 | 895,441 | – |
| Non-accrual loans | 6 | 2,785,888 | 93,550 |
| Less: Loan loss provisions | 6 | (2,430,726) | (93,550) |
| Fixed assets: | | | |
| Fixed assets, at cost | 15 | 9,153,167 | 7,070,964 |
| Less: accumulated depreciation | 15 | (2,932,216) | (2,234,777) |
| Fixed assets, net | 15 | 6,220,951 | 4,836,187 |
| Less: impairment losses | 15 | (191,972) | (323,275) |
| Fixed assets, net | 15 | 6,028,979 | 4,512,912 |
| Construction in progress | 16 | 1,233,773 | 1,318,974 |
| Fixed assets disposal | | (819) | (73) |
| Total fixed assets | | 7,261,933 | 5,831,813 |
| INTANGIBLE ASSETS AND OTHER ASSETS: | | | |
| Intangible assets | 17 | 158,506 | 151,583 |
| Long-term deferred expenses | | 60,818 | 36,915 |
| Statutory deposits | 18 | 1,520,000 | 1,240,000 |
| Repossessed assets | 19 | 463,871 | 7,834 |
| Other long-term assets | | 29,384 | 38,839 |
| Separate account assets | 38 | 24,931,681 | 15,897,584 |
| Total intangible assets and other assets | | 27,164,260 | 17,372,755 |
| DEFERRED TAX: | | | |
| Deferred tax assets | 20 | 630,100 | 20,487 |
| Total assets | | 441,791,056 | 288,103,742 |

The accompanying notes on pages 162 to 242 form an integral part of these financial statements.

| | <i>Notes V</i> | December 31, 2006 | December 31, 2005 |
|--|----------------|------------------------------|----------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| CURRENT LIABILITIES: | | | |
| Short-term borrowings | 21 | 526,710 | – |
| Short-term deposits | 22 | 50,626,577 | 18,077 |
| Short-term saving deposits | | 10,725,197 | – |
| Due to banks and other financial institutions | 23 | 3,464,731 | 36,376 |
| Placements from banks and other financial institutions | | 991,705 | – |
| Assets sold under agreements to repurchase | 24 | 13,436,183 | 7,095,400 |
| Handling charges payable | | 117,714 | 76,166 |
| Commission payable | | 776,008 | 556,731 |
| Due to reinsurers | 25 | 746,051 | 532,903 |
| Premium received in advance | | 1,351,586 | 1,879,808 |
| Deposits from reinsurers | | 614 | 58,121 |
| Guarantee deposits | 26 | 5,484,740 | 76,664 |
| Inward and outward remittances | | 248,673 | – |
| Interest payable | 27 | 309,139 | 5,134 |
| Salary payable | | 1,723,438 | 475,497 |
| Welfare payable | | 295,380 | 142,411 |
| Warrants payable | | 88,319 | – |
| Policyholder dividends payable | | 4,106,627 | 2,864,005 |
| Dividends payable | 28 | 81,018 | 75,909 |
| Taxes payable | 29 | 1,119,832 | 672,725 |
| Other payables | 30 | 2,191,157 | 1,355,709 |
| Accrued expenses | | 75,146 | 16,462 |
| Claim reserves | | 6,155,458 | 4,928,257 |
| Unearned premium reserves | | 8,702,315 | 6,240,733 |
| Insurance guarantee fund | 31 | 81,857 | 60,110 |
| Customer deposits | 32 | 3,750,122 | 1,729,716 |
| Other current liabilities | | 190,772 | – |
| Long-term liabilities due within one year | 33 | 1,577,482 | – |
| Total current liabilities | | 118,944,551 | 28,896,914 |
| LONG-TERM LIABILITIES: | | | |
| Long-term deposits | 34 | 3,043,310 | – |
| Long-term saving deposits | | 454,522 | – |
| Long-term guarantee deposits | | 49,386 | – |
| Long-term borrowings | 35 | 155,000 | – |
| Long-term unearned premium reserves | | 2,408,042 | 2,413,790 |
| Policyholders' reserves for life insurance | 36 | 223,721,661 | 183,096,087 |
| Long-term reserves for health insurance | | 30,126,399 | 24,568,558 |
| Deposits from policyholders | | 36,745 | 40,101 |
| Other long-term liabilities | | 1,016 | 1,862 |
| Separate account liabilities | 38 | 24,931,681 | 15,897,584 |
| Including: Separate account reserves | | 19,812,450 | 15,276,242 |
| Total long-term liabilities | | 284,927,762 | 226,017,982 |
| Total liabilities | | 403,872,313 | 254,914,896 |

The accompanying notes on pages 162 to 242 form an integral part of these financial statements.

Consolidated Balance Sheet

As at December 31, 2006
(in RMB thousand)

| | Notes V | December 31, 2006 | December 31, 2005 |
|---|---------|----------------------|----------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY (Continued) | | | |
| Total liabilities | | 403,872,313 | 254,914,896 |
| MINORITY INTERESTS | | 1,250,878 | 524,840 |
| SHAREHOLDERS' EQUITY: | | | |
| Share capital | 39 | 6,195,053 | 6,195,053 |
| Capital reserve | 40 | 15,162,889 | 15,162,575 |
| Surplus reserve fund | 41 | 6,126,092 | 5,526,410 |
| General reserve | | 394,510 | 394,510 |
| General risk provision | 42 | 16,752 | – |
| General provision | 42 | 76,633 | 35,679 |
| Loss provision for trust business | 42 | 28,774 | – |
| Retained profits | 43 | 8,667,162 | 5,349,779 |
| Including: Proposed dividends | | 1,615,912 | – |
| Total shareholders' equity | | 36,667,865 | 32,664,006 |
| Total liabilities and shareholders' equity | | 441,791,056 | 288,103,742 |

The financial statements on pages 146 to 242 have been signed by:

MA Mingzhe
Chairman and
Chief Executive Officer

CHEUNG Chi Yan Louis
President and
Chief Financial Officer

REN Huichuan
Senior Vice President

The accompanying notes on pages 162 to 242 form an integral part of these financial statements.