

Consolidated Cash Flow Statement

For the year ended December 31, 2006
(in RMB thousand)

	2006	2005
I. Cash flows from operating activities:		
Premiums received	79,892,024	68,488,209
Cash received from reinsurers	1,128,818	362,319
Cash received from statutory deposits	180,000	300,000
Cash received on guarantee deposits	–	41,554
Cash received from repayment of loans	941,180	28,320
Cash received on deposits	11,438,786	–
Balances with central bank, net	318,353	–
Cash received from banks and other financial institutions	219,927	112,439
Interest received	345,771	89,726
Cash received from other operating activities	2,364,544	122,137
Sub-total of cash inflows	96,829,403	69,544,704
Paid claims	(10,446,897)	(8,295,141)
Cash paid to reinsurers	(1,305,815)	(1,130,256)
Cash paid on deposits with stock and futures exchanges	(291,404)	(20,937)
Cash paid on guarantee deposits	(1,774,236)	–
Cash paid for policyholders deposits	(3,356)	(2,985)
Cash paid for handling charges	(1,790,350)	(941,596)
Cash paid for commission expenses	(6,022,810)	(4,907,036)
Cash paid on death and medical claims	(1,081,271)	(982,244)
Cash paid on maturities	(2,931,311)	(3,810,745)
Cash paid on annuities	(2,694,236)	(1,817,060)
Cash paid on surrenders	(7,209,807)	(5,876,512)
Cash paid on policyholder dividends	(244,115)	(176,885)
Cash paid for statutory deposits	(460,000)	(340,000)
Cash paid to and for employees	(3,718,729)	(2,967,440)
Business tax paid	(1,362,630)	(793,695)
Income tax paid	(160,586)	(436,632)
Taxes paid other than business tax and income tax	(99,925)	(101,564)
Cash paid for insurance guarantee fund	(248,813)	(976,449)
Loans drawn	(5,863,315)	–
Balances with central bank, net	–	(16,203)
Withdrawal of deposits	(4,863,096)	(10,834)
Cash paid to banks and other financial institutions	(824,686)	(23,148)
Interest paid on banking operations	(186,108)	(9,456)
Cash paid for other operating activities	(5,888,193)	(4,017,805)
Sub-total of cash outflows	(59,471,689)	(37,654,623)
Net cash flows from operating activities	37,357,714	31,890,081

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

	Notes IV	2006	2005
II. Cash flows from investing activities:			
Proceeds from sales and redemption of investments		98,077,329	31,515,858
Dividends received		2,485,967	266,794
Interest received from bonds other than subordinated bond		5,767,231	4,347,414
Proceeds from disposals of subordinated bonds		3,767,818	1,054,997
Interest received from subordinated bonds		672,666	392,399
Cash received from repayment of loans		692,358	1,000,385
Interest received from loans		59,326	67,458
Proceeds from disposals of fixed assets, intangible assets and other long-term assets		235,098	110,548
Cash received from assets purchased under agreements to resell		61,767,423	391,482
Interest received from bank deposits		3,021,450	4,079,564
Cash received from maturity of term deposits		21,664,814	34,002,565
Proceeds from acquisition of subsidiaries	(5)	4,372,129	-
Cash received from other investing activities		20,222	-
Sub-total of cash inflows		202,603,831	77,229,464
Purchases of fixed assets, intangible assets and other long-term assets		(1,609,535)	(1,078,624)
Purchases of investments		(121,638,903)	(66,994,210)
Cash paid for placements with banks and other financial institutions, net		-	(131,394)
Loans drawn		(1,208,865)	(1,619,021)
Cash paid for assets purchased under agreements to resell		(61,751,492)	(391,000)
Term deposits placed		(2,437,258)	(21,528,005)
Cash paid for deposits under agreements		(9,701,115)	(1,559,914)
Purchases of equity investment funds		(14,454,754)	(10,155,652)
Purchases of subsidiaries		(34,941)	-
Purchases of subordinate bond investments		(2,882,771)	(8,571,492)
Cash paid for other investing activities		(1,087,056)	(281,242)
Sub-total of cash outflows		(216,806,690)	(112,310,554)
Net cash flows from investing activities		(14,202,859)	(35,081,090)
III. Cash flows from financing activities:			
Proceeds from shares issued		75,838	-
Cash received from placements from banks and other financial institutions, net		819,914	-
Cash received from debtors		681,710	-
Cash received from assets sold under agreements to repurchase		255,130,266	119,455,013
Sub-total of cash inflows		256,707,728	119,455,013
Dividends paid		(2,097,476)	(865,622)
Interest paid		(37,021)	-
Cash paid for assets sold under agreements to repurchase		(249,252,966)	(113,041,668)
Sub-total of cash outflows		(251,387,463)	(113,907,290)
Net cash flows from financing activities		5,320,265	5,547,723
IV. Effect of changes in foreign exchange rate on cash		(66,862)	(18,227)
V. Net increase in cash and cash equivalents		28,408,258	2,338,487

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

Consolidated Cash Flow Statement

For the year ended December 31, 2006
(in RMB thousand)

	Notes V	2006	2005
1. Reconciliation of net profit to cash flows from operating activities:			
Net profit for the year		5,985,962	3,338,428
Add: Minority interests		136,786	29,725
Depreciation of fixed assets		490,452	536,856
Amortization of intangible assets		61,015	51,226
Amortization of long-term deferred expenses		19,066	28,670
Losses on disposal of fixed assets, intangible assets and other long-term assets		(45,380)	(26,779)
Provision for bad debts		94,950	98,197
Amortization of equity investment differences		41,171	38,522
Write-back of short-term investments		(121,074)	(733,845)
Provision for/(write-back of) impairment of long-term investments		(142,406)	103,698
Provision for/(write-back of) impairment of fixed assets, construction-in-progress and other long-term assets		(82,084)	76,648
Provision for/(write-back of) loan losses		947	(72,997)
Investment income		(17,986,526)	(9,016,332)
Interest expenses		37,021	-
Foreign exchange losses		480,027	407,790
Provision for insurance reserves		49,866,450	37,885,617
Decrease in deferred taxes		(211,352)	(8,088)
Increase in operating receivables		(12,254,972)	(611,140)
Increase/(decrease) in operating payables		10,987,661	(236,115)
Net cash flows from operating activities		37,357,714	31,890,081
2. Net increase/(decrease) in cash and cash equivalents:			
Cash and cash equivalents at end of year	66	45,950,704	17,542,446
Less: Cash and cash equivalents at beginning of year	66	(17,542,446)	(15,203,959)
Net increase in cash and cash equivalents		28,408,258	2,338,487

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