

New China Life Insurance Company Ltd

Consolidated Statement of Financial Position

As of 31 December 2011

(All amounts in RMB millions unless otherwise stated)

	Notes	As of 31 December	
		2011	2010
ASSETS			
Property, plant and equipment	6	4,284	2,922
Investment properties	7	451	513
Intangible assets	8	65	57
Investments in associates	9	709	707
Financial assets			
Debt securities		190,464	164,726
- Held-to-maturity	10(1)	141,090	122,016
- Available-for-sale	10(2)	46,866	38,119
- At fair value through income	10(3)	2,488	4,591
- Loans and receivables		20	-
Equity securities		29,051	38,874
- Available-for-sale	10(2)	26,010	36,570
- At fair value through income	10(3)	3,041	2,304
Term deposits	10(4)	122,949	55,210
Statutory deposits	10(5)	522	242
Policy loans		2,055	820
Financial assets purchased under agreements to resell	10(6)	79	640
Accrued investment income	10(7)	7,741	4,986
Premiums receivable	11	1,395	979
Deferred tax assets	20	14	14
Reinsurance assets	12	4,202	4,535
Other assets	13	1,695	1,973
Cash and cash equivalents		21,095	27,368
Total assets		386,771	304,566

New China Life Insurance Company Ltd

Consolidated Statement of Financial Position (Continued)

As of 31 December 2011

(All amounts in RMB millions unless otherwise stated)

		As of 31 December	
	Notes	2011	2010
LIABILITIES AND EQUITY			
Liabilities			
Insurance contracts			
Long-term insurance contracts liabilities	14	292,818	233,821
Short-term insurance contracts liabilities			
- Outstanding claims liabilities	14	392	274
- Unearned premiums liabilities	14	604	530
Financial liabilities			
Investment contracts	15	19,001	19,912
Borrowings	16	5,073	-
Financial assets sold under agreements to repurchase	17	32,481	24,712
Benefits, claims and surrenders payable		499	349
Premiums received in advance		504	390
Reinsurance liabilities		31	48
Provisions	18	458	574
Other liabilities	19	3,405	17,371
Deferred tax liabilities	20	-	-
Current income tax liabilities		192	12
Total liabilities		355,458	297,993
Shareholders' equity			
Share capital	21	3,117	1,200
Reserves	22	22,468	1,889
Retained earnings		5,721	3,478
Total shareholders' equity		31,306	6,567
Non-controlling interests		7	6
Total equity		31,313	6,573
Total liabilities and equity		386,771	304,566

New China Life Insurance Company Ltd

Statement of Financial Position

As of 31 December 2011

(All amounts in RMB millions unless otherwise stated)

	Notes	As of 31 December	
		2011	2010
ASSETS			
Property, plant and equipment	6	3,897	2,532
Investment properties	7	451	513
Intangible assets	8	60	54
Investments in subsidiaries	36	109	109
Investments in associates	9	610	610
Financial assets			
Debt securities		190,454	164,726
- Held-to-maturity	10(1)	141,090	122,016
- Available-for-sale	10(2)	46,866	38,119
- At fair value through income	10(3)	2,488	4,591
- Loans and receivables		10	-
Equity securities		29,024	38,874
- Available-for-sale	10(2)	26,010	36,570
- At fair value through income	10(3)	3,014	2,304
Term deposits	10(4)	122,748	55,050
Statutory deposits	10(5)	520	240
Policy loans		2,055	820
Financial assets purchased under agreements to resell	10(6)	79	615
Accrued investment income	10(7)	7,737	4,982
Premiums receivable	11	1,395	979
Deferred tax assets	20	-	-
Reinsurance assets	12	4,202	4,535
Other assets	13	2,411	2,372
Cash and cash equivalents		20,744	27,344
Total assets		386,496	304,355

New China Life Insurance Company Ltd

Statement of Financial Position (Continued)

As of 31 December 2011

(All amounts in RMB millions unless otherwise stated)

	Notes	As of 31 December	
		2011	2010
LIABILITIES AND EQUITY			
Liabilities			
Insurance contracts			
Long-term insurance contracts liabilities	14	292,818	233,821
Short-term insurance contracts liabilities			
- Outstanding claims liabilities	14	392	274
- Unearned premiums liabilities	14	604	530
Financial liabilities			
Investment contracts	15	19,001	19,912
Borrowings	16	5,073	-
Financial assets sold under agreements to repurchase	17	32,481	24,712
Benefits, claims and surrenders payable		499	349
Premiums received in advance		504	390
Reinsurance liabilities		31	48
Provisions	18	458	574
Other liabilities	19	3,327	17,333
Deferred tax liabilities	20	-	-
Current tax liabilities		177	-
Total liabilities		355,365	297,943
Shareholders' equity			
Share capital	21	3,117	1,200
Reserves	22	22,420	1,841
Retained earnings		5,594	3,371
Total equity		31,131	6,412
Total liabilities and equity		386,496	304,355

New China Life Insurance Company Ltd

Consolidated Statement of Comprehensive Income For the year ended 31 December 2011 (All amounts in RMB millions unless otherwise stated)

		For the year ended 31 December	
	Notes	2011	2010
REVENUES			
Gross written premiums and policy fees	23	95,151	91,956
Less: premiums ceded out		584	32
Net written premiums and policy fees		95,735	91,988
Net change in unearned premiums liabilities		(71)	(128)
Net premiums earned and policy fees		95,664	91,860
Investment income	24	12,754	10,521
Other income	25	192	328
Total revenues		108,610	102,709
BENEFITS, CLAIMS AND EXPENSES			
Insurance benefits and claims			
Claims and net change in outstanding claims liabilities	26	(867)	(702)
Life insurance death and other benefits	26	(20,311)	(12,548)
Increase in long-term insurance contracts liabilities	26	(65,973)	(70,361)
Investment contracts benefits		(635)	(772)
Commission and brokerage expenses		(7,317)	(7,252)
Administrative expenses	27	(9,229)	(8,410)
Other expenses	28	(199)	(147)
Total benefits, claims and expenses		(104,531)	(100,192)
Share of results of associates		2	1
Finance cost	29	(806)	(263)
Net profit before income tax		3,275	2,255
Income tax	20	(475)	(5)
Net profit for the year		2,800	2,250
Net profit for the year attributable to:			
- Shareholders of the Company	30	2,799	2,249
- Non-controlling interests		1	1
Earnings per share (RMB)			
Basic and diluted	31	1.24	1.87

New China Life Insurance Company Ltd

Consolidated Statement of Comprehensive Income (Continued)
For the year ended 31 December 2011
(All amounts in RMB millions unless otherwise stated)

		For the year ended 31 December	
	Notes	2011	2010
Other comprehensive (losses)/ income			
Available-for-sale financial assets			
(Losses) /Gains arising from fair value changes		(10,474)	1,332
Losses transferred to profit or loss		(15)	(1,086)
Changes in liabilities for insurance and investment contracts arising from net unrealized gains /(losses)		6,530	(204)
Share of other comprehensive income of associate		-	48
Income tax relating to components of other comprehensive income		266	(10)
Total other comprehensive (losses) /income		<u>(3,693)</u>	<u>80</u>
Total comprehensive (losses) /income		<u>(893)</u>	<u>2,330</u>
Total comprehensive (losses) /income for the year attributable to:			
- Shareholders of the Company	30	(894)	2,329
- Non-controlling interests		<u>1</u>	<u>1</u>

New China Life Insurance Company Ltd

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

(All amounts in RMB millions unless otherwise stated)

	Attributable to shareholders of the Company				Non-controlling Interests	Total Equity
	Share capital (Note 21)	Reserves (Note 22)	Retained earnings	Total		
For the year ended 31 December 2010						
As of 1 January 2010	1,200	1,363	1,675	4,238	5	4,243
Net profit for the year	-	-	2,249	2,249	1	2,250
Other comprehensive income	-	80	-	80	-	80
Total comprehensive income	-	80	2,249	2,329	1	2,330
Appropriation to reserves	-	446	(446)	-	-	-
Total transactions with owners	-	446	(446)	-	-	-
As of 31 December 2010	1,200	1,889	3,478	6,567	6	6,573
For the year ended 31 December 2011						
As of 1 January 2011	1,200	1,889	3,478	6,567	6	6,573
Net profit for the year	-	-	2,799	2,799	1	2,800
Other comprehensive losses	-	(3,693)	-	(3,693)	-	(3,693)
Total comprehensive losses	-	(3,693)	2,799	(894)	1	(893)
Capital injection (Note 21)	1,400	12,600	-	14,000	-	14,000
Initial public offering (Note 21)	517	11,116	-	11,633	-	11,633
Appropriation to reserves	-	556	(556)	-	-	-
Total transactions with owners	1,917	24,272	(556)	25,633	-	25,633
As of 31 December 2011	3,117	22,468	5,721	31,306	7	31,313

New China Life Insurance Company Ltd

Consolidated Statement of Cash Flows For the year ended 31 December 2011 (All amounts in RMB millions unless otherwise stated)

	For the year ended 31 December	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	3,275	2,255
Adjustments for:		
Investment income	(12,754)	(10,521)
Finance cost	806	263
Net change in outstanding claims liabilities	109	110
Net change in unearned premiums liabilities	71	128
Increase in long-term insurance contracts liabilities	65,973	70,361
Investment contracts benefits	635	772
Policy fees	(354)	(277)
Depreciation and amortization	290	257
Impairment losses on other receivables	(359)	(295)
Losses on disposal of property, plant and equipment	5	4
Changes in operational assets and liabilities:		
Receivables and payables	(586)	(317)
Investment contracts	(1,095)	(1,130)
Income tax paid	29	(16)
Net cash flows from operating activities	56,045	61,594
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales and maturities of securities investment		
Proceeds from sales of debt securities	13,849	12,758
Proceeds from maturities of debt securities	6,209	2,718
Proceeds from sales of equity securities	36,072	20,259
Purchases of securities investment		
Purchase of debt securities	(45,368)	(42,043)
Purchase of equity securities	(36,536)	(34,972)
Proceeds from disposal of property, plant and equipment, intangible assets and other assets	4	4
Purchase of property, plant and equipment, intangible assets and other assets	(1,567)	(421)
Interests received	9,282	6,217
Dividends received	937	763
Term deposits, net	(68,122)	(36,319)
Financial assets purchased under agreements to resell, net	581	(212)
Others	(1,235)	(474)
Net cash flows from investing activities	(85,894)	(71,722)

New China Life Insurance Company Ltd.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2011

(All amounts in RMB millions unless otherwise stated)

	For the year ended 31 December	
	2011	2010
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuance (Note 21)	11,643	14,026
Received from borrowings	5,000	-
Interests paid	-	(6)
Financial assets sold under agreements to repurchase, net	7,034	12,251
Repayment of borrowings	-	(1,350)
Net cash flows from financing activities	23,677	24,921
Effect of foreign exchange rate changes	(101)	(33)
Net (decrease)/ increase in cash and cash equivalents	(6,273)	14,760
Cash and cash equivalents		
Beginning of the year	27,368	12,608
End of the year	21,095	27,368
Analysis of balance of cash and cash equivalents		
Cash at bank and in hand	12,997	26,752
Short-term bank deposits	8,098	616
Total of cash and cash equivalents	21,095	27,368