

Consolidated Cash Flow Statement

For the year ended 31 December 2006

	2006 RMB million	2005 RMB million
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit attributable to shareholders of the Company	19,956	9,306
Adjustments for non-cash items:		
Changes in minority interest	95	59
Net realised and unrealised losses/(gains) on financial assets	(21,639)	250
Amortisation of deferred policy acquisition costs	10,259	7,766
Interest credited to long-term investment type insurance contracts and investment contracts	7,382	5,867
Policy fees	(7,097)	(6,083)
Depreciation and amortisation	912	948
Amortisation of premiums and discounts	(267)	(130)
Loss on foreign exchange and impairments	642	646
Deferred income tax	4,696	1,373
Changes in operational assets and liabilities:		
Deferred policy acquisition costs	(15,914)	(14,131)
Financial assets at fair value through income (held-for-trading)	8,943	(20,321)
Receivables and payables	15,594	3,096
Reserves for claims and claim adjustment expenses	714	569
Unearned premium reserves	199	(65)
Deferred income	11,614	8,570
Long-term traditional insurance contracts	44,263	34,108
Net cash inflow from operating activities	80,352	31,828
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales and maturities:		
Sales of debt securities	6,635	15,094
Maturities of debt securities	4,129	408
Sales of equity securities	43,363	46,555
Property, plant and equipment	53	31
Purchases:		
Debt securities	(122,246)	(102,427)
Equity securities	(52,050)	(58,214)
Property, plant and equipment	(2,742)	(1,484)
Acquisition of associate	(6,071)	–
Term deposits, net	(10,719)	9,008
Securities purchased under agreements to resell, net	–	279
Other	(1,390)	(590)
Net cash outflow from investing activities	(141,038)	(91,340)

The notes on pages 92 to 161 form an integral part of these consolidated financial statements.

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For the year ended 31 December 2006

	2006 RMB million	2005 RMB million
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from investment in securities sold under agreements to repurchase, net	3,496	4,731
Deposits in long-term investment type insurance contracts and investment contracts	91,441	85,946
Withdrawals from long-term investment type insurance contracts and investment contracts	(38,088)	(29,960)
Net proceeds from shares issued	27,810	–
Dividends paid to the Company's shareholders	(1,338)	–
Dividends paid to minority interest	(8)	–
Net cash inflow from financing activities	83,313	60,717
Net increase in cash and cash equivalents	22,627	1,205
Cash and cash equivalents		
Beginning of year	28,051	27,217
Foreign currency losses on cash and cash equivalents	(465)	(371)
End of year	50,213	28,051
Analysis of balance of cash and cash equivalents		
Cash at bank and in hand	45,130	12,448
Short-term bank deposits	5,083	15,603
Supplemental cash flow information		
Dividend received	4,415	306
Interest received	18,939	14,552
Income tax paid	535	279

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