

Cash Flow Statement

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

	2006	2005
I. Cash flows from operating activities:		
Cash received from other operating activities	18	1,821
Sub-total of cash inflows	18	1,821
Cash paid to and for employees	(216,829)	(159,107)
Business tax paid	(3,783)	(2,362)
Income tax paid	(4,293)	(61,515)
Taxes paid other than business tax and income tax	(2,404)	(4,624)
Cash paid for other operating activities	(93,304)	(1,524,777)
Sub-total of cash outflows	(320,613)	(1,752,385)
Net cash flows from operating activities	(320,595)	(1,750,564)
II. Cash flows from investing activities:		
Proceeds from sales and redemption of investments	13,903,034	1,033,804
Dividend received	5,620,677	730
Interest received from bonds	58,120	29,249
Cash received from placements with banks and other financial institutions, net	-	41,382
Proceeds from disposals of fixed assets, intangible assets and other long-term assets	180	-
Cash received from assets purchased under agreements to resell	16,038,937	-
Interest received from bank deposits	400,124	684,819
Cash received from maturity of term deposits	10,801,101	20,565,211
Cash received from sales and redemption of equity investment funds	1,214,017	3,071,137
Cash received from other investing activities	3,585	-
Sub-total of cash inflows	48,039,775	25,426,332
Purchases of fixed assets, intangible assets and other long-term assets	(62,304)	(45,198)
Purchases of investments	(19,532,407)	(3,014,771)
Cash paid for assets purchased under agreements to resell	(16,033,740)	-
Term deposits placed	(530,136)	(20,991,122)
Purchase of equity investment funds	(1,609,740)	(3,036,255)
Cash paid for acquisition of subsidiaries	(7,017,681)	(1,680,000)
Sub-total of cash outflows	(44,786,008)	(28,767,346)
Net cash flows from investing activities	3,253,767	(3,341,014)

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

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	2006	2005
III. Cash flows from financing activities:		
Cash received from placements from banks and other financial institutions, net	545,527	274,387
Cash received from assets sold under agreements to repurchase	17,123,315	7,715,838
Sub-total of cash inflows	17,668,842	7,990,225
Dividends paid	(1,980,500)	(865,622)
Cash paid for assets sold under agreements to repurchase	(17,778,291)	(7,073,835)
Cash paid for interest expenses	(25,288)	-
Sub-total of cash outflows	(19,784,079)	(7,939,457)
Net cash flows from financing activities	(2,115,237)	50,768
IV. Effect of changes in foreign exchange rate on cash	(7,380)	(1,914)
V. Net increase/(decrease) in cash and cash equivalents	810,555	(5,042,724)

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

	<i>Notes XV</i>	2006	2005
1. Reconciliation of net profit to cash flows from operating activities:			
Net profit for the year		5,996,818	3,338,428
Add: Depreciation of fixed assets		10,701	2,662
Amortization of intangible assets		5,372	1,352
Amortization of long-term deferred expenses		2,326	316
Losses on disposal of fixed assets, intangible assets and other long-term assets		270	–
Provision for/(write-back of) bad debts		(74)	836
Amortization of equity investment differences		1,901	1,901
Provision for impairment of short-term investments		946	–
Provision for impairment of long-term investments		8,042	–
Increase in deferred taxes		(80,239)	–
Investment income		(6,926,687)	(3,785,482)
Foreign exchange losses		26,546	3,179
Increase in operating receivables		(773)	(3,947)
Increase/(decrease) in operating payables		634,256	(1,309,809)
Net cash flows from operating activities		(320,595)	(1,750,564)
2. Net increase/(decrease) in cash and cash equivalents:			
Cash and cash equivalents at end of year	<i>10</i>	3,447,742	2,637,187
Less: Cash and cash equivalents at beginning of year	<i>10</i>	(2,637,187)	(7,679,911)
Net increase/(decrease) in cash and cash equivalents		810,555	(5,042,724)

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