



NCI 新华保险

关爱人生每一天

Interim Report

2015



New China Life Insurance Company Ltd.
新华人壽保險股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 1336





IMPORTANT INFORMATION

1. The board of directors of the Company (the “Board”), the board of supervisors of the Company (the “Board of Supervisors”) and the directors, supervisors, and members of senior management warrant the truthfulness, accuracy and completeness of the contents of this report, and that there are no false representations, misleading statements or material omissions in this report, and are legally liable for this report jointly and severally.
2. The 2015 Interim Report of the Company was considered and approved at the 29th meeting of the fifth session of the Board on 25 August 2015, 13 directors were required to attend the meeting and all of them attended in person.
3. The 2015 condensed consolidated interim financial information of the Company is unaudited.
4. Mr. KANG Dian, the Chairman of the Company, Mr. WAN Feng, the President of the Company, Mr. GONG Xingfeng, the Chief Actuary of the Company and Ms. MENG Xia, the officer in charge of the Accounting Department of the Company warrant the truthfulness, accuracy and completeness of the condensed consolidated interim financial information in the 2015 Interim Report.
5. In addition to the facts stated herein, this report includes forward-looking statements and analysis, which may differ from the actual results of the Company in the future. The Company does not make any warrant or undertaking upon its future performance. You are advised to exercise caution.

CONTENTS

1	Section 1	Definitions
2	Section 2	Corporate Information
4	Section 3	Summary of Accounting Data and Operating Data
6	Section 4	Management Discussion and Analysis
33	Section 5	Significant Events
39	Section 6	Changes in Share Capital and Shareholders' Profile
44	Section 7	Directors, Supervisors and Senior Management
46	Section 8	Embedded Value
55	Section 9	Appendix

SECTION 1 DEFINITIONS

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below:

the Company, New China Life, NCI	New China Life Insurance Company Ltd.
Asset Management Company	New China Asset Management Co., Ltd., a subsidiary of the Company
Asset Management Company (Hong Kong)	New China Asset Management (Hong Kong) Limited, a subsidiary of Asset Management Company
Huijin	Central Huijin Investment Ltd.
Baosteel Group	Baosteel Group Corporation
CIRC	China Insurance Regulatory Commission
CSRC	China Securities Regulatory Commission
SSE	Shanghai Stock Exchange
Hong Kong Stock Exchange or HKSE	The Stock Exchange of Hong Kong Limited
RMB	Renminbi
PRC, China	People's Republic of China, for purpose of this report, excluding Hong Kong, Macau and Taiwan
Company Law	Company Law of the PRC
Insurance Law	Insurance Law of the PRC
Securities Law	Securities Law of the PRC
PRC GAAP	China Accounting Standards for Business Enterprises issued by Ministry of Finance of the PRC, and the application guide, interpretation and other related regulations issued afterwards
IFRS	International Financial Reporting Standards as promulgated by the International Accounting Standards Board
<i>Articles of Association</i>	The articles of association of New China Life Insurance Company Ltd., approved by the first extraordinary general meeting of 2013 of the Company on 1 February 2013, and became effective as approved by the CIRC on 7 February 2013
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Model Code for Securities Transactions	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
Corporate Governance Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules
SFO	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

SECTION 2 CORPORATE INFORMATION

Legal Name in Chinese: 新華人壽保險股份有限公司

Abbreviation in Chinese: 新華保險

Legal Name in English: NEW CHINA LIFE INSURANCE COMPANY LTD.

Abbreviation in English: NCI

Legal Representative: KANG Dian

Board Secretary and Joint Company Secretary: ZHU Ying

Securities Representative: WANG Hongli

Tel: 86-10-85213233

Fax: 86-10-85213219

Email: ir@newchinalife.com

Address: 13th Floor, NCI Tower, A12 Jianguomenwai Avenue, Chaoyang District, Beijing, PRC

Joint Company Secretary: MOK Ming Wai

Tel: 852-35898678

Fax: 852-35898555

Email: mandy.mok@tmf-group.com

Address: 36th Floor, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong

Registered Office: No. 1, East Hunan Road, Yanqing County, Beijing, PRC

Postal Code: 102100

Place of Business: NCI Tower, A12 Jianguomenwai Avenue, Chaoyang District, Beijing, PRC

Postal Code: 100022

Place of Business in Hong Kong: 36th Floor, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong

Website: <http://www.newchinalife.com>

Email: ir@newchinalife.com

SECTION 2 – CORPORATE INFORMATION

Newspapers for Information Disclosure (A Share): China Securities Journal, Shanghai Securities News

Website for publishing the Interim Report (A Share): <http://www.sse.com.cn>

Website for publishing the Interim Report (H Share): <http://www.hkexnews.hk>

Place where copies of the Interim Report are kept: Board of Directors Office of the Company

Stock Exchange for A Share Listing: The Shanghai Stock Exchange

Stock Name for A Share: 新華保險

Stock Code for A Share: 601336

A Share Registrar: China Securities Depository and Clearing Corporation Limited, Shanghai Branch

Address: 36th Floor, China Insurance Building, 166 East Lujiazui Road, Pudong New District, Shanghai, PRC

Stock Exchange for H Share Listing: The Stock Exchange of Hong Kong Limited

Stock Name for H Share: NCI

Stock Code for H Share: 1336

H Share Registrar: Computershare Hong Kong Investor Services Limited

Address: Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Domestic Auditor: Ernst & Young Hua Ming LLP

Address: Level 16, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang An Avenue, Dong Cheng District, Beijing, PRC

International Auditor: Ernst & Young

Address: 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong

Domestic Legal Advisor: Commerce & Finance Law Offices

Address: 6th Floor, NCI Tower, A12 Jianguomenwai Avenue, Chaoyang District, Beijing, PRC

Hong Kong Legal Advisor: Davis Polk & Wardwell, Hong Kong Solicitors

Address: 18th Floor, The Hong Kong Club Building, 3A Chater Road, Hong Kong

SECTION 3 SUMMARY OF ACCOUNTING DATA AND OPERATING DATA

I. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE REPORTING PERIOD

Unit: RMB in millions

Key accounting data	January – June		Increase/decrease over the corresponding period of last year
	2015	2014	
Total revenues	103,724	80,204	29.3%
Gross written premiums and policy fees	72,738	66,927	8.7%
Net profit before income tax	8,843	4,523	95.5%
Net profit attributable to shareholders of the Company	6,752	3,748	80.1%
Net cash flows from operating activities	3,433	29,226	-88.3%

	30 June 2015		Increase/decrease as compared to the end of last year
	31 December 2014		
Total assets	659,840	643,709	2.5%
Equity attributable to shareholders of the Company	56,929	48,359	17.7%

Key financial indicators	January – June		Increase/decrease over the corresponding period of last year
	2015	2014	
Basic weighted average earnings per share attributable to shareholders of the Company (RMB)	2.16	1.20	80.0%
Diluted weighted average earnings per share attributable to shareholders of the Company (RMB)	2.16	1.20	80.0%
Weighted average return on equity attributable to shareholders of the Company	12.75%	9.04%	increase by 3.71 percentage point
Weighted average net cash flows from operating activities per share (RMB)	1.10	9.37	-88.3%

SECTION 3 – SUMMARY OF ACCOUNTING DATA AND OPERATING DATA

	30 June 2015	31 December 2014	Increase/decrease as compared to the end of last year
Net assets per share attributable to shareholders of the Company (RMB/share)	18.25	15.50	17.7%

II. OTHER KEY FINANCIAL AND REGULATORY INDICATORS

Unit: RMB in millions

Indicator	January – June 2015/as of 30 June 2015	January – June 2014/as of 31 December 2014	Change
Investment assets	641,138	625,718	2.5%
Annualized total investment yield ⁽¹⁾	10.5%	5.1%	increase by 5.4 percentage point
Gross written premiums and policy fees	72,738	66,927	8.7%
Increase rate of gross written premiums and policy fees	8.7%	29.6%	decrease by 20.9 percentage point
Benefits, claims and expenses	93,836	75,078	25.0%

Notes:

- Annualized total investment yield = (Total investment income- interest expense of financial assets sold under agreements to repurchase)/(average monthly investment assets- average monthly financial assets sold under agreements to repurchase- average monthly receivable interests)*2.

III. THE DISCREPANCY BETWEEN THE PRC GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

There is no difference between the consolidated net profit of the Company for the six months ended 30 June 2015 and the consolidated equity of the Company as of 30 June 2015 as stated in the condensed consolidated interim financial information prepared in accordance with the IFRS and the consolidated financial statements prepared in accordance with the PRC GAAP.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

As a major life insurance company in the PRC, the Company is primarily engaged in the provision of life insurance products and services to individuals and institutions through its national branch network. Meanwhile, the Company also manages and utilizes its insurance assets through its subsidiaries Asset Management Company and Asset Management Company (Hong Kong).

Unless otherwise specified, the management discussion and analysis in this section is based on the condensed consolidated financial information of the Company, and is presented in Renminbi ("RMB").

I. KEY OPERATIONAL INDICATORS

Unit: RMB in millions

	January-June 2015	January-June 2014	Change
Gross written premiums and policy fees	72,738	66,927	8.7%
Total investment income ⁽¹⁾	31,480	13,775	128.5%
Net profit attributable to shareholders of the Company	6,752	3,748	80.1%
Value of first half year's new business ⁽²⁾	3,450	2,409	43.2%
Market share ⁽³⁾	7.7%	8.7%	decreased by 1.0 percentage point
Persistency ratio			
Individual life insurance business 13-month persistency ratio ⁽⁴⁾	84.8%	86.9%	decreased by 2.1 percentage points
Individual life insurance business 25-month persistency ratio ⁽⁵⁾	80.3%	85.1%	decreased by 4.8 percentage points

	As of 30 June 2015	As of 31 December 2014	Change
Total assets	659,840	643,709	2.5%
Net assets	56,935	48,364	17.7%
Investment assets	641,138	625,718	2.5%
Equity attributable to shareholders of the Company	56,929	48,359	17.7%
Embedded value	99,247	85,260	16.4%
Number of customers (<i>in thousands</i>)			
of which: individual customers	26,565	26,147	1.6%
of which: institutional customers	65	64	1.6%

Notes:

1. Total investment income = interest income from cash and cash equivalents, term deposits, debt securities and other investment assets + dividend income from equity securities + realized gains + unrealized gains/(losses) + impairment losses on investment assets + share of results of associates.
2. Value of new business for the first half of 2014 was recalculated based on the assumptions as of 31 December 2014.
3. Market share: based on data published by the CIRC.
4. 13-month persistency ratio: premiums under in-force regular premium life insurance policies 13 months after their issuance as a percentage of premiums under life insurance policies becoming in-force during the issuance.
5. 25-month persistency ratio: premiums under in-force regular premium life insurance policies 25 months after their issuance as a percentage of premiums under life insurance policies becoming in-force during the issuance.

II. BUSINESS ANALYSIS

(I) Life insurance business

In 2015, based closely on the two work themes of “sales achievement” and “strategy transformation”, the Company focused on the core task of business development and thoroughly promoted strategy transformation. Taken as a whole, in the first half year the Company exceeded every planned target and displayed excellent growth; at the same time, on the foundation of continuous effort in recent years, the Company’s strategy transformation has gradually borne results, with excellent trends in team, client and organizational construction, and the Company has entered into a sustainable and healthy development trajectory.

In the first half of 2015, the Company achieved gross life insurance business income of RMB72,661 million, representing an increase of 8.7% as compared to the same period of last year, of which the first year premiums was RMB39,330 million, representing an increase of 31.8% as compared to the same period of last year. The increase in first year premiums and the optimization of business structure brought about an increase of 43.2% to the new business value. The main characteristics of the life insurance business development of the Company in the first half year were mainly as follows:

Firstly, product operation promoted business growth. During the jumpstart period, we have consolidated the sales base of annuity insurance by persistently promoting the sale of “Jincai yisheng” (金彩一生), an annuity insurance product. The product structure was optimized and sales of main products reached the expected goals. In April and May, while continuing to promote the sales of the two main health insurance products “Jiankang fuxing” (健康福星) and “Kangjian jishun” (康健吉顺), the Company launched a series of products for the elderly ahead of the market, including anti-cancer insurance, annuity insurance and accident insurance, which met the needs of the elderly customer demographic, further improved the product system of the Company and demonstrated the products’ renewed focus on safeguarding and serving customers. In June, the launch of the new product “Shengshi yingjia” (盛世赢家) rapidly enlarged business scale and optimized customer structure.

Secondly, the business structure was continuously optimized. On the one hand, the Company emphasized the growth of regular premium business with long payment period, and continuously optimized the structure of premium payment periods; on the other hand, the Company continued to promote the transformation of products and coordinated the development of annuity insurance products and health insurance products. In the first half of 2015, the percentage of annuity insurance with respect to the individual insurance agent channel increased significantly and the health insurance business maintained stable growth.

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

Thirdly, sales team building achieved remarkable results. Based on the foundation of previous organization and development, the team size continuously grew and personnel activity rate steadily increased. Team structure was optimized and the high performing individual insurance agent platform was greatly enhanced, which boosted per capita productivity and the income of the sales team.

1. Analysis by distribution channels

Unit: RMB in millions

	January-June 2015	January-June 2014	Change
Individual life insurance	71,803	65,920	8.9%
Individual insurance agent channel	28,150	25,835	9.0%
First year premiums	7,495	5,261	42.5%
Regular premiums	5,894	4,187	40.8%
Single premiums	1,601	1,074	49.0%
Renewal premiums	20,655	20,574	0.4%
Bancassurance channel	37,934	35,726	6.2%
First year premiums	28,790	22,369	28.7%
Regular premiums	1,642	1,575	4.3%
Single premiums	27,148	20,794	30.6%
Renewal premiums	9,144	13,357	-31.5%
Service and business development channel	5,719	4,359	31.2%
First year premiums	2,211	1,335	65.6%
Regular premiums	1,773	1,116	58.9%
Single premiums	438	219	99.8%
Renewal premiums	3,508	3,024	16.0%
Group insurance	858	897	-4.4%
Total	72,661	66,817	8.7%

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

(1) Individual life insurance business

① Individual insurance agent channel

In the first half of 2015, the individual insurance agent channel of the Company achieved rapid growth. Gross written premiums (“GWP”) amounted to RMB28,150 million, representing an increase of 9.0% as compared to the same period of last year, of which first year premiums amounted to RMB7,495 million, representing an increase of 42.5% as compared to the same period of last year, and renewal premiums amounted to RMB20,655 million, representing an increase of 0.4% as compared to the same period of last year.

In the first half of 2015, the business structure of the individual insurance agent channel was optimized continuously. With the promotion of annuity insurance products, which was the result of the traditional premium rate transformation, the first year premiums of traditional insurance amounted to RMB3,542 million, of which the first year premiums of annuity insurance amounted to RMB3,262 million. The first year premiums of traditional insurance accounted for 47.3% of the first year premiums of the individual insurance agent channel, representing an increase of 40.2 percentage points as compared to the same period of last year. The first year premiums of health insurance amounted to RMB2,458 million, representing an increase of 32.9% as compared to the same period of last year. The first year premiums of regular products with payment periods of ten years or more amounted to RMB4,767 million, accounting for 63.6% of the first year premiums of the individual insurance agent channel.

In 2015, the Company persists with “A Robust Sales Force Development Strategy Focusing on both Quality and Quantity”, and continued to optimize and upgrade the team structure and promote the development of qualified individual insurance agents¹ and high performing individual insurance agents² under the precondition of steadily enlarging team size. As of 30 June 2015, the total number of individual insurance agents reached 192,000, representing an increase of approximately 16,000 as compared to the same period of last year. The number of qualified individual insurance agents was 83,000, representing an increase of 7.5% as compared to the same period of last year. The number of high performing individual insurance agents was 42,000, representing an increase of 15.5% as compared to the same period of last year. Personnel activity rate reached 49.5%, representing an increase of 4 percentage points as compared to the same period of last year. At the same time, the sales of annuity insurance products greatly improved the per capita productivity of insurance agents, and the per capita productivity of the total qualified individual insurance agents amounted to RMB14,000, representing a growth of 28.3% as compared to the same period of last year.

1 Qualified individual insurance agents refers to those who sold at least one insurance policy calculated on a monthly basis on an individual basis, of which the payment term is more than one year.

2 High performing individual insurance agents refers to those who sold at least one insurance policy calculated on a monthly basis on an individual basis, of which the payment term is more than one year and individual insurance first year commission is not less than RMB2,000.

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

② Bancassurance channel

In the first half of 2015, the GWP from the bancassurance channel were RMB37,934 million, representing an increase of 6.2% as compared to the same period of last year, of which the wealth management business targeting secondary development of customers and whole life-cycle service for customers saw rapid development and achieved cumulative GWP of RMB1,510 million.

In the first half of 2015, the bancassurance channel had excellent development momentum, the market ranking of the Company was stable and rising, and the Company maintained its pre-emptive advantages in business. First year premiums of the bancassurance channel amounted to RMB28,790 million, representing an increase of 28.7% as compared to the same period of last year, first year regular premiums amounted to RMB1,642 million, representing an increase of 4.3% as compared to the same period of last year and renewal premiums amounted to RMB9,144 million, representing a decrease of 31.5% as compared to the same period of last year.

In the first half of 2015, the activity of the sales team retained its advantages, and the cultivation of high performing agents achieved preliminary success. The number of active individual insurance agents was 7,388, and the activity rate of the individual insurance agents was above 55%; the number of high performing individual insurance agents¹ was approximately 815, representing an increase of 34.0% as compared to the same period of last year.

1 High performing individual insurance agents refers to financial managers who were in-service during the statistical period and sold at least one insurance policy with regular premiums not less than RMB100,000.

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

③ Service and business development channel

In the first half of 2015, the GWP from the service and business development channel of the Company was RMB5,719 million, representing an increase of 31.2% as compared to the same period of last year, of which first year premiums amounted to RMB2,211 million, representing an increase of 65.6% as compared to the same period of last year, and renewal premiums amounted to RMB3,508 million, representing an increase of 16.0% as compared to the same period of last year. First year premiums of regular products with payment periods of ten years or more amounted to RMB1,311 million, representing an increase of 68.4% as compared to the same period of last year and an increase of 1 percentage point in its percentage with respect to the total.

Since its establishment, the service and business development channel has placed its focus on customer management and achieved stable growth in its business platform by means of transforming operation philosophy, investment modes and performance assessment method, and driven by the strategy of continuously optimizing the customer management system and promoting the growth of individual insurance agents. As of 30 June 2015, the number of individual insurance agents of the service and business development channel reached 33,000, representing an increase of 22.8% as compared to the same period of last year. The number of monthly actual active individual insurance agents was 22,671, representing an increase of 21.0% as compared to the same period of last year, and the monthly average actual turnover rate¹ reached 81%.

(2) *Group insurance business*

In the first half of 2015, the GWP from the group insurance business of the Company was RMB858 million, representing a decrease of 4.4% as compared to the same period of last year.

1 Actual turnover rate = actual active individual insurance agents in statistical period/the average number of agents in service* 100%, actual active individual insurance agents refers to those who were in-service in statistical period and sold at least one insurance policy with first year commission of not less than RMB210.

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

2. Analysis by types of insurance products

Unit: RMB in millions

	January-June 2015	January-June 2014	Change
GWP	72,661	66,817	8.7%
Traditional insurance	34,631	21,336	62.3%
First year premiums	33,325	21,014	58.6%
Renewal premiums	1,306	322	305.5%
Participating insurance ⁽¹⁾	29,262	39,357	-25.7%
First year premiums	1,871	5,304	-64.7%
Renewal premiums	27,391	34,053	-19.6%
Universal insurance	19	20	-4.8%
First year premiums	—⁽²⁾	—⁽²⁾	—
Renewal premiums	19	20	-4.8%
Unit-linked insurance	—⁽²⁾	—⁽²⁾	—
First year premiums	—⁽²⁾	—⁽²⁾	—
Renewal premiums	—⁽²⁾	—⁽²⁾	—
Health insurance	8,181	5,391	51.8%
First year premiums	3,599	2,834	27.0%
Renewal premiums	4,582	2,557	79.2%
Accident insurance	568	713	-20.2%
First year premiums	535	693	-22.8%
Renewal premiums	33	20	67.3%

Notes:

1. Participating health insurance is included in the participating insurance.
2. The amount for each period indicated was less than RMB500,000.
3. Numbers may not be additive due to rounding.

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2015, the GWP from the life insurance business of the Company amounted to RMB72,661 million, representing an increase of 8.7% as compared to the same period of last year. In accordance with the reform of insurance premium rate of the industry, the Company adjusted its product strategy and reinforced the sales of traditional annuity insurance products. Premiums from the traditional insurance business amounted to RMB34,631 million, representing an increase of 62.3% as compared to the same period of last year, and an increase of 15.7 percentage points in its percentage with respect to the total GWP. Premiums from the participating insurance business amounted to RMB29,262 million, representing a decrease of 25.7% as compared to the same period of last year, and a decrease of 18.6 percentage points in its percentage with respect to the total GWP. Premiums from the health insurance business amounted to RMB8,181 million, representing an increase of 51.8% as compared to the same period of last year, and an increase of 3.2 percentage points in its percentage with respect to the total GWP. Premiums from other insurance businesses amounted to RMB587 million, accounting for 0.8% of the total GWP.

3. Analysis by geographic regions

Unit: RMB in millions

	January-June 2015	January-June 2014	Change
GWP	72,661	66,817	8.7%
Eastern China	15,879	15,008	5.8%
Central China	14,392	13,525	6.4%
Northern China	13,508	11,841	14.1%
Southern China	11,669	9,613	21.4%
Other regions	17,213	16,830	2.3%

Note: The Company established seven regional management centers in 2013, and the details are as follows: Northern China covers branches of Beijing, Tianjin, Hebei, Inner Mongolia and Shanxi; Eastern China covers branches of Shanghai, Jiangsu, Zhejiang, Shandong, Ningbo and Qingdao; Southern China covers branches of Guangdong, Shenzhen, Fujian, Xiamen, Hainan and Guangxi; Central China covers branches of Henan, Hunan, Hubei, Anhui and Jiangxi; Northwestern China covers branches of Xinjiang, Shaanxi, Gansu, Ningxia and Qinghai; Southwestern China covers branches of Yunnan, Guizhou, Sichuan and Chongqing; Northeastern China covers branches of Heilongjiang, Jilin, Liaoning and Dalian.

In the first half of 2015, approximately 76.3% of the GWP of the Company were contributed by the four regions with relatively developed economy or larger population, namely, Eastern China, Central China, Northern China and Southern China.

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

(II) Asset management business

Committed to setting balanced asset-liability management as the foundation, while taking into account the security, liquidity and profitability of the funds under management, the Company's asset management business seeks to maximize the returns of its investment portfolio on the basis of sound asset allocation and effective risk control.

In the first half of 2015, the Company persisted with the investment strategy of keeping an overall positive attitude towards equity investment, limiting the scale of fixed income investment, investing selectively in projects with high yield, and reducing the scale of non-standard assets. The Company also increased equity positions and achieved effective layout in advance. During the upturn stage of the market, the Company adhered to the philosophy of receiving absolute gains in relation to the equity investment and focused on avoiding market risks. Considerable returns have been achieved with our gradual reduction of holdings following the market upturn.

As of the end of June 2015, the Company's investment in non-standard assets amounted to RMB120,092 million, representing a decrease of RMB1,341 million as compared to the end of 2014, and accounted for 18.7% of the total investment assets, representing a decrease of 0.7 percentage points as compared to the end of last year. Among this, the amount matured and redeemed in advance in the first half of 2015 was RMB21,217 million, and the amount purchased was RMB18,076 million.

In terms of the type of investment products, the Company's investment in non-standard assets included such asset categories as assembled fund trust plans, infrastructure and real estate investment plans, asset funding plans, special asset management plans and insurance assets management products. Assembled fund trust plans accounted for the largest part as 41.0% of the total investment in non-standard assets, representing a decrease of 8.0 percentage points as compared to the end of 2014. Categorized by types of the underlying assets, the Company's non-standard asset investments cover various areas such as financial institutions, infrastructure and real estate, among which financial institutions and infrastructure facilities jointly accounted for 74.4%.

To strengthen the risk management measures for investment in non-standard assets, the Company has established a comprehensive set of investment risk management procedures covering pre-investment assessment, counterparty assessment, post-investment management and credit granting control. Through regular scenario analysis and stress testing, the Company fully assesses risk exposures and extreme expected losses. Non-standard assets invested by the Company generally possess high credit ratings, of which AAA rating accounted for 95.60%.

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

1. Investment portfolio

Unit: RMB in millions

	As of 30 June 2015	As of 31 December 2014	Change
Investment assets	641,138	625,718	2.5%
Classified by investment type			
Term deposits ⁽¹⁾	143,748	167,297	-14.1%
Debt securities	327,523	345,518	-5.2%
– Bonds	229,205	237,403	-3.5%
– Trust Plan	49,282	59,475	-17.1%
– Debt Plan ⁽²⁾	26,356	24,823	6.2%
– Project Asset Support Plan	20,000	20,000	0.0%
– Others ⁽³⁾	2,680	3,817	-29.8%
Equity securities	120,685	70,553	71.1%
– Funds	49,074	22,309	120.0%
– Stocks ⁽⁴⁾	49,067	34,141	43.7%
– Investments in associates	9,636	10,150	-5.1%
– Others ⁽⁵⁾	12,908	3,953	226.5%
Cash and cash equivalents ⁽¹⁾	19,920	14,503	37.4%
Other investment assets ⁽⁶⁾	29,262	27,847	5.1%
Classified by investment purpose			
Securities at fair value			
– through profit or loss	10,102	8,677	16.4%
Available-for-sale securities	205,262	175,502	17.0%
Held-to-maturity securities	175,430	175,997	-0.3%
Loans and other receivables ⁽⁷⁾	240,708	255,392	-5.7%
Investments in associates	9,636	10,150	-5.1%

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

1. Cash and cash equivalents include term deposits with maturity of three months or less, while term deposits exclude those with maturity of three months or less.
2. Debt plan mainly consists of infrastructure and real estate funding projects.
3. Others include debt asset management products and wealth management products.
4. Stocks include common stocks and preferred stocks.
5. Others include equity asset management products, private equity, other unlisted equity securities, trust plans and wealth management products.
6. Other investment assets mainly include statutory deposits, policy loans, financial assets purchased under agreements to resell and accrued investment income, etc.
7. Loans and other receivables mainly include term deposits, cash and cash equivalents, statutory deposits, policy loans, financial assets purchased under agreements to resell, accrued investment income and loans and receivables, etc.

As of the end of the reporting period, the Company had investment assets of RMB641,138 million, representing an increase of 2.5% as compared to the end of last year, which was mainly attributable to the increase of investment income and the net cash inflows from the Company's insurance business.

As of the end of the reporting period, term deposits amounted to RMB143,748 million, accounting for 22.4% of total investment assets and representing a decrease of 4.3 percentage points as compared to the end of last year, which was mainly due to the increase of investments in stocks and funds by the Company in view of the capital market trend.

As of the end of the reporting period, debt securities amounted to RMB327,523 million, accounting for 51.1% of total investment assets and representing a decrease of 4.1 percentage points as compared to the end of last year, which was mainly due to the increase of investments in stocks and funds by the Company in view of the market trend.

As of the end of the reporting period, equity securities amounted to RMB120,685 million, accounting for 18.8% of total investment assets, representing an increase of 7.5 percentage points as compared to the end of last year, which was mainly due to the increase of investments in stocks and funds by the Company in view of the capital market trend. The percentage of stocks and funds with respect to the total investment assets increased by 6.3 percentage points as compared to the end of last year.

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

As of the end of the reporting period, cash and cash equivalents accounted for 3.1% of total investment assets, representing an increase of 0.8 percentage point as compared to the end of last year, which was mainly due to the allocation of investment assets and the requirements for liquidity management.

As of the end of the reporting period, other investment assets accounted for 4.6% of total investment assets, representing an increase of 0.1 percentage point as compared to the end of last year, which was mainly due to the increase in policy loans.

In terms of investment purposes, as of the end of the reporting period, the percentage of available-for-sale securities increased by 4.0 percentage points as compared to the end of last year, mainly due to the increase of investments in stocks and funds.

2. Investment income

Unit: RMB in millions

	January-June 2015	January-June 2014	Change
Interest income from cash and cash equivalents	66	176	-62.5%
Interest income from term deposits	4,250	4,220	0.7%
Interest income from debt securities	9,062	8,343	8.6%
Dividend income from equity securities ⁽¹⁾	1,032	550	87.6%
Interest income from other investment assets ⁽²⁾	496	357	38.9%
Net investment income ⁽³⁾	14,906	13,646	9.2%
Realized gains on investment assets	16,479	493	3,242.6%
Unrealized gains/(losses)	(122)	121	N/A
Impairment losses on investment assets	(21)	(754)	-97.2%
Share of results of associates ⁽¹⁾	238	269	-11.5%
Total investment income ⁽⁴⁾	31,480	13,775	128.5%
Annualized net investment yield ⁽⁵⁾	4.8%	5.1%	Decreased by 0.3 percentage point
Annualized total investment yield ⁽⁵⁾	10.5%	5.1%	Increased by 5.4 percentage points

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

1. Cash dividend received from associates is included in dividend and interest income from equity securities.
2. Interest income from other investment assets includes interest income from statutory deposits, policy loans and financial assets purchased under agreements to resell.
3. Net investment income includes interest income from cash and cash equivalents, term deposits, debt securities and other investment assets and dividend income from equity securities.
4. Total investment income = net investment income + realized gains + unrealized gains/(losses) + impairment losses on investment assets + share of results of associates.
5. Annualized investment yield = (Investment income – Interest expense of items sold under agreements to repurchase)/(monthly average investment assets – monthly financial assets sold under agreements to repurchase – monthly interest receivables)*2.

The Company achieved a total investment income of RMB31,480 million during the reporting period, representing an increase of 128.5% as compared to the same period of last year. The annualized total investment yield was 10.5%, representing an increase of 5.4 percentage points as compared to the same period of last year, which was mainly due to the increase of realized gains on investment assets.

The Company achieved a net investment income of RMB14,906 million during the reporting period, representing an increase of 9.2% as compared to the same period of last year. The annualized net investment yield was 4.8%, representing a decrease of 0.3 percentage point as compared to the same period of last year.

The realized gains, unrealized gains and losses on investment assets and impairment losses on investment assets amounted to a gain of RMB16,336 million in aggregate, an obvious improvement compared to the loss of RMB140 million in aggregate for the same period of last year. This was mainly because the Company had proper position control in the capital market upturn with fluctuation from January to May and achieved relatively high realized gains on investment assets.

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

3. External Equity Securities

(1) Securities investment

No.	Type of securities	Security code	Abbreviated security name	Initial Investment amount (RMB in millions)	Number of Securities held (in millions)	Carrying amount at the end of the period (RMB in millions)	As a percentage of total investments in securities at the end of the period (%)	Profits/losses for the reporting period (RMB in millions)
1	Stock	601318	PING AN OF CHINA	405.33	5.10	417.89	29.28	19.37
2	Stock	03366X	OCT (Asia) (Limited)	128.84	40.00	133.75	9.37	12.34
3	Stock	600686	KLM	61.86	4.63	119.14	8.35	60.39
4	Stock	601166	INDUSTRIAL BANK	51.65	3.00	51.75	3.63	0.09
5	Stock	601988	BANK OF CHINA	44.00	10.00	48.90	3.43	4.89
6	Stock	002236	DAHUA INC	42.09	1.50	47.88	3.35	14.28
7	Stock	600016	CMBC	39.62	4.00	39.76	2.79	2.32
8	Stock	601998	CNCB	37.32	5.00	38.55	2.70	1.23
9	Stock	600158	CSI	27.89	1.20	34.38	2.41	6.54
10	Stock	600261	ZHEJIANG YANKON	38.48	4.11	33.45	2.34	0.95
Investments in other securities held at the end of the reporting period				449.30	N/A	461.76	32.35	18.06
Profits/losses of investments in securities sold during the reporting period				N/A	N/A	N/A	N/A	234.86
Total				1,326.38	N/A	1,427.21	100.00	375.32

Notes:

- Securities investments stated in this table represent investments such as stock, options and convertible bonds, etc., ordered in accordance with the carrying amount at the end of the period. Among this, investments in stock and convertible bonds only include the accounting parts of financial assets calculated at fair value and recorded as unrealized gains/(losses) of the reporting period.
- Investments in other securities represent investments in other securities apart from the top ten securities.
- Profits/losses during the reporting period in this table are comprised of interest income, dividend income, realized gains/(losses) and unrealized gains/(losses).

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

(2) Shareholding in other listed companies

Security code	Abbreviated security name	Initial investment amount (RMB in millions)	As a percentage of equity interests in that company at the beginning of the period (%)	As a percentage of equity interests in that company at the end of the period (%)	Carrying amount at the end of the period (RMB in millions)	Profits/losses during the reporting period (RMB in millions)	Changes of Equity Ownership during the reporting period (RMB in millions)	Accounting classification	Source of securities
00817X	FRANSHION PROPERTIES (Limited)	2,194.56	0.00	9.50	2,214.51	–	19.95	Available for sale	Purchase
002415	HIKVISION	507.33	0.86	0.65	1,191.04	89.48	569.29	Available for sale	Purchase
601288	AGRICULTURAL BANK OF CHINA	1,135.00	0.00	0.09	1,113.00	20.85	-38.29	Available for sale	Purchase
601166	INDUSTRIAL BANK	984.75	0.11	0.30	975.44	447.89	-69.68	Available for sale	Purchase
600085	TRT	567.63	1.18	1.88	926.77	–	335.27	Available for sale	Purchase
600061	SDIC ESSENCE	430.65	0.00	0.63	875.66	–	445.01	Available for sale	Purchase
601318	PING AN OF CHINA	801.19	0.18	0.11	852.17	479.34	-402.28	Available for sale	Purchase
002466	TIANQI LITHIUM	380.80	5.26	5.26	840.48	–	291.18	Available for sale	Purchase
600587	SHINVA	511.65	3.30	3.59	791.36	–	325.80	Available for sale	Purchase
600153	C&D INC.	341.69	1.95	1.54	765.30	117.56	238.37	Available for sale	Purchase
Other securities held at the end of the reporting period		30,481.95	N/A	N/A	37,108.96	11,602.30	1,297.77	N/A	N/A
Total		38,337.20	N/A	N/A	47,654.69	12,757.42	3,012.39	N/A	N/A

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

1. The table presents the shareholding in other listed companies by the Company as classified under available-for-sale securities ordered in accordance with the carrying amount at the end of the reporting period.
2. All carrying amount of Franshion Properties (Limited) is with selling restrictions.
3. Profits/losses during the reporting period in this table are comprised of dividend income, realized gains/(losses) and impairment losses on equity securities.

(3) *Shareholdings in unlisted financial enterprises*

During the reporting period, other than the subsidiaries of the Company, the Company did not have any shareholdings in unlisted financial enterprises.

(4) *Trading of shares in other listed companies*

	Shares purchased/ sold during the reporting period (in millions)	Amount of capital utilized (RMB in millions)	Investment gains incurred (RMB in millions)
Purchase	4,743.08	46,022.53	N/A
Sale	3,070.45	N/A	12,821.55

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

III. PRINCIPAL CONTENTS AND ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

(I) Analysis of principal components of balance sheet

1. Principal assets

Unit: RMB in millions

Component	30 June 2015	31 December 2014	Change
Debt securities	327,523	345,518	-5.2%
– Held-to-maturity	175,430	175,997	-0.3%
– Available-for-sale	100,942	117,490	-14.1%
– At fair value through profit or loss	3,373	6,286	-46.3%
– Loans and receivables	47,778	45,745	4.4%
Equity securities	111,049	60,403	83.8%
– Available-for-sale	104,320	58,012	79.8%
– At fair value through profit or loss	6,729	2,391	181.4%
Term deposits	143,748	167,297	-14.1%
Financial assets purchased under agreements to resell	654	1,584	-58.7%
Premiums receivable	2,543	1,543	64.8%
Deferred tax assets	–	36	N/A
Cash and cash equivalents	19,920	14,503	37.4%
Other assets not included in the above assets	54,403	52,825	3.0%
Total	659,840	643,709	2.5%

Debt securities

As of the end of the reporting period, debt securities decreased by 5.2% as compared to the end of 2014, mainly due to the decrease in trust plans under available-for-sale securities.

Equity securities

As of the end of the reporting period, equity securities increased by 83.8% as compared to the end of 2014, mainly due to the upturn of the capital market with fluctuation from January to May and the Company's increase of investment in stocks and funds.

Term deposits

As of the end of the reporting period, term deposits decreased by 14.1% as compared to the end of 2014, mainly due to the maturity of certain term deposits of the Company and requirements for allocation of investment assets.

Financial assets purchased under agreements to resell

As of the end of the reporting period, financial assets purchased under agreements to resell decreased by 58.7% as compared to the end of 2014, mainly due to the requirements for daily liquidity management.

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

Premiums receivable

As of the end of the reporting period, premiums receivable increased by 64.8% as compared to the end of 2014, mainly due to the uneven distribution of insurance business in various quarters and the cumulative growth of insurance business.

Deferred tax assets

As of the end of the reporting period, deferred tax assets was 0, mainly due to the capital market upturn with fluctuation from January to May, and that despite the obvious fall in June, the Shanghai Stock Index at the end of June was still higher than that at the beginning of the year, which resulted in the excess of taxable temporary differences over deductible temporary differences as a result of the increase in carrying amount of available-for-sale financial assets of Company. Net amount of deferred tax is stated as deferred tax liabilities accordingly.

Cash and cash equivalents

As of the end of the reporting period, cash and cash equivalents increased by 37.4% as compared to the end of 2014, mainly due to the allocation of investment assets and the requirements for daily liquidity management.

2. *Principal liabilities*

Unit: RMB in millions

Component	30 June 2015	31 December 2014	Change
Insurance contracts	515,098	480,100	7.3%
Long-term insurance contract liabilities	513,291	478,406	7.3%
Short-term insurance contract liabilities			
– Outstanding claims liabilities	503	562	-10.5%
– Unearned premiums liabilities	1,304	1,132	15.2%
Investment contracts	26,889	28,213	-4.7%
Financial assets sold under agreements to repurchase	30,745	59,234	-48.1%
Premiums received in advance	129	2,246	-94.3%
Reinsurance liabilities	165	67	146.3%
Other liabilities	7,844	5,090	54.1%
Current income tax liabilities	652	48	1,258.3%
Deferred tax liabilities	1,000	17	5,782.4%
Other liabilities not included in the above liabilities	20,383	20,330	0.3%
Total	602,905	595,345	1.3%

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

Insurance contracts

As of the end of the reporting period, insurance contracts liabilities increased by 7.3% as compared to the end of 2014, mainly due to the growth of the Company's insurance business and the accumulation of insurance obligations. As at the balance sheet date, liabilities for all insurance contracts of the company had passed adequacy tests.

Financial assets sold under agreements to repurchase

As of the end of the reporting period, financial assets sold under agreements to repurchase decreased by 48.1% as compared to the end of 2014, mainly due to the allocation of investment assets and the requirements for liquidity management of the Company.

Premiums received in advance

As of the end of the reporting period, premiums received in advance decreased by 94.3% as compared to the end of 2014, mainly due to the difference in the timing of underwriting policies of insurance business.

Reinsurance liabilities

As of the end of the reporting period, the reinsurance liabilities increased by 146.3% as compared to the end of 2014, mainly due to the impact of the delay of the settlement of the reinsurance payables of reinsurance companies and the increase of reinsurance business.

Other liabilities

As of the end of the reporting period, other liabilities increased by 54.1% as compared to the end of 2014, mainly due to the increase of interests payable of subordinated debt of the Company.

Current income tax liabilities

As of the end of the reporting period, the current income tax liabilities increased by 1,258.3% as compared to the end of 2014, mainly due to the increase in the taxable enterprise income.

Deferred tax liabilities

As of the end of the reporting period, deferred tax liabilities increased by 5,782.4% as compared to the end of 2014, mainly due to capital market upturn with fluctuation from January to May, and that despite the obvious fall in June, the Shanghai Stock Index at the end of June was still higher than that at the beginning of the year, which resulted in the excess of taxable temporary differences over deductible temporary differences as a result of the increase in carrying amount of available-for-sale financial assets of Company. Net amount of deferred tax is stated as deferred tax liabilities accordingly.

3. *Shareholders' equity*

As of the end of the reporting period, equity attributable to shareholders of the Company amounted to RMB56,929 million, representing an increase of 17.7% as compared to the end of 2014, mainly due to the cumulative growth of investment income and insurance business.

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

(II) Analysis of Principal Components of the Income Statement

1. Revenues

Unit: RMB in millions

Component	January-June 2015	January-June 2014	Change
Gross written premiums and policy fees	72,738	66,927	8.7%
Less: premiums ceded out	(333)	(213)	56.3%
Net written premiums and policy fees	72,405	66,714	8.5%
Net change in unearned premiums liabilities	(151)	(195)	-22.6%
Net premiums earned and policy fees	72,254	66,519	8.6%
Investment income	31,226	13,506	131.2%
Other income	244	179	36.3%
Total	103,724	80,204	29.3%

Gross written premiums and policy fees

During the reporting period, gross written premiums and policy fees amounted to RMB72,738 million, representing an increase of 8.7% as compared to the same period of last year, mainly due to the increase in premium income from individual insurance agent channel and bancassurance channel.

Premiums ceded out

During the reporting period, premiums ceded out represented an increase of 56.3% as compared to the same period of last year, mainly due to the growth of the reinsurance business and the decrease in policy surrenders recovered from reinsurers.

Investment income

During the reporting period, investment income represented an increase of 131.2% as compared to the same period of last year, mainly due to the increase in realized gains on investment assets and interest income of debt investments.

Other income

During the reporting period, other income increased by 36.3% as compared to the same period of last year, mainly due to the increase in income of asset management business and health management business of subsidiaries.

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

2. Insurance business expenditures and other expenses

Unit: RMB in millions

Component	January-June 2015	January-June 2014	Change
Insurance benefits and claims	(81,070)	(65,155)	24.4%
Claims and net change in outstanding claims liabilities	(484)	(508)	-4.7%
Life insurance death and other benefits	(51,797)	(26,421)	96.0%
Increase in long-term insurance contract liabilities	(28,789)	(38,226)	-24.7%
Investment contract benefits	(706)	(510)	38.4%
Commission and brokerage expenses	(5,170)	(4,140)	24.9%
Administrative expenses	(5,750)	(5,181)	11.0%
Other expenses	(1,140)	(92)	1,139.1%
Total	(93,836)	(75,078)	25.0%

Insurance benefits and claims

During the reporting period, insurance benefits and claims increased by 24.4% as compared to the same period of last year, mainly due to an increase in surrenders, maturities and annuities and the increase in long-term insurance contracts liabilities accrued according to the accounting policy of the Company.

Life insurance death and other benefits

During the reporting period, life insurance death and other benefits increased by 96% as compared to the same period of last year, mainly due to the increase in surrenders, maturities and annuities.

Increase in long-term insurance contract liabilities

During the reporting period, increase in long-term insurance contract liabilities decreased by 24.7% as compared to the same period of last year, mainly due to the growth of surrenders and change in business structure.

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

Investment contract benefits

During the reporting period, investment contract benefits increased by 38.4% as compared to the same period of last year, mainly due to the increase in the balance of investment account.

Other expenses

During the reporting period, other expenses increased by 1,139.1% as compared to the same period of last year, mainly due to the increase in business tax and surcharges from investment business.

3. *Income tax*

During the reporting period, income tax expenses were RMB2,090 million, representing an increase of 170.0% as compared to the same period of last year, mainly due to the increase in taxable income.

4. *Net profit*

During the reporting period, the Company achieved RMB6,752 million of the net profit attributable to the shareholders of the Company, representing an increase of 80.1% as compared to the same period of last year, mainly due to the increase in investment income and the cumulative growth in insurance business.

5. *Other comprehensive income*

During the reporting period, other comprehensive income was RMB2,473 million, representing an increase of 254.8% as compared to the same period of last year, mainly due to the increase of other comprehensive income as a result of the increase in carrying amount of available-for-sale securities in the reporting period.

(III) Analysis of consolidated statement of cash flows

Unit: RMB in millions

Component	January-June 2015	January-June 2014	Change
Net cash flows from operating activities	3,433	29,226	-88.3%
Net cash flows from investing activities	33,164	(16,131)	N/A
Net cash flows from financing activities	(31,162)	(211)	14,668.7%

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

1. *Net cash flows from operating activities*

Net cash flows from operating activities of the Company for the first half of 2015 and 2014 amounted to RMB3,433 million and RMB29,226 million, respectively. Cash inflows from operating activities of the Company were primarily comprised of cash premiums received. Cash premiums of existing insurance contracts received during the first half of 2015 and 2014 amounted to RMB69,578 million and RMB65,734 million, respectively.

Cash outflows from operating activities of the Company for the first half of 2015 and 2014 amounted to RMB67,405 million and RMB37,732 million, respectively. Cash outflows from operating activities of the Company were primarily comprised of claim payments in cash, commission and brokerage expenses in cash, cash paid to or for employees, tax payments and other cash payments related to operating activities. Claims expenses in cash of existing insurance contracts for the first half of 2015 and 2014 amounted to RMB52,463 million and RMB26,896 million, respectively. The above changes were mainly due to the Company's business growth and the increase of benefits and claims paid.

2. *Net cash flows from investing activities*

Net cash flows from investing activities of the Company for the first half of 2015 and 2014 amounted to RMB33,164 million and negative RMB16,131 million, respectively. Cash inflows from investing activities of the Company for the first half of 2015 and 2014 amounted to RMB277,153 million and RMB130,096 million, respectively. Cash inflows from investing activities of the Company were primarily comprised of cash received from recovery of investments, cash received from investment returns and cash received from the sale of financial assets purchased under agreement to resell, etc..

Cash outflows from investing activities of the Company for the first half of 2015 and 2014 amounted to RMB243,989 million and RMB146,227 million, respectively. Cash outflows from investing activities of the Company were primarily comprised of cash paid for investments, net increase in policy loans, cash paid for the purchase of fixed assets, intangible assets and other long-term assets, and cash paid for financial assets purchased under agreements to resell, etc..

3. *Net cash flows from financing activities*

Net cash flows from financing activities of the Company for the first half of 2015 and 2014 amounted to negative RMB31,162 million and negative RMB211 million, respectively. Cash inflows from financing activities of the Company for the first half of 2015 and 2014 amounted to RMB2,314,548 million and RMB2,160,718 million, respectively. Cash inflows from financing activities of the Company were primarily comprised of cash received from the sale of financial assets under agreements to repurchase, etc.

Cash outflows from financing activities of the Company for the first half of 2015 and 2014 amounted to RMB2,345,710 million and RMB2,160,929 million, respectively. Cash outflows from financing activities of the Company were primarily comprised of cash paid for the sale of financial assets under agreements to repurchase.

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

4. *Source and use of liquidity*

The principal cash inflows of the Company were comprised of insurance premiums, investment contracts, proceeds from sales and maturity of investment assets and investment income. The liquidity risks with respect to these cash inflows primarily arose from surrenders of contract holders and policyholders, and also included the risks of default by debtors, as well as risks arising from fluctuation of interest rate and other market risks. The Company closely monitors and manages these risks.

The cash and bank deposits of the Company provide us with liquidity resources to satisfy the requirements of cash outflows. As of the end of the reporting period, cash and cash equivalents amounted to RMB19,920 million. In addition, substantially all of the Company's term deposits were available for utilization, subject to penalty interest. As of the end of the reporting period, the term deposits of the Company amounted to RMB143,748 million. The investment portfolio of the Company also provides us with liquidity resources to satisfy the requirements of unexpected cash outflows. As of the end of the reporting period, the fair value of debt securities amounted to RMB332,003 million, and the fair value of equity securities amounted to RMB111,049 million.

The principal cash outflows of the Company were comprised of the liabilities associated with various life insurance, annuity, accident and health insurance products, the dividends and interest payments of insurance policies and annuity contracts, operating expenses, income taxes and the dividends declared and payable to shareholders. Cash outflows arising from the insurance activities were primarily comprised of benefit payments of these insurance products, as well as payments for policy surrenders, withdrawals and loans.

The Company believes that its sources of liquidity are sufficient to meet its current cash requirements.

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

IV. ANALYSIS BY COMPONENT

(I) Solvency

The Company calculated and disclosed actual capital, minimum capital and solvency margin ratio according to relevant requirements of the CIRC. As required by the CIRC, solvency margin ratio of a domestic insurance company in the PRC must reach a required level.

Unit: RMB in millions

	As of 30 June 2015	As of 31 December 2014	Reason(s) of Change
Actual capital	58,147	51,541	Gains for the current period, changes in fair value of investment assets and investment structure
Minimum capital	23,661	22,753	Growth in insurance business
Surplus	34,486	28,788	
Solvency margin ratio	245.75%	226.53%	

(II) Gearing Ratio

	As of 30 June 2015	As of 31 December 2014
Gearing ratio	91.4%	92.5%

Note: Gearing ratio = Total liabilities/Total assets.

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

(III) Reinsurance Business

The Company's reinsurance business currently mainly includes business cession through quota share, surplus and catastrophe excess of loss reinsurance contracts. The current reinsurance contracts cover almost all products with risk liabilities. Reinsurers of the Company mainly include Swiss Reinsurance Company Ltd., Beijing Branch and China Life Reinsurance Company Ltd., etc..

During the first half of 2015, premiums ceded out of the Company were set out as follows:

Unit: RMB in millions

	January-June 2015	January-June 2014
Swiss Reinsurance Company Ltd., Beijing Branch	236	170
China Life Reinsurance Company Ltd.	91	37
Others ⁽¹⁾	6	6
Total	333	213

Notes:

1. Others primarily included Hannover Rueckversicherung AG, Shanghai Branch; SCOR Global Life SE, Singapore Branch; Munich Reinsurance Company, Beijing Branch; and General Reinsurance Corporation, Shanghai Branch; etc.

SECTION 4 – MANAGEMENT DISCUSSION AND ANALYSIS

V. FUTURE PROSPECTS

In 2015, China's life insurance industry had excellent development momentum. As we look to the future, the life insurance market will continue to have tremendous development potential, mainly driven by three factors. Firstly, in the context of "New Normal" domestic economic, reduction of interest rates and fluctuating investment yield, the distinct advantages of the life insurance become fully apparent, and insurance products gain more and more popularity. Secondly, favorable policies of the industry continue to provide support. With the successive implementation of the "New Ten Measures" of insurance industry, the individual income tax deferred pension insurance policy and favorable policies for promoting commercial health insurance, the area of people's livelihood insurance will witness new developing space and the market demands will also grow. Thirdly, the industry's focus on marketing modes for the past few years has born fruit, with the total number of insurance agents reaching its historic high, high performing individual insurance agents maintaining high quantity and product operation being strengthened continually.

From the perspective of macroeconomic policy effect, the insurance industry faces many favorable conditions as well as fiercer competition. With the further deepening of the premium rate marketization reform, market competition will become fiercer and mainly focused on product and service innovation. The top priority will be enhancing response and refined management capabilities.

In the face of future opportunities and challenges, the Company will continue to implement its "customer-centric" strategy transformation and gradually optimize the construction of whole life-cycle system for customers centering on business development. The Company will pursue healthy and sustainable business development through the enhancement of individual insurance agents, products operation, operation and management and risk control.

Firstly, the Company will continue to promote the construction of the sales team based on the development of the present sales team, and promote both sales team development and productivity enhancement by sticking to "A Robust Sales Force Development Strategy Focusing on both Quality and Quantity" and the principle of "Organization Development". Meanwhile, the Company will accelerate internal organization development through the construction of a basic management platform, and realize significant increase in the number of individual insurance agents.

Secondly, in order to improve the competitiveness and structure of products, the Company will strengthen product operation by consolidating the sales of annuity insurance products and timely launching new health insurance products.

Thirdly, the Company will further improve the construction of a basic system for operation and service based on promotion of business development. The Company will also improve service efficiency through the implement of quantization index management, and gradually establish the best service system of the industry and build the NCI service brand.

Fourthly, the Company will further strengthen comprehensive risk inspection work by carrying out strict inspection and process control on all aspects from products to sales, frontline to back-office, headquarter to subsidiaries and evaluation to management, centering on regulating misguided sales. We will extract and analyze suspicious business data and strengthen quality management and risk control.

SECTION 5 SIGNIFICANT EVENTS

I. IMPLEMENTATION OF PROFIT DISTRIBUTION POLICIES AND PROFIT DISTRIBUTION PLAN DURING THE REPORTING PERIOD

(I) Profit Distribution Policies

According to Article 265 of the *Articles of Association*, the major dividend distribution policies of the Company are set out below:

1. The Company may distribute dividends in the form of cash, shares or a combination of cash and shares. The Company may distribute interim profits.
2. If both the profits for the year and the accumulated undistributed profits of the Company are positive, the annual profit distribution plans will be formulated by the Board based on the Company's solvency margin ratio, business development and results of operations, subject to the laws and regulations and requirements promulgated by relevant competent authorities on solvency margin ratio in effect at that time; provided that the distributed profits in the form of cash each year shall be no less than 10% of the distributable profits of the parent company for the year.
3. The Company shall give priority to dividend distribution in the form of cash. Where the Company's operation is in a sound condition, and the Board is of the view that the share price of the Company fails to reflect its share capital scale and that the distribution of dividend in shares will be favorable to all shareholders of the Company as a whole, the Board may propose dividend distribution in shares, provided that the above conditions of cash dividend are fully met.
4. The Board shall thoroughly discuss the rationality of the profit distribution plan and produce a special resolution for submission to the general meeting for consideration. The independent non-executive directors ("INEDs") of the Company shall also express their independent opinions on the profit distribution plan. In considering the resolution of profit distribution plan at the general meeting, the Company shall maintain active communications and exchanges with shareholders, particularly medium and minority shareholders through various channels, listen carefully to the feedbacks and demands of the medium and minority shareholders, and give timely response to the matters concerned by the medium and minority shareholders. Following a resolution on the profit distribution plan at the shareholders' general meeting, the Board shall implement the distribution of the dividends within two months from the convention of such general meeting.

The dividend distribution policies of the Company clarify the standards and percentage of dividend distribution, emphasize the roles of INEDs and pay attention to the communication with minority shareholders. The dividend distribution policies also stipulate in detail the conditions and procedures on the adjustments or changes of the dividend distribution policies and thus protect the legitimate rights of the medium and minority shareholders.

SECTION 5 – SIGNIFICANT EVENTS

(II) Implementation Of Profit Distribution Plan

The 25th meeting of the fifth session of the Board held on 25 March 2015 and the annual general meeting of 2014 held on 24 June 2015 considered and approved the *Proposal on the Profit Distribution Plan of the Year 2014*, respectively.

According to the above proposal, the net profit of the Company for the year 2014 in the audited financial statements is RMB6,443.84 million. Since there is no unrecovered deficit in the previous years, the distributable profit of the Company achieved within the year 2014 in the financial statements is RMB6,443.84 million. Based on a total of 3,119,546,600 issued shares, the Company distributed a cash dividend of RMB0.21 (including tax) per share to all shareholders of the Company, totaling RMB655,104,786, representing approximately 10.16% of the net profit of the Company for the year 2014 in accordance with the PRC GAAP. The undistributed amount will be retained as undistributed profit for distribution in future years.

The Company published the *Announcement on the 2014 Annual Dividend* on 11 June 2015, declaring the implementation of the 2014 dividend distribution plan, and completed the distribution of the 2014 dividend on 20 August 2015.

II. THE PLANS OF PROPOSED INTERIM DIVIDEND AND INCREASE OF SHARES WITH THE USE OF CAPITAL RESERVE

The Company will neither distribute interim dividend nor increase shares with the use of capital reserve for the six months ended 30 June 2015.

III. SIGNIFICANT LITIGATION, ARBITRATION EVENTS AND GENERAL MEDIA DOUBTS

During the reporting period, the significant litigation in which the Company was a defendant is the dispute arising from the Company's entrustment for New Industry Investment Co., Ltd. to hold equity interest in China Minzu Securities Co., Ltd., the particulars of which are as follows:

In order to enforce the award of Beijing Arbitration Commission and the judgment of Shenzhen Municipal Intermediate People's Court in Guangdong Province, New Industry Investment Co., Ltd., Orient Group Co., Ltd. and the Company entered into an agreement, pursuant to which the Company should pay the principal amount of RMB170 million and its interests to Orient Group Co., Ltd., and New Industry Investment Co., Ltd. should then pay the principal amount of RMB170 million and its interests to the Company. The agreement was under performance during the reporting period.

For details of other litigations regarding the recovery for monetary loss relating to the former chairman's misconduct during the reporting period, please refer to "X. Other significant events – (II) Recovery for the monetary loss relating to the former chairman's misconduct" in this section.

The above litigations had no material adverse effect on the Company's financial condition and continuous profitability.

During the reporting period, the Company had no general media doubts.

IV. NON-OPERATING CAPITAL ATTRIBUTABLE TO THE CONTROLLING SHAREHOLDER AND ITS RELATED PARTIES

During the reporting period, the Company had no non-operating capital attributable to the controlling shareholder and its related parties.

V. ACQUISITION AND DISPOSAL OF MATERIAL ASSETS, MERGER AND DIVISION

On 12 June 2015, Asset Management Company (Hong Kong), an overseas subsidiary of the Company, subscribed for 1,013,762,000 shares of the 1,600,000,000 shares newly placed by Franshion Properties (China) Limited (“Franshion”) (a company listed on Hong Kong Stock Exchange, stock code: 00817) at the price of HKD2.73 per share (excluding transaction cost) with the fund entrusted by the Company (the “Transaction”). The placement by Franshion was completed on 17 June 2015. As of the end of the reporting period, the Company has paid the total consideration of HKD2,781,621,214.21 (including transaction cost) for the Transaction and completed the Transaction. Upon the completion of the Transaction, the Company holds approximately 9.5% of the shares of Franshion via Asset Management Company (Hong Kong).

Please refer to the announcement titled *Discloseable Transaction – Proposed Subscription Of Shares Of Franshion* published by the Company on 12 June 2015 for details.

The Transaction falls within the normal utilization of entrusted fund, and makes no substantial influence on the business, finance and business performance of the Company.

VI. CONNECTED TRANSACTIONS DURING THE REPORTING PERIOD

(I) Continuing connected transactions

During the reporting period, as 98% of the total issued shares of Hwabao Trust Co., Ltd. (“Hwabao Trust”) are directly held by Baosteel Group, which is a substantial shareholder of the Company, Hwabao Trust constitutes a connected person of the Company, and therefore the transaction under the *Supplementary Agreement of Framework Agreement on the Purchase of Assembled Fund Trust Plan* (《購買集合資金信託計劃框架協議之補充協議》) (the “Supplementary Agreement”) entered into between the Company and Hwabao Trust on 26 August 2014 and valid until 31 December 2015 constitutes a continuing connected transaction of the Company, which is subject to the reporting, annual review and announcement requirements while exempt from the circular and shareholders’ approval requirements under Rule 14A.76(2) of the Hong Kong Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules in respect of the continuing connected transactions. Pursuant to the Supplementary Agreement, the Company intends to subscribe for the assembled fund trust plan products to be issued by Hwabao Trust within a total annual transaction cap of RMB2 billion, respectively, for years 2014 and 2015 by utilizing the entrusted funds. For details, please refer to the announcement titled *Continuing Connected Transaction – Proposed Purchase of Assembled Fund Trust Plan Products* published by the Company on 26 August 2014.

During the reporting period, the Company has not subscribed for any assembled fund trust plan product issued by Hwabao Trust.

SECTION 5 – SIGNIFICANT EVENTS

(II) Other connected transaction

During the reporting period, except for the aforesaid continuing connected transactions, the Company did not conduct any other connected transaction or continuing connected transaction which shall comply with the requirements of Chapter 14A - Connected Transactions of the Hong Kong Listing Rules on reporting, announcement or shareholders' approval.

VII. SIGNIFICANT CONTRACTS AND THEIR PERFORMANCES

- (I) During the reporting period, there were no such events as custodying, contracting and leasing assets of other companies by the Company or custodying, contracting and leasing the Company's assets by other companies that brought the Company more than 10% (inclusive) of the Company's total profit for the reporting period;
- (II) During the reporting period, there was no external contract guarantee and the Company did not provide security for its subsidiaries;
- (III) During the reporting period, the Company did not entrust other companies with cash asset management except for entrusting Asset Management Company and Asset Management Company (Hong Kong) with fund investment management;
- (IV) Except the report may otherwise disclose, the Company had no other material contract during the reporting period.

VIII. FULFILLMENT OF COMMITMENTS OF THE COMPANY OR SHAREHOLDERS WITH OVER 5% SHARES DURING THE REPORTING PERIOD OR TILL THE REPORTING PERIOD

For details of the commitment made by Huijin, the controlling shareholder of the Company, to avoid horizontal competition, please refer to the section titled "Substantial Shareholder – Relationship with Huijin" in the Prospectus dated 2 December 2011 issued by the Company.

During the reporting period, the commitment relating to avoidance of horizontal competition is being fulfilled continuously and normally.

IX. PENALTY AND RECTIFICATION OF THE COMPANY AND ITS DIRECTORS, SUPERVISORS, MEMBERS OF SENIOR MANAGEMENT AND SHAREHOLDERS WITH OVER 5% SHARES

During the reporting period, neither the Company, nor its directors, supervisors, members of senior management or shareholders with over 5% shares was subject to any investigation, administrative penalty or official censure by the CSRC, or public reprimand by stock exchanges.

X. OTHER SIGNIFICANT EVENTS

(I) Indirect investments in infrastructure projects

During the reporting period, the Company entrusted Asset Management Company to subscribe for the debt investment plans in infrastructure with a total amount of RMB636,685,000.

(II) Recovery for the monetary loss relating to the former chairman’s misconduct

1. To settle the fund transactions and clarify the debtor-creditor relationship between the Company and Beijing Tianhuan Real Estate Development Co., Ltd. during the term of office of the former chairman, the Company filed a lawsuit with Chongqing Municipal Higher People’s Court against Beijing Tianhuan Real Estate Development Co., Ltd. and New China Trust Co., Ltd. on 18 March 2013. On 25 December 2013, Chongqing Municipal Higher People’s Court ruled that Beijing Tianhuan Real Estate Development Co., Ltd. should repay the principal of RMB575 million and the interests of its debts owed by the Company. Beijing Tianhuan Real Estate Development Co., Ltd. refused to accept the first-instance ruling and appealed to the Supreme People’s Court. On 13 May 2014, the Supreme People’s Court made the final instance ruling, which rejected the appeal instituted by Beijing Tianhuan Real Estate Development Co., Ltd. and sustained the the first instance ruling of Chongqing Municipal Higher People’s Court. The Company has applied to Chongqing Municipal Higher People’s Court for compulsory execution of Beijing Tianhuan Real Estate Development Co., Ltd., and Chongqing Municipal Higher People’s Court has accepted the application and issued executive orders. The case is in the process of execution.
2. For details related to the dispute arising from the Company’s entrustment for New Industry Investment Co., Ltd. to hold equity in China Minzu Securities Co., Ltd., please refer to “III. Significant litigation, arbitration events and general media doubts” in this section.

XI. CORPORATE GOVERNANCE

Pursuant to the Company Law, the Insurance Law, the Securities Law and other applicable laws and regulations as well as the requirements of domestic and overseas regulatory authorities, the Company has established and improved the corporate governance system consisting of the general meeting, the Board, the Board of Supervisors and the senior management, and formed an operation mechanism under which the authorities, decision-making organs, supervisory organs and executive organs support and coordinate with each other with appropriate checks and balances. During the reporting period, the Company complied with the regulatory rules of the listing places, took effective measures to increase the operation efficiency of the Board, regulated and improved the information disclosure mechanism, enhanced communication with investors and improved transparency of the Company’s operation.

SECTION 5 – SIGNIFICANT EVENTS

During the reporting period, the Company held one general meeting, four Board meetings and two Board of Supervisors' meetings in total. Meeting resolutions and relevant meeting documents have been published on the websites of the SSE, the HKSE and the Company as well as other relevant information disclosure media. The general meeting, the Board, the Board of Supervisors and the senior management all operated independently according to the *Articles of Association* and relevant rules and procedures, and effectively performed their respective duties.

The Company has established the executive committee system and the role of CEO since February 2013. Mr. KANG Dian was appointed as CEO concurrently as the Chairman of the Board. The Board of the Company is of the view that the roles of Chairman and CEO being performed by the same individual could further streamline the Company's management system, improve the Company's operation efficiency, and is conducive to the business development and strategy implementation of the Company. Meanwhile, the Company has established various roles and committees such as the President (Chief Operation Officer), executive committee and six functional committees, the duties of which have been clearly defined in the *Articles of Association*. Major events of the Company shall be subject to complete thorough deliberation and decision-making procedures. All the above shall guarantee that the Chairman of the Board and CEO performs his duties efficiently and diligently.

Except for the above, during the reporting period, the Company observed all the other code provisions in the Corporate Governance Code contained in Appendix 14 to the Hong Kong Listing Rules, and adopted most of the best practices set out therein.

The Company has formulated the *Administrative Measures for Shareholding and Changes Thereof of Directors, Supervisors and Senior Management of New China Life Insurance Co., Ltd.* to regulate the securities transactions of directors, supervisors and senior management of the Company, the standard of which is not lower than that of the Model Code for Securities Transactions. Upon specific enquiries to all directors and supervisors, the Company confirmed that all the directors and supervisors have complied with the code of conduct specified in the Model Code for Securities Transactions and *Administrative Measures for Shareholding and Changes Thereof of Directors, Supervisors and Senior Management of New China Life Insurance Co., Ltd.*

This report has been reviewed at the sixth meeting of the Audit Committee of the Board in 2015.

SECTION 6 CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

I. CHANGES IN SHARE CAPITAL

During the reporting period, there was no change in the total number of shares and the share capital of the Company.

Unit: share

	31 December 2014		Increase or decrease during the reporting period (+ or -)					30 June 2015	
	Number	Percentage	New shares issued	Bonus shares	Transfer from reserve	Others	Sub-total	Number	Percentage
1. Shares with selling restrictions									
(1) State-owned shares ⁽²⁾	-	-	-	-	-	-	-	-	-
(2) State-owned legal person shares	-	-	-	-	-	-	-	-	-
(3) Other domestic shares	-	-	-	-	-	-	-	-	-
held by:									
legal entities	-	-	-	-	-	-	-	-	-
natural persons	-	-	-	-	-	-	-	-	-
(4) Foreign shares	-	-	-	-	-	-	-	-	-
held by:									
legal persons	-	-	-	-	-	-	-	-	-
natural persons	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
2. Shares without selling restrictions									
(1) Ordinary Shares denominated in RMB	2,085,439,340	66.85%	-	-	-	-	-	2,085,439,340	66.85%
(2) Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
(3) Overseas listed foreign shares (H share)	1,034,107,260	33.15%	-	-	-	-	-	1,034,107,260	33.15%
(4) Others	-	-	-	-	-	-	-	-	-
Total	3,119,546,600	100.00%	-	-	-	-	-	3,119,546,600	100.00%
3. Total number of shares	3,119,546,600	100.00%	-	-	-	-	-	3,119,546,600	100.00%

SECTION 6 – CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

II. SHAREHOLDERS

(I) Number of shareholders and their shareholdings

As of the end of the reporting period, there are 62,078 shareholders of the Company, including 61,485 A Share shareholders and 593 H Share shareholders.

Shares held by top ten shareholders

Unit: share

Name of the shareholders	Class of the shares	Percentage of the shareholding (%)	Total number of shares held	Increase or decrease of shareholding during the reporting period (+,-)	Number of shares held with selling restrictions	Number of shares pledged or frozen	Type of shares
HKSCC Nominees Limited ⁽²⁾	Overseas legal person shares	33.14	1,033,963,056	+16,292,479	-	-	H
Central Huijin Investment Ltd. ⁽³⁾	State-owned shares	31.34	977,530,534	-	-	-	A
Baosteel Group Corporation ⁽⁴⁾	State-owned legal person shares	15.11	471,212,186	-	-	165,000,000	A
Hong Kong Securities Clearing Company Limited	Overseas legal person shares	1.06	33,218,986	+29,413,121	-	-	A
Tibet Shannan Xinshang Investment Management Limited	Domestic legal person shares	0.88	27,487,651	-3,943,705	-	19,540,000	A
Beijing Taiji Huaqing Information System Co., Ltd.	Domestic legal person shares	0.72	22,400,000	-	-	-	A
Shanghai Shangyan Investment Center (Limited Partnership)	Others	0.68	21,303,447	-	-	-	A
China Resources SZITICTrust Co., Ltd. - Pureheart Growth Assembled Funds Trust Plan	Others	0.47	14,785,135	+1,696,756	-	-	A
China Resources SZITICTrust Co., Ltd. - Pureheart Value Assembled Funds Trust Plan	Others	0.30	9,426,099	+1,834,744	-	-	A
HFT Investment Management Co., Ltd. - Agriculture Bank of China-Huaneng your Trustee Limited-No. 3 Assembled Funds Trust Plan of HFT Securities Investment	Others	0.24	7,599,904	+7,599,904	-	-	A

Description of connected relations or concerted action among the aforesaid shareholders

- Tibet Shannan Xinshang Investment Management Limited is a subsidiary of CITIC Private Equity Funds Management Co., Ltd., and Shanghai Shangyan Investment Center (Limited Partnership) is the investment entity of a fund operated by CITIC Private Equity Funds Management Co., Ltd.
- Both China Resources SZITICTrust Co., Ltd.-Pureheart Growth Assembled Funds Trust Plan and China Resources SZITICTrust Co., Ltd.-Pureheart Value Assembled Funds Trust Plan are managed by China Resources SZITICTrust Co., Ltd.

Save for the above, the Company is not aware of any related-party relationship among the shareholders or whether they are parties acting in concert.

SECTION 6 – CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

Notes:

1. As of the end of the reporting period, none of the Company's A Shares and H Shares was subject to selling restrictions.
2. HKSCC Nominees Limited is a company that holds shares on behalf of the clients of the Hong Kong stock brokers and other participants of CCASS system. The relevant regulations of the HKSE do not require such persons to declare whether their shareholdings are pledged or frozen. Therefore, HKSCC Nominees Limited is unable to calculate or provide the number of shares pledged or frozen.
3. As of the publication date of the report, Huijin held 1,005,779,734 A Shares of the Company, representing approximately 32.24% of the Company's total issued share capital. Please refer to the announcement titled *Change in Shareholding of the Company's A Shares by Huijin* published by the Company on 19 August 2015 for details.
4. Baosteel group has completed the issuance of exchangeable bonds on 12 December 2014. A total number of 165,000,000 A Shares of the Company held by Baosteel Group that are exchangeable from the Bonds and the entitlements of such shares have been transferred into a special trust account as guaranteed and trusted assets. For details, please refer to the announcement titled *Announcement in Relation to the Completion of the Issuance of Exchangeable Bonds by A Substantial Shareholder of the Company and the Guarantee and Trust Registration for the Company's A Shares Held by The Shareholder* published by the Company on 16 December 2014.

(II) Change of controlling shareholder and the actual controller

During the reporting period, there is no change in the controlling shareholder or the actual controller of the Company.

(III) Interests and short positions of substantial shareholders and other persons in the shares and underlying shares

So far as the directors of the Company are reasonably aware of, as of 30 June 2015, Baosteel Group holds 471,212,186 A Shares of the Company, which account for 15.11% of the total issued shares of the Company, and 22.60% of the total issued A Shares of the Company.

SECTION 6 – CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

In addition to the above, so far as the directors of the Company are reasonably aware of, as of 30 June 2015, the following persons (other than the directors, supervisors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which shall be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, and have been entered into the register maintained by the Company pursuant to Section 336 of the SFO:

	Name of substantial shareholders	Type of shares	Capacity	Number of shares	Percentage of the total shares issued %	Percentage of the A shares issued %	Percentage of the H shares issued %	Long Position/ Short Position/ Interest in a lending pool
1	Central Huijin Investment Ltd.	A share	Beneficial owner	974,347,488 (Note 3)	31.23	46.72	-	Long Position
2	Swiss Re Ltd	H share	Interests of Controlled Corporation	152,857,800 (Note 4)	4.90	-	14.78	Long Position
3	Fosun International Holdings Ltd.	H share	Interests of Controlled Corporation	97,349,300 (Note 5)	3.12	-	9.41	Long Position
4	Fosun International Limited	H share	Interests of Controlled Corporation	63,845,100	2.05	-	6.17	Long Position
			Beneficial owner	33,504,200 (Note 5)	1.07	-	3.24	Long Position
5	GUO Guangchang	H share	Interests of Controlled Corporation	97,349,300 (Note 5)	3.12	-	9.41	Long Position
6	BlackRock, Inc.	H share	Interests of Controlled Corporation	54,252,371	1.74	-	5.25	Long Position
			Interests of Controlled Corporation	89,000 (Note 6)	0.00	-	0.01	Short Position

SECTION 6 – CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

Notes:

1. Data disclosed in the table above are based on the information provided on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
2. Pursuant to Section 336 of the SFO, the shareholders of the Company are required to file a disclosure of interests form when certain criteria are fulfilled. When a shareholding in the Company changes, it is not necessary for the shareholder to notify the Company and the Hong Kong Stock Exchange unless several criteria have been fulfilled, therefore a shareholder's latest shareholding in the Company may be different from the shareholding filed with the Hong Kong Stock Exchange.
3. As of the publication date of the report, Huijin held 1,005,779,734 A Shares of the Company, representing approximately 32.24% of the Company's total issued share capital.
4. Swiss Re Ltd holds equity interest in the shares of the Company through the companies controlled or indirectly controlled by it.
5. Mr. GUO Guangchang holds equity interest in the shares of the Company through Fosun International Holdings Ltd., Fosun Holdings Limited, Fosun International Limited and other companies controlled or indirectly controlled by them.
6. BlackRock, Inc. holds equity interest in the shares of the Company through the companies controlled or indirectly controlled by it.

Save as disclosed above, as of 30 June 2015, the Company was not aware that there was any other person (other than the directors, supervisors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required, pursuant to Section 336 of the SFO, to be entered into the register maintained by the Company.

III. PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the reporting period, the Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company.

SECTION 7 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. CHANGES IN DIRECTORS, SUPERVISORS AND MEMBERS OF SENIOR MANAGEMENT

(I) Directors

During the reporting period, the changes of directors of the Company are set out below:

Name	Position Held	Change
ZHAO John Huan	Non-Executive Director	Mr. ZHAO John Huan tendered his resignation to the Board as a non-executive director and Board committee member of the Company on 23 March 2015. The resignation took effect on the date when his resignation report was delivered to the Board. Please refer to the <i>Announcement on Resignation of Director and Board Committee Member</i> published by the Company on 23 March 2015 for details.

The Board received Mr. LIU Lefei's resignation to the Board as a non-executive director and Board committee member on 20 July 2015. The resignation took effect on the date when his resignation report was delivered to the Board. Please refer to the *Announcement on Resignation of Director and Board Committee Member* published by the Company on 21 July 2015 for details.

(II) Supervisors

During the reporting period, there was no change of supervisors of the Company.

(III) Members of senior management

During the reporting period, the changes of the members of senior management are set out below:

Name	Position	Changes
CHEN Guogang	Vice President Chief Financial Officer (Financial Principal)	Mr. CHEN Guogang tendered his resignation to the Board, and the resignation was approved at the 26th meeting of the fifth session of the Board of the Company. Mr. CHEN Guogang ceased to be the Vice President, the Chief Financial Officer (Financial Principal) and all the other management positions of the Company since 30 April 2015.
TANG Gengrong	Assistant to President	Mr. TANG Gengrong tendered his resignation to the Board, and the resignation was approved at the 27th meeting of the fifth session of the Board of the Company. Mr. TANG Gengrong ceased to be the Assistant to President and all the other management positions of the Company since 29 May 2015.

II. SHAREHOLDING OF DIRECTORS, SUPERVISORS AND MEMBERS OF SENIOR MANAGEMENT

(I) Shareholding of the Company's A shares by directors, supervisors and members of senior management

During the reporting period, no directors, supervisors or members of senior management currently in office or resigned during the reporting period held any of the Company's A Shares directly or indirectly.

(II) Interests and short positions of directors, supervisors and chief executives under Hong Kong laws, regulations and rules

As of 30 June 2015, according to the information available to the Company and the as far as our directors are aware of, Mr. KANG Dian, Chairman of the Board, was deemed to be interested in 62,600 H Shares of the Company held by Excel Class Investments Limited, of which Mr. KANG Dian directly held 100% equity interest (equity interests in his controlled corporation). Except for the aforesaid, there are no interests or short positions (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) held by our directors, supervisors and chief executive in our shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will be required to be entered into the register maintained by the Company pursuant to Section 352 of the SFO or which shall be notified to the Company and the HKSE pursuant to the Model Code for Securities Transactions.

SECTION 8 EMBEDDED VALUE

TOWERS WATSON'S REVIEW OPINION REPORT ON EMBEDDED VALUE

To the Directors of New China Life Insurance Company Ltd.

New China Life Insurance Company Ltd. ("NCL") has prepared embedded value results for the first half year ended 30 June 2015 ("EV Results"). The disclosure of these EV Results, together with a description of the methodology and assumptions that have been used, are shown in the Embedded Value section.

NCL has engaged Towers Watson Management (Shenzhen) Consulting Co. Ltd., Beijing Branch ("Towers Watson") to review its EV Results. This report is addressed solely to NCL in accordance with the terms of our engagement letter, and sets out the scope of our work and our conclusions. To the fullest extent permitted by applicable law, we do not accept or assume any responsibility, duty of care or liability to anyone other than NCL for or in connection with our review work, the opinions we have formed, or for any statement set forth in this report.

Scope of work

Our scope of work covered:

- A review of the methodology used to calculate the embedded value as at 30 June 2015, the value of one year's new business and the first half year's new business as at 30 June 2015 respectively ("Value of New Business"), in the light of the requirements of the "Life Insurance Embedded Value Reporting Guidelines" issued by the China Insurance Regulatory Commission ("CIRC") in September 2005;
- A review of the economic and operating assumptions used to calculate the embedded value and the Value of New Business as at 30 June 2015; and
- A review of the results of NCL's calculation of the EV Results, comprising:
 - the embedded value and the Value of New Business as at 30 June 2015;
 - the sensitivity tests of the value of in-force business and value of one year's new business as at 30 June 2015; and
 - the analysis of change of the embedded value from 31 December 2014 to 30 June 2015.

In carrying out our review, we have relied on the accuracy of audited and unaudited data and information provided by NCL.

Opinion

Based on the scope of work above, we have concluded that:

- The embedded value methodology used by NCI is consistent with the requirements of the “Life Insurance Embedded Value Reporting Guidelines” issued by the CIRC. The methodology applied by NCI is a common methodology used to determine embedded values of life insurance companies in China at the current time;
- The economic assumptions used by NCI are internally consistent, have been set with regard to current economic conditions, and have made allowance for the company’s current and expected future asset mix and investment strategy;
- The operating assumptions used by NCI have been set with appropriate regard to past, current and expected future experience;
- No changes have been assumed to the treatment of tax, but some sensitivity results relating to tax have been shown by NCI; and
- The EV Results have been prepared, in all material respects, in accordance with the methodology and assumptions set out in the Embedded Value section.

Towers Watson confirms that the results shown in the Embedded Value section of NCI’s 2015 interim report are consistent with those reviewed by Towers Watson.

For and on behalf of Towers Watson

Michael Freeman, FIAA

Wesley Cui, FSA, FCAA

25 August 2015

SECTION 8 – EMBEDDED VALUE

The 2015 First Half-year Embedded Value Report of NCI

1. BACKGROUND

In order to provide investors with an additional tool to understand our economic value and business results, we have prepared the Company's Embedded Value as at 30 June 2015 and have disclosed the relevant information in this section.

Embedded Value (EV) is an actuarially determined estimate of the economic value of the life insurance business of an insurance company based on a series of assumptions about future experience. But it does not incorporate the contribution of economic value from future new business. Value of New Business (VNB) represents an actuarially determined estimate of the economic value arising from new life insurance business issued during a certain period of time. Hence, the embedded value method can provide an alternative measure of the value and profitability of a life insurance company.

The reporting of embedded value and value of new business provides useful information to investors in two respects. First, Value of In-Force business (VIF) represents the total amount of after-tax distributable profits in present value terms, which can be expected to emerge over time, based on the assumptions used. Second, Value of New Business provides a metric to measure the value created for investors from new business activities and hence the potential growth of the company. However, the information on embedded value and value of new business should not be viewed as a substitute of financial measures under other relevant financial bases. Investors should not make investment decisions based solely on embedded value and value of new business information.

As standards for the disclosure of embedded value continue to develop internationally and in the PRC, the form and content of our presentation of embedded value may change. Hence, differences in definition, methodology, assumptions, accounting basis and disclosures may cause inconsistency when the results of different companies are compared. Also, embedded value calculations involve substantial technical complexity and estimates of value can vary materially as key assumptions are changed.

The embedded value and value of new business are prepared by us in accordance with the "Life Insurance Embedded Value Reporting Guidelines" (EV Guidelines) issued by the China Insurance Regulatory Commission in September 2005. Towers Watson, an international firm of consultants, performed a review of our embedded value. The review statement from Towers Watson is contained in the "Towers Watson's Review Opinion Report on Embedded Value" section.

2. DEFINITIONS OF EMBEDDED VALUE

Our embedded value is the sum of the adjusted net worth and the value of in-force business allowing for the cost of capital supporting the Company's solvency margin.

"Adjusted Net Worth" (ANW) is equal to the sum of:

- Net assets, defined as assets less PRC solvency reserves and other liabilities; and
- Net-of-tax adjustments for relevant differences between the market value and the book value of assets, together with relevant net-of-tax adjustments to certain liabilities.

The market value of assets can fluctuate significantly over time due to the impact of the prevailing market environment. Hence, the adjusted net worth can fluctuate significantly between valuation dates.

The "value of in-force business" is the discounted value of the projected stream of future after-tax distributable profits for existing in-force business at the valuation date. The "value of new business" includes the "value of one year's new business" and the "value of half year's new business", which are the discounted values of the projected stream of future after-tax distributable profits for sales in the 12 months and 6 months immediately preceding the valuation date respectively. Distributable profits are the profits after reflecting PRC solvency reserves and cost of capital supporting the Company's solvency margin.

The value of in-force business and the value of new business have been determined using a traditional deterministic discounted cash flow methodology. This methodology is consistent with EV Guidelines and is also commonly-used in determining EVs of life insurance companies in China at the current time. This methodology makes implicit allowance for all sources of risks, including the cost of investment guarantees and policyholder options, asset/liability mismatch risk, credit risk, the deviation of the actual experience from the projected and the economic cost of capital, through the use of a risk-adjusted discount rate.

SECTION 8 – EMBEDDED VALUE

3. KEY ASSUMPTIONS

In determining the embedded value and the value of new business as at 30 June 2015, we have assumed that the Company continues to operate as a going concern under the current economic and regulatory environment, and the current method for determining solvency reserves and statutory minimum solvency margin levels remains unchanged. The operational assumptions are mainly based on the results of experience analyses, together with reference to the overall experience of the Chinese life insurance industry, as well as with regard to expected future operating experience. As such, these assumptions represent our best estimates of the future based on information currently available at the valuation date.

Risk Discount Rate

The risk discount rate used to calculate the value of in-force business and value of new business is 11.5%.

Investment Returns

The investment return assumptions as at 30 June 2015 are shown below for the different funds respectively.

	Investment Return Assumptions for VIF and VNB as at 30 June 2015			
	2015	2016	2017	2018+
Non-participating	5.00%	5.10%	5.20%	5.20%
Participating	5.00%	5.10%	5.30%	5.50%
Universal life	5.00%	5.20%	5.50%	5.60%
Unit-linked	7.60%	7.60%	7.80%	7.90%

Note: Investment return assumptions are applied to calendar year.

Mortality

Mortality assumptions have been developed based on the Company's past mortality experience, expectations of current and future experience. Mortality assumptions are expressed as a percentage of the standard industry mortality tables: "China Life Tables (2000 to 2003)".

Morbidity

Morbidity assumptions have been developed based on the Company's past morbidity experience, expectations of current and future experience. Morbidity assumptions are expressed as a percentage of "China Life Insurance Experienced Critical Illness Table (2006 to 2010)".

Discontinuance Rates

Assumptions have been developed based on our past discontinuance experience, expectations of current and future experience, and overall knowledge of the Chinese life insurance market. Assumptions vary by product type and premium payment mode.

Expenses

Unit cost assumptions have been developed based on our actual experience in 2014 and expected future outlook. Future inflation of 2.0% p.a. has been assumed in respect of per policy expenses.

Commission and Handling Fees

The assumed level of commission and commission override, as well as handling fees, have been set based on the levels currently being paid.

Policyholder Bonuses and Dividends

The assumptions regarding policyholder dividends have been derived in accordance with our current policyholder bonus and dividend policy, whereby 70% of surplus arising from participating business is paid to policyholders.

Tax

Tax has been assumed to be payable at 25% of profits with allowance for the exemption of certain investment income, including Chinese government bonds, and dividend income from equities and equity investment funds. Tax is assumed to be calculated on taxable income using reserves calculated on the PRC solvency basis.

In addition, a 5% business tax has been applied to the gross premium of short-term accident business.

Cost of Holding Required Capital

The level of required capital assumed to be held by us in the calculation of VIF and VNB is 100% of the minimum solvency margin required by the CIRC, i.e. sufficient to be classified as adequate solvency level I.

The current basis for calculating the required statutory minimum solvency margin has been assumed unaltered throughout the course of projection.

Other Assumptions

The current methods for calculating our policy reserves under the PRC solvency basis and surrender values have been assumed unaltered throughout the course of projection.

Our current reinsurance arrangements have been assumed to remain unaltered.

SECTION 8 – EMBEDDED VALUE

4. EMBEDDED VALUE RESULTS

The table below shows our embedded value and value of new business as at 30 June 2015 and their corresponding results as at prior valuation date.

Unit: RMB in millions

Valuation Date	30 June 2015	31 December 2014
Adjusted Net Worth	51,472	42,976
Value of In-Force Business Before Cost of Capital	60,481	54,292
Cost of Capital	(12,705)	(12,007)
Value of In-Force Business After Cost of Capital	47,776	42,284
Embedded Value	99,247	85,260
Value of One Year's New Business		
Value of One Year's New Business Before Cost of Capital	7,460	6,234
Cost of Capital	(1,495)	(1,322)
Value of One Year's New Business After Cost of Capital	5,965	4,912

Note:

- Numbers may not be additive due to rounding.
- The first year premiums used to calculate the Value of One Year's New Business as at 30 June 2015 and 31 December 2014 were RMB52,342 million and RMB42,843 million respectively.
- The impact of major reinsurance contracts has been reflected in the Embedded Value and Value of One Year's New Business.

Unit: RMB in millions

Valuation Date	30 June 2015	30 June 2014
Value of First Half Year's New Business by Distribution Channel		
Individual insurance agent channel	3,391	2,364
Bancassurance channel	112	101
Group insurance channel	(54)	(55)
Total	3,450	2,409

Note:

- Numbers may not be additive due to rounding.
- The Value of First Half Year's New Business as at 30 June 2014 is recalculated using assumptions as at 31 December 2014.
- The first year premiums used to calculate the Value of First Half Year's New Business as at 30 June 2015 and 30 June 2014 were RMB38,622 million and RMB29,100 million respectively.
- The impact of major reinsurance contracts has been reflected in Value of First Half Year's New Business.
- Value of First Half Year's New Business of the service and business development channel is included in the individual insurance agent channel.

5. ANALYSIS OF CHANGE

The analysis of change in Embedded Value from 31 December 2014 to 30 June 2015, calculated at a risk discount rate of 11.5%, is shown below.

Unit: RMB in millions

Analysis of Change in EV from 31 December 2014 to 30 June 2015 at a Risk Discount Rate of 11.5%

1.	EV at the beginning of period	85,260
2.	Impact of Value of New Business	3,450
3.	Expected Return	4,224
4.	Operating Experience Variances	42
5.	Economic Experience Variances	7,491
6.	Operating Assumption Changes	(376)
7.	Economic Assumption Changes	–
8.	Capital Injection/Shareholder Dividend Payment	(655)
9.	Others	(283)
10.	Value Change Other Than Life Insurance Business	94
11.	EV at the end of period	99,247

Note: Numbers may not be additive due to rounding.

Items (2) to (10) are explained below:

2. Value of New Business as measured at the point of issuing.
3. Expected Return on ANW and value of in-force business during the relevant period.
4. Reflects the difference between the actual operating experience in the period (including mortality, morbidity, discontinuance rates and expenses) and the assumed.
5. Reflects the difference between actual and expected investment returns in the period.
6. Reflects the change in operating assumptions between valuation dates.
7. Reflects the change in economic assumptions between valuation dates.
8. Capital Injection and other dividend payment to shareholders.
9. Other miscellaneous items.
10. Value change other than those arising from the life insurance business.

SECTION 8 – EMBEDDED VALUE

6. SENSITIVITY TESTS

Sensitivity tests are performed under a range of alternative assumptions. In each of the sensitivity tests, only the assumption referred to is changed, with all other assumptions unchanged. The results are summarised below.

Unit: RMB in millions

VIF and Value of One Year's New Business Sensitivity Results as at 30 June 2015		
Scenarios	VIF after CoC	VNB after CoC
Base Scenario	47,776	5,965
Risk Discount Rate at 12%	45,314	5,516
Risk Discount Rate at 11%	50,412	6,449
Investment Return 50bps higher	55,882	7,444
Investment Return 50bps lower	39,647	4,489
Expenses 10% higher (110% of Base)	46,417	5,102
Expenses 10% lower (90% of Base)	49,139	6,828
Discontinuance Rates 10% higher (110% of Base)	47,012	5,476
Discontinuance Rates 10% lower (90% of Base)	48,507	6,433
Mortality 10% higher (110% of Base)	47,530	5,935
Mortality 10% lower (90% of Base)	48,023	5,996
Morbidity and Loss Ratio 10% higher (110% of Base)	46,576	5,720
Morbidity and Loss Ratio 10% lower (90% of Base)	48,982	6,211
Profit Sharing between Participating Policyholders and Shareholders is assumed to be 75%/25% instead of 70%/30%	42,972	5,836
Statutory Minimum Solvency Margin 50% higher (150% of Base)	46,641	5,217
Taxable Income Based on China Accounting Standards	47,078	5,603



SECTION 9 APPENDIX

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

INTERNATIONAL AUDITOR'S INDEPENDENT REVIEW REPORT

To the Board of Directors of New China Life Insurance Company Ltd.

(Established in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim condensed consolidated financial statements, set out on pages 57 to 118, which comprise the interim condensed consolidated statement of financial position of New China Life Insurance Company Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards, or accept liability to, any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong
25 August 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

(All amounts in RMB million unless otherwise stated)

	Notes	As at 30 June 2015 (Unaudited)	As at 31 December 2014
ASSETS			
Property, plant and equipment		5,952	5,917
Investment properties		1,815	1,665
Intangible assets		1,579	1,559
Investments in associates	7	9,636	10,150
Debt securities		327,523	345,518
– Held-to-maturity	8(1)	175,430	175,997
– Available-for-sale	8(2)	100,942	117,490
– At fair value through profit or loss	8(3)	3,373	6,286
– Loans and receivables	8(4)	47,778	45,745
Equity securities		111,049	60,403
– Available-for-sale	8(2)	104,320	58,012
– At fair value through profit or loss	8(3)	6,729	2,391
Term deposits	8(5)	143,748	167,297
Statutory deposits		716	716
Policy loans		18,174	14,903
Financial assets purchased under agreements to resell		654	1,584
Accrued investment income		9,718	10,644
Premiums receivable		2,543	1,543
Deferred tax assets	19	–	36
Reinsurance assets		3,217	3,020
Other assets		3,596	4,251
Cash and cash equivalents		19,920	14,503
Total assets		659,840	643,709

The notes on pages 63 to 118 form an integral part of the interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2015

(All amounts in RMB million unless otherwise stated)

	Notes	As at 30 June 2015 (Unaudited)	As at 31 December 2014
LIABILITIES AND EQUITY			
Liabilities			
Insurance contracts			
Long-term insurance contract liabilities	9	513,291	478,406
Short-term insurance contract liabilities			
– Outstanding claims liabilities	9	503	562
– Unearned premiums liabilities	9	1,304	1,132
Investment contracts	10	26,889	28,213
Borrowings	11	19,000	19,000
Financial liabilities at fair value through profit or loss		53	–
Financial assets sold under agreements to repurchase	12	30,745	59,234
Benefits, claims and surrenders payable		1,301	1,301
Premiums received in advance		129	2,246
Reinsurance liabilities		165	67
Provisions	13	29	29
Other liabilities		7,844	5,090
Current income tax liabilities		652	48
Deferred tax liabilities	19	1,000	17
Total liabilities		602,905	595,345
Shareholders' equity			
Share capital	14	3,120	3,120
Reserves	15	32,773	30,300
Retained earnings		21,036	14,939
Equity attributable to owners of the parent		56,929	48,359
Non-controlling interests		6	5
Total equity		56,935	48,364
Total liabilities and equity		659,840	643,709

The notes on pages 63 to 118 form an integral part of the interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

For the six months ended 30 June			
	Notes	2015 (Unaudited)	2014 (Unaudited)
REVENUES			
Gross written premiums and policy fees	16	72,738	66,927
Less: premiums ceded out		(333)	(213)
Net written premiums and policy fees		72,405	66,714
Net change in unearned premiums liabilities		(151)	(195)
Net premiums earned and policy fees		72,254	66,519
Investment income	17	31,226	13,506
Other income		244	179
Total revenues		103,724	80,204
BENEFITS, CLAIMS AND EXPENSES			
Insurance benefits and claims			
Claims and net change in outstanding claims liabilities		(484)	(508)
Life insurance death and other benefits		(51,797)	(26,421)
Increase in long-term insurance contract liabilities		(28,789)	(38,226)
Investment contract benefits		(706)	(510)
Commission and brokerage expenses		(5,170)	(4,140)
Administrative expenses	18	(5,750)	(5,181)
Other expenses		(1,140)	(92)
Total benefits, claims and expenses		(93,836)	(75,078)
Share of results of associates		255	269
Finance costs		(1,300)	(872)
Profit before income tax		8,843	4,523
Income tax expense	19	(2,090)	(774)
Net profit for the period		6,753	3,749
Net profit for the period attributable to:			
– Owners of the parent		6,752	3,748
– Non-controlling interests		1	1
Earnings per share (RMB)			
Basic and diluted	20	2.16	1.20

The notes on pages 63 to 118 form an integral part of the interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

	For the six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Net profit for the period	6,753	3,749
Other comprehensive income to be reclassified into profit or loss in subsequent periods		
Available-for-sale securities		
Gains arising from fair value changes	25,419	1,955
Gains transferred to profit or loss from other comprehensive income	(16,123)	(522)
Impairment transferred to profit or loss from other comprehensive income	21	754
Changes in liabilities for insurance and investment contracts arising from net unrealized gains	(6,019)	(1,266)
Currency translation differences	–	1
Share of other comprehensive income of associates under the equity method	–	5
Income tax relating to components of other comprehensive income	(825)	(230)
Total other comprehensive income, net of tax	2,473	697
Total comprehensive income	9,226	4,446
Total comprehensive income for the period attributable to:		
– Owners of the parent	9,225	4,445
– Non-controlling interests	1	1

The notes on pages 63 to 118 form an integral part of the interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

	For the six months ended 30 June 2014 (Unaudited)					
	Attributable to owners of the parent				Non-controlling Interests	Total Equity
	Share capital	Reserves	Retained earnings	Total		
As at 1 January 2014	3,120	25,903	10,289	39,312	6	39,318
Net profit for the period	–	–	3,748	3,748	1	3,749
Other comprehensive income	–	697	–	697	–	697
Total comprehensive income	–	697	3,748	4,445	1	4,446
Effect on capital injection to subsidiary	–	2	–	2	(2)	–
Dividends paid	–	–	(468)	(468)	–	(468)
Total transactions with owners	–	–	(468)	(468)	–	(468)
As at 30 June 2014	3,120	26,602	13,569	43,291	5	43,296

	For the six months ended 30 June 2015 (Unaudited)					
	Attributable to owners of the parent				Non-controlling Interests	Total Equity
	Share capital	Reserves	Retained earnings	Total		
As at 1 January 2015	3,120	30,300	14,939	48,359	5	48,364
Net profit for the period	–	–	6,752	6,752	1	6,753
Other comprehensive income	–	2,473	–	2,473	–	2,473
Total comprehensive income	–	2,473	6,752	9,225	1	9,226
Dividends paid	–	–	(655)	(655)	–	(655)
Total transactions with owners	–	–	(655)	(655)	–	(655)
As at 30 June 2015	3,120	32,773	21,036	56,929	6	56,935

The notes on pages 63 to 118 form an integral part of the interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

	For the six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Operating activities		
Cash generated from operating activities	5,626	30,723
Tax paid	(2,193)	(1,497)
Net cash inflow from operating activities	3,433	29,226
Investing activities		
Cash received/(paid) for investing activities, net	16,529	(30,288)
Proceeds from disposal of property, plant and equipment, intangible assets and other assets	2	2
Purchases of property, plant and equipment, intangible assets and other assets	(591)	(520)
Interest received	15,257	13,154
Dividends received	945	457
Financial assets purchased under agreements to resell, net	1,022	1,064
Net cash inflow/(outflow) from investing activities	33,164	(16,131)
Financing activities		
Dividends paid	-	(4)
Financial assets sold under agreements to repurchase, net	(31,162)	(207)
Net cash outflow from financing activities	(31,162)	(211)
Effects of exchange rate changes on cash and cash equivalents	(18)	46
Cash and cash equivalents at beginning of period	14,503	18,570
Cash and cash equivalents at end of period	19,920	31,500
Analysis of balances of cash and cash equivalents		
Cash at banks and in hand	19,681	26,204
Short-term bank deposits	239	5,296
Cash and cash equivalents at end of period	19,920	31,500

The notes on pages 63 to 118 form an integral part of the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

1 BACKGROUND AND PRINCIPAL ACTIVITIES

New China Life Insurance Company Ltd. (the “Company”) was established as a joint stock limited company in September 1996 in Beijing, the People’s Republic of China (the “PRC”) with the authorization by the State Council of the PRC and the approval by the People’s Bank of China. The Company’s initial registered capital on the date of incorporation was Renminbi (“RMB”) 500 million. The registered capital was increased to RMB1,200 million in December 2000 and increased to RMB2,600 million in March 2011 with the approval by the China Insurance Regulatory Commission (the “CIRC”). In December 2011, the Company completed its initial public offering of 158,540,000 A shares in the Shanghai Stock Exchange and 358,420,000 H shares in the Hong Kong Stock Exchange. In January 2012, the Company exercised the right of H share overallotment in the overseas markets, and issued 2,586,600 overallotment shares of H shares. Upon the approval of the CIRC, the registered capital was increased to RMB3,120 million. The address of the Company’s registered office is No.1 East Hunan Road, Yanqing County, Beijing, the PRC.

The business scope of the Company is: life insurance in RMB and foreign currencies (including various life insurance, health insurance, and accident and casualty insurance); acting as an agent for domestic and foreign insurance institutions for insurance, verification and claim settlement; insurance consulting; and engaging in capital operations in accordance with relevant regulations. There has not been any major change of business scope of the Company during the reporting period.

As at 30 June 2015, the Company has equity interests in subsidiaries and consolidated structured entities as detailed in Note 26. The Company and its subsidiaries and consolidated structured entities are hereinafter collectively referred to as the “Group”.

These interim condensed consolidated financial statements have been reviewed but not audited.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board. The condensed consolidated interim financial information should be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The accounting policies applied are consistent with those of the consolidated annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

All IFRSs that remain in effect which are relevant to the Group have been applied. The Group has not applied the following key new and revised IFRSs that have been issued but are not yet effective, in these financial statements.

New accounting standards and amendments issued but are not effective for the financial year beginning 1 January 2015

Standards/Amendments	Content	Effective for annual periods beginning on or after
IFRS 9	<i>Financial Instruments</i>	1 January 2018
IFRS 10 and IAS 28 Amendments	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
IFRS 10, IFRS 12 and IAS 28 Amendments	<i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
IFRS 11 Amendments	<i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
IFRS 14	<i>Regulatory Deferral Accounts</i>	1 January 2016
IFRS 15	<i>Revenue from Contracts with Customers</i>	1 January 2018
IAS 1 Amendments	<i>Disclosure Initiative</i>	1 January 2016
IAS 16 Amendments and IAS 38 Amendments	<i>Clarification of Acceptable Methods of Depreciation and Amortization</i>	1 January 2016
<i>Annual Improvements 2012-2014 Cycle</i>	<i>Amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34</i>	1 January 2016

Except for IAS 27 Amendments- Equity Method in Separate Financial Statements, the Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments, estimates and assumptions made by the Group during the preparation of the condensed consolidated interim financial information would affect the reported amounts and disclosures of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including reasonable expectation and judgment of future events based on objective circumstantial evidences.

Significant judgments

(1) *Unbundling and classification of hybrid contracts*

The Group makes significant judgments on whether a written policy contains both an insurance component and a deposit component and whether the insurance component and deposit component are distinct and separately measurable. The result of such judgment affects the unbundling of insurance contracts.

In addition, the Group makes significant judgments on whether the contract transfers insurance risk, whether transfer of insurance risk has commercial substance, and whether the transferred insurance risk is significant when performing significant insurance risk tests. The result of such judgment affects the classification of insurance contracts. Whether to unbundle a contract and different contract classifications would affect the accounting treatment and the Group's financial position and operating results.

(2) *Testing the significance of insurance risk*

When determining whether the contracts (or policies) transfer significant insurance risk, the Group considers: (i) annuity contracts that transfer longevity risk are treated as insurance contracts; (ii) for non-annuity contracts, if the insurance risk ratio is greater than or equal to 5% at certain points of time during the duration of the contracts, they are treated as insurance contracts; the insurance risk ratio is derived by comparing the benefits paid with the benefits payable if the insured event did not occur.

When determining whether reinsurance policies transfer significant insurance risk, the Group considers thoroughly the commercial substance and other relevant contracts and agreements, and if the insurance risk ratio of reinsurance policies is greater than 1%, they are treated as reinsurance contracts. The insurance risk ratio of reinsurance policies is obtained by comparing the present value of probability-weighted expected loss with the present value of expected reinsurance premiums. If the reinsurance policies obviously transfer significant insurance risk, the Group directly recognizes them as reinsurance contracts.

For the purpose of testing the significance of insurance risk, contracts of a similar nature are grouped together. Through considering the risk distribution and characteristics, the Group selects sufficient representative samples to test the significance of insurance risk. If most samples transfer significant insurance risk, all contracts in the group are treated as insurance contracts.

(3) *Operating lease – As the lessor*

The Group, as the lessor, signs agreements with lessees when the investment properties are leased. According to the term of the lease agreement, the Group retains substantially all the rewards and risks of the ownership of investment properties. So the Group accounts for the lease as an operating lease.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Estimation uncertainty

(1) *Estimate of future benefit payments and premiums arising from long-term insurance contracts*

The determination of liabilities under long-term insurance contracts is based on estimates of future benefit payments, premiums and relevant expenses made by the Group, and the risk margins. Assumptions about mortality rates, morbidity rates, lapse rates, discount rate, policy dividend and expenses assumption are made based on the most recent historical analysis and current and future economic conditions. The liability uncertainty arising from uncertain future benefits payments, premiums and relevant expenses is reflected in the risk margin.

The residual margin relating to the long-term insurance contracts is amortized over the expected life of the contracts, based on the assumptions (mortality rates, morbidity rates, lapse rates, discount rate, policy dividend and expenses assumption) that are determined at inception of the contracts and remain unchanged for the duration of the contracts.

The judgments exercised in the valuation of long-term insurance contract liabilities (including contracts with discretionary participating feature) affect the amounts recognized in the condensed consolidated interim financial information as insurance contract benefits and insurance contract liabilities. The various assumptions are described in Note 9.

(2) *Fair value of financial assets*

The Group's principal investments are debt securities, equity securities and term deposits. The critical estimates and judgments are those associated with the determination of fair value.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal (or most advantageous) market at the measurement date under current market conditions. The methods and assumptions used by the Group in estimating the fair value of financial assets and liabilities are:

- Debt securities: Fair values are generally based on quoted market bid prices. If quoted market bid prices are not available, fair values are estimated using either price observed in latest transactions or from current bid prices of comparable investments, or through valuation techniques when there is no active market. The fair value of the Group's debt securities is based on the closing price of the last trading day of the period released by the Securities Exchange and national inter-bank bond market or the price released by China Central Depository & Clearing Co., Ltd.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Estimation uncertainty (Continued)

(2) Fair value of financial assets (Continued)

- Equity securities: Fair values are generally based on quoted market bid prices. If quoted market bid prices are not available, fair values are estimated using an appropriate price earnings ratio, or a modified price or cash flow ratio reflecting the specific circumstances of the issuer. The fair value of the Group's equity securities is based on the closing price of the last trading day of the period released by the Securities Exchange and funding companies or the net asset value of the last trading day of the period.
- Term deposits, statutory deposits, financial assets purchased under agreements to resell, financial assets sold under agreements to repurchase, policy loans, etc.: Carrying amounts approximate fair values.
- Other financial assets: The fair value of other financial assets, including investment clearing account and litigation deposit, approximates their carrying amount.

(3) Impairment of available-for-sale securities

The Group classifies certain assets as available-for-sale and recognizes movements of their fair values in equity. When the fair value declines, management makes judgements about the decline in value to determine whether there is an impairment that should be recognized in the statement of profit or loss.

(4) Deferred income tax assets

Deferred income tax assets are recognized for all unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. Significant judgment is required to estimate the amount and timing of future taxable profit so as to determine, together with the tax planning strategies, the amount of deferred income tax assets to be recognized.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Estimation uncertainty (Continued)

(5) Contingencies and provisions

In the ordinary course of business, the Group may be involved in some contingencies including lawsuits and disputes. The adverse effects of the contingencies mainly include claims from insurance policies and other operations, including but not limited to the following: Former Chairman Irregularities as described in Note 3(6) below; and pending lawsuits and disputes (Note 13). Provisions have been made on those claims when losses are probable and can be reasonably estimated taking into consideration of legal advice. No provision has been made for events whose outcome cannot be reasonably estimated or contingencies that are unlikely to happen. Because contingency events develop over time, provisions recognized currently may be significantly different from final settlement amounts actually paid.

(6) Former Chairman Irregularities

The former chairman of the Company, who served from 1998 to 2006 (the "Former Chairman"), was allegedly involved in the misuse of insurance funds and other violations of regulations (the "Former Chairman Irregularities") and was sentenced by the Court for these irregularities. The Company is proactively engaged in the recovery actions in connection with these irregularities. This financial information is prepared based on the information available to and the best estimates made by the Company as well as the following important assumptions, developments and judgments.

The Former Chairman, without proper authorization, pledged the Company's bonds and conducted repurchase transactions ("Off-balance Sheet Repurchase Transactions"). Funds were misappropriated through bank accounts not reflected in the Company's financial records (the "Off-balance Sheet Accounts") and used for unauthorized lending. The Company was informed of these Off-balance Sheet Repurchase Transactions after the regulator's investigation. In addition, the Company paid in aggregate RMB2,910 million to settle these transactions as they became due.

In 2007, the Company received funds of RMB1,455 million from the Insurance Security Fund. According to the Insurance Security Fund, certain former shareholders of the Company transferred their equity interests in the Company to the Insurance Security Fund. The relevant amounts relating to these share transfers were paid to the Company to partially settle the amounts owed to the Company. In addition, in March 2011, the Company received approximately RMB354 million from New Industry Investment Co., Ltd. ("New Industry"). The Company considered the receipt was received as part of the settlement of Off-balance Sheet Repurchase Transactions.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Estimation uncertainty (Continued)

(6) Former Chairman Irregularities (Continued)

In 2001 and 2002, the Company entrusted New Industry to hold 170 million shares of China Minzu Securities Co., Ltd. ("Minzu Securities"), and Orient Group Co., Ltd. ("Orient Group") was involved in this transaction. On 30 December 2010, the Beijing Arbitration Commission concluded that New Industry should repay the Company the costs of the entrusted Minzu Securities' shares of RMB170 million plus interest. On 9 November 2012, the Shenzhen Municipal Court accepted the conclusion of the arbitration and adjudicated that the Company has to repay Orient Group the principal of RMB170 million plus interest. Accordingly, the Company signed a tripartite agreement with New Industry and Orient Group at the end of 2012. According to the agreement, New Industry paid interest of RMB112 million to the Company in 2013. The Company paid Orient Group the principal of RMB170 million plus interest of RMB112 million in 2013. According to the information available to the Company, the Company believed the RMB170 million to be repaid by New Industry should form part of the receivables of the Former Chairman Irregularities.

In addition, New Industry has pledged its owned Minzu Securities' shares to the Company. On 11 August 2014, Founder Securities Co., Ltd. ("Founder Securities") acquired a 100% equity interest in Minzu Securities. This restructure transaction was approved by the China Securities Regulatory Commission (the "CSRC"). As a result, Minzu Securities' shares held as collateral were substituted with Founder Securities' shares.

According to the agreement, New Industry should pay the principal of RMB170 million plus additional interest accrued during settlement period to the Company. On 31 March 2015, New Industry signed a commitment letter to the Company to promise to pay part of the principal of at least RMB30 million before 31 March 2015, to pay the remaining principal and interest before 31 August 2015, and to place one building (ShenFangDiZi No.3000061007) as collateral. The Company received the payment of principal amounting to RMB30 million from New Industry on 31 March 2015. On 19 May 2015, the Company and New Industry signed an agreement to effect the placement of the property as collateral.

To settle fund transactions and clarify the debtor-creditor relationship between the Company and Beijing Tianhuan Real Estate Development Co., Ltd. ("Tianhuan Real Estate") during the term of office of the Former Chairman, the Company filed a lawsuit with Chongqing Municipal Higher People's Court against Tianhuan Real Estate and New China Trust Co., Ltd. ("New China Trust") on 18 March 2013. On 25 December 2013, Chongqing Municipal Higher People's Court ruled that Tianhuan Real Estate should repay the principal of RMB575 million and related interest to the Company while New China Trust was not held responsible. Tianhuan Real Estate refused to accept the first-instance ruling and has appealed to the Supreme People's Court.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Estimation uncertainty (Continued)

(6) Former Chairman Irregularities (Continued)

On 13 May 2014, the Supreme People's Court rejected Tianhuan Real Estate's appeal and upheld verdict. On 8 July 2014, Chongqing Municipal Higher People's Court issued the final order to Tianhuan Real Estate. Up to the date when these unaudited interim condensed consolidated financial statements were approved for issue by the Board of Directors, the Company has not collected any amount from Tianhuan Real Estate.

The Company does not have complete information regarding these Off-balance Sheet Repurchase Transactions or cash flows to or from those Off-balance Sheet Accounts. The Company is not able to assess the nature of these transactions, or clearly identify receivable or payable balances between the Company and those aforementioned former shareholders. The Company recorded funds received and paid described above as a net amount of RMB1,071 million as receivable from Off-balance Sheet Repurchase transactions under "Other Assets". The Company has been in the process of recovering the abovementioned amounts through legal actions. The Company's management anticipated there will be significant uncertainty in recovering the balance and a provision of RMB931 million was made as at 30 June 2015 (as at 31 December 2014: RMB931 million).

(7) Taxation

The Group pays business tax, corporate income tax and related surcharges in various localities. Due to the uncertainty of final tax treatment for various transactions during the normal course of business, the Group needs to exercise significant judgment when determining tax expenses. The Group recognizes tax liabilities based on estimate of whether there will be additional tax payments resulting from tax inspection. If there is any difference between the final result and previously recorded amount, the difference will impact current tax and deferred tax.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

4 CHANGE IN SIGNIFICANT ACCOUNTING ESTIMATES

Insurance contract liabilities are calculated using various actuarial assumptions, including assumptions on discount rate, mortality rate, morbidity rate, lapse rate, policy dividend and expenses assumption.

These assumptions are determined by the Group on the basis of information obtained at the end of the reporting period. The Group resets these assumptions, when necessary, based on current information available at the balance sheet date. Variations of related insurance contract reserves due to such change are recognized in the condensed consolidated statement of comprehensive income. For the six months ended 30 June 2015, long-term insurance contract liabilities increased by RMB1,574 million, and profit before income tax decreased by RMB1,574 million due to the change in accounting estimates.

The above change in accounting estimates has been approved by the Board of Directors of the Company on 25 August 2015.

5 RISK MANAGEMENT

The condensed consolidated interim financial information does not include all risk management information and disclosures required in the consolidated annual financial statements; they should be read in conjunction with the Group's consolidated annual financial statements for the year ended 31 December 2014. There have been no changes in the Group's risk management process or in relevant risk management policies since 31 December 2014.

(1) Insurance risk

(a) *Types of insurance risk*

The risk under any one insurance contract is the possibility that an insured event occurs and there is uncertainty about the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This occurs when the frequency or severity of claims and benefits exceeds the estimates. Insured events are random and the actual number of claims and the amount of benefits paid will vary each year from estimates established using statistical techniques.

The probability theory shows that the larger the portfolio of similar insurance contracts, the more dispersive the risk will be, the smaller the relative variability about the expected outcome will be. The Group has developed its insurance underwriting strategy to diversify the types of insurance risks accepted and within each of these categories to achieve a sufficiently large population of policies to reduce the variability of the expected outcome.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (CONTINUED)

(1) Insurance risk (Continued)

(a) Types of insurance risk (Continued)

The Group offers long term life insurance, critical illness insurance, annuity, short term accident and health insurance products. Social and economy development, widespread changes in lifestyle, epidemics and medical technology development could have significant influence to the Group's insurance business. Insurance risk is also affected by policyholders' rights, such as the rights to terminate the contract, reduce premiums, refuse to pay premiums or exercise annuity conversion rights etc. Thus, insurance risk is also subject to policyholders' behaviours and decisions.

The Group manages insurance risks through underwriting strategy, reinsurance agreements and claim management. The Group's reinsurance agreements include ceding on quota share basis, surplus basis and catastrophe excess of loss. These reinsurance agreements cover most of the products with risk responsibilities. These reinsurance agreements spread insured risk and stabilize financial results of the Group. However, the Group's responsibilities for direct insurance to policyholders are not relieved because of credit risk associated with the failure of reinsurance companies to fulfil their responsibilities.

(b) Concentration of insurance risk

Currently the Group's businesses are all in the PRC and insurance risk at each area has insignificant differences.

(2) Financial risk

The Group's key financial risk is that proceeds from the sale of financial assets will not be sufficient to fund obligations arising from the Group's insurance and investment contracts. The most important components of financial risk are market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. Risk management department, investment management department, accounting department and actuarial department are in close cooperation to identify, evaluate and avoid financial risks.

The Group manages financial risks by holding an appropriately diversified investment portfolio as permitted by laws and regulations designed to reduce the risk of concentration in any one specific industry or issuer. The structure of the main investment portfolio held by the Group is disclosed in Note 8.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (CONTINUED)

(2) Financial risk (Continued)

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's financial assets impacted greatly by rate risk are principally comprised of term deposits and debt securities. Changes in the level of interest rates can have a significant impact on the Group's overall investment return. Many of the Group's insurance policies offer guaranteed returns to policyholders. These guarantees expose the Group to interest rate risk. The Group manages and tests interest rate risk through adjustments to portfolio asset allocation, and, to the extent possible, by monitoring the mean duration of its assets and liabilities.

(ii) Price risk

Price risk arises mainly from the price volatility of equity securities held by the Group. Prices of equity securities are determined by market forces. Most of the equity securities of the Group are in Chinese capital markets. The Group is subject to increased market risk largely because the PRC's capital markets are relatively volatile.

The Group manages price risk by holding an appropriately diversified investment portfolio as permitted by laws and regulations designed to reduce the risk of concentration in any one specific industry or issuer.

(iii) Currency risk

Currency risk arises from the volatility of fair values or future cash flows of financial instruments resulting from changes in foreign currency exchange rates. The Group operates principally in Mainland China with limited exposure to foreign exchange rate risk arising primarily with respect to financial assets denominated in United States dollar or Hong Kong dollar.

(b) Credit risk

Credit risk is the risk that one party to a financial transaction or the issuer of a financial instrument will fail to discharge an obligation and cause another party to incur a financial loss. In terms of investment vehicles, a significant portion of the portfolio of the Group is government bonds, government agency bonds, corporate bonds guaranteed by state-owned commercial banks and large industrial groups and bank deposits with state-owned or other national commercial banks, trust products, asset funding plans, asset management plans and debt investment plans. In terms of credit risk, the Group mainly uses credit concentration as a monitoring measure in order to ensure the whole credit risk exposure manageable.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (CONTINUED)

(2) Financial risk (Continued)

(b) Credit risk (Continued)

In response to counterparties' credit risk, the Group mainly took the following measures: (1) Internal rating system was strictly implemented, and credit investment varieties were strictly controlled. (2) Accounting classification of investment varieties were clearly defined in the investment guidelines and risky assets were avoided into the classification of held-to-maturity. (3) The bond market value was monitored, and the possible credit defaults were analysed and evaluated in order to enhance the predictability. In terms of counterparties, the majority of the Group's counterparties are state policy-related banks, state-owned banks, other national commercial banks, large domestic trust companies, and asset management companies. Therefore the Group's overall exposure to credit risk is relatively low.

Credit risk exposure

The carrying amounts of financial assets on the Group's consolidated statement of financial position represent the maximum credit exposure without taking into account of any collateral held or other credit enhancements attached.

Collateral and other credit enhancements

Financial assets purchased under agreements to resell are pledged by counterparties' debt securities of which the Group could take the ownership should the owner of the collateral defaults. Policy loans are pledged by their policies' cash value as collateral according to terms and conditions of policy loan contracts and policy contracts signed between the Group and policyholders. The majority of debt investment plans and trust products and asset management plans are guaranteed by third parties, or use the budgeted financial income of central government as the source of funding for repayment.

Credit quality

The Group's debt securities include government bonds, central bank bills, financial bonds issued by state policy-related banks, financial institution bonds, corporate bonds, subordinated bonds, trust products, asset funding plans, asset management plans and debt investment plans. The credit rating of bond/debt is assessed by qualified rating agencies in the PRC at the time of their issuance. Most of the Group's bank deposits are with the four largest state-owned commercial banks and other national commercial banks in the PRC. The majority of the Group's reinsurance agreements are with state-owned reinsurance companies or large international reinsurance companies. The Group believes these commercial banks and reinsurance companies have high credit quality. The trustees of trust products or the asset managers of asset funding plans, asset management plans and debt investment plans are well-known trust companies and asset management companies in the PRC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (CONTINUED)

(2) Financial risk (Continued)

(c) *Liquidity risk*

Liquidity risk is the risk that the Group will not have access to sufficient funds to meet its liabilities as they become due. In the normal course of business, the Group attempts to match investment assets to insurance liabilities through asset-liabilities management to reduce liquidity risk (Note 5(2)(e)).

(d) *Risks relating to investments in trust products, debt investment plans, equity investment plans, asset funding plans and asset management plans*

The Group's investments in trust products, debt investment plans, equity investment plans, asset funding plans and asset management products are subject to the terms and conditions of the respective offering documents. The Group makes investment decisions after extensive due diligence of those underlying trust products, debt investment plans, equity investment plans, asset funding plans and asset management products, their strategies and the overall quality of the underlying assets' managers. The Group continuously monitors the overall quality of those trust products, debt investment plans, equity investment plans, asset funding plans and asset management products after initial investment, and periodically reviews their extension, early redemption, liquidity, default risk and changes in market, economic or company specific conditions.

The carrying amount of investments in those trust products, debt investment plans, equity investment plans, asset funding plans and asset management products is the best representation of the Group's maximum exposure to loss from those investments.

(e) *Matching risk of assets and liabilities*

The Group uses asset-liability management techniques to manage assets and liabilities. The techniques used include: scenario analysis method, cash flow matching method and immunity method. The Group uses the above techniques, through multi-angles, to understand the existing risk and the complex relationship, considering the timing and amount of future cash outflow and attributes of liabilities, to comprehensively and dynamically manage the Group's assets and liabilities and its solvency. The Group takes measures to enhance its solvency, including capital contribution by shareholders, issuing subordinated bonds, arranging reinsurance, improving the performance of branches, optimizing business structure, and establishing competitive cost structure.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (CONTINUED)

(3) Capital management

The Company's objectives of managing capital, which is actual capital calculated as the difference between admitted assets and admitted liabilities as defined by the CIRC, are to comply with the insurance capital requirements by the CIRC to meet the minimum capital and safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital requirements by assessing shortfalls, if any, between actual capital and minimum capital on a regular basis. The Company continuously and proactively monitors the business structure, and the asset quality and allocation so as to enhance the profitability in relation to solvency margin.

The table below summarises the solvency ratio of the Company, the actual capital held against the minimum required capital:

	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Actual capital	58,147	51,541
Minimum capital	23,661	22,753
Solvency margin ratio	245.75%	226.53%

According to "Solvency Regulations of Insurance Companies", the solvency margin ratio is computed by dividing the actual capital by the minimum required capital. The CIRC closely monitors those insurance companies with a solvency margin ratio less than 100% and may, depending on the individual circumstances, undertake certain regulatory measures, including but not limited to restricting the payment of dividends. Insurance companies with solvency margin ratio between 100% and 150% would be required to submit and implement plans to prevent capital inadequacy. Insurance companies with a solvency margin ratio above 100% but with significant solvency risk noticed would be required to take the necessary rectification action.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (CONTINUED)

(4) Fair value hierarchy

Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. When an active market exists, such as an authorized securities exchange, the market value is the best reflection of the fair values of financial instruments. For financial instruments where there is no active market, fair value is determined using valuation techniques.

The Group's financial assets mainly include cash and cash equivalents, securities at fair value through profit or loss, available-for-sale securities, held-to-maturity securities, loans and receivables, term deposits, statutory deposits, policy loans and financial assets purchased under agreements to resell.

The Group's financial liabilities mainly include financial assets sold under agreements to repurchase, borrowings and investment contracts.

Level 1 fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can obtain at the measurement date.

Level 2 fair value is based on valuation technique using significant inputs, other than Level 1 quoted price, that are observable for the asset being measured, either directly or indirectly, for substantially the full term of the assets through corroboration with observable market data. Observable inputs generally used to measure the fair value of securities classified as Level 2 include quoted market prices for similar assets in active markets; quoted market prices in markets that are not active for identical or similar assets and other market observable inputs. This level includes the debt securities for which quotations are available from pricing service providers. Fair values provided by pricing service providers are subject to a number of validation procedures by management. These procedures include a review of the valuation models utilized and the results of these models, as well as the recalculation of prices obtained from pricing service providers at the end of each reporting period.

Under certain conditions, the Group may not receive price from independent third party pricing services. In this instance, the Group may choose to apply internally developed values to the assets being measured. In such cases, the valuations are generally classified as Level 3. Key inputs involved in internal valuation are not based on observable market data, and reflect assumptions made by management based on judgements and experience.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (CONTINUED)

(4) Fair value hierarchy (Continued)

Level 3 fair value is based on the Group's valuation models, such as discounted cash flows. The Group also considers original transaction price, recent transactions in the same or similar instruments and completed third-party transactions in comparable instruments. It adjusts the model as deemed necessary for factors such as extension, early redemption, liquidity, default risk and changes in market, economic or company specific conditions.

The following table summarizes the quantitative inputs and assumptions used for financial instruments categorized in Level 3 of the fair value hierarchy as at 30 June, 2015. The disclosure below excludes financial instruments for which the fair value approximates the carrying amount. This is the case because of the short term nature of certain trust products, and the fact that the development of interest rates or similar financial variables has not led to any significant change in fair value for the six months ended 30 June 2015.

Available-for-sale securities	Fair value	Valuation technique	Significant unobservable inputs	Range	Relationship between unobservable inputs and fair value
Trust products	49,282	Discounted cash flow	Discount rate	5.61%~10.50%	The higher the discount rate, the lower the fair value.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (CONTINUED)

(4) Fair value hierarchy (Continued)

(a) Assets and liabilities measured at fair value

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities measured at fair value:

As at 30 June 2015 (Unaudited)

	Inputs to fair value measurement			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
Assets				
Available-for-sale securities				
– Equity securities	91,322	12,214	150	103,686
– Debt securities	1,300	50,268	49,374	100,942
Securities at fair value through profit or loss				
Held for trading				
– Equity securities	6,545	50	–	6,595
– Debt securities	102	683	–	785
Designated as at fair value through profit or loss				
– Equity securities	–	134	–	134
– Debt securities	–	–	2,588	2,588
Total	99,269	63,349	52,112	214,730
Liabilities				
Financial liabilities at fair value through profit or loss				
– Equity securities	53	–	–	53
Unit-linked contracts	–	297	–	297
Total	53	297	–	350

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (CONTINUED)

(4) Fair value hierarchy (Continued)

(a) Assets and liabilities measured at fair value (Continued)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities measured at fair value:

As at 31 December 2014

	Inputs to fair value measurement			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
Assets				
Available-for-sale securities				
– Equity securities	52,604	4,868	174	57,646
– Debt securities	1,709	55,077	60,704	117,490
Securities at fair value through profit or loss				
Held for trading				
– Equity securities	2,244	19	–	2,263
– Debt securities	140	3,558	–	3,698
Designated as at fair value through profit or loss				
– Equity securities	–	128	–	128
– Debt securities	–	–	2,588	2,588
Total	56,697	63,650	63,466	183,813
Liabilities				
Unit-linked contracts	–	248	–	248
Total	–	248	–	248

The Group recognized the transfers between each level at the dates of the transfers occurred.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (CONTINUED)

(4) Fair value hierarchy (Continued)

(a) Assets and liabilities measured at fair value (Continued)

The following table presents the transfers between Level 1 and Level 2 for the six months ended 30 June 2015 and for the year ended 31 December 2014:

For the six months ended 30 June 2015 (Unaudited)	Level 1	Level 2
Available-for-sale securities		
Equity securities		
– Transfer in	1,242	3,268
– Transfer out	(3,268)	(1,242)
Debt securities		
– Transfer in	1,196	1,159
– Transfer out	(1,159)	(1,196)
Securities at fair value through profit or loss		
Held for trading		
Equity securities		
– Transfer in	–	15
– Transfer out	(15)	–
Debts securities		
– Transfer in	94	–
– Transfer out	–	(94)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (CONTINUED)

(4) Fair value hierarchy (Continued)

(a) Assets and liabilities measured at fair value (Continued)

For the year ended 31 December 2014	Level 1	Level 2
Available-for-sale securities		
Equity securities		
– Transfer in	26	539
– Transfer out	(539)	(26)
Debt securities		
– Transfer in	924	2,466
– Transfer out	(2,466)	(924)
Securities at fair value through profit or loss		
Held for trading		
Equity securities		
– Transfer in	–	19
– Transfer out	(19)	–

The above transfers are mainly caused by changes of market conditions that affect whether the Group could obtain quoted prices (unadjusted) in active markets.

There were no transfers into or out of Level 3 for the six months ended 30 June 2015 and for the year ended 31 December 2014.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (CONTINUED)

(4) Fair value hierarchy (Continued)

(a) Assets and liabilities measured at fair value (Continued)

The changes in Level 3 financial assets are analysed below:

	Available for sale			At fair value through profit or loss	Total
	Equity securities	Debt securities	Subtotal	Designated as at fair value through profit or loss	
1 January 2014	–	35,740	35,740	–	35,740
Purchase	174	49,315	49,489	2,588	52,077
Maturity	–	(24,351)	(24,351)	–	(24,351)
31 December 2014	174	60,704	60,878	2,588	63,466
1 January 2015	174	60,704	60,878	2,588	63,466
Purchase	150	8,934	9,084	–	9,084
Maturity	(174)	(20,264)	(20,438)	–	(20,438)
30 June 2015 (Unaudited)	150	49,374	49,524	2,588	52,112

There are no material gains or losses recognized in comprehensive income for the six months ended 30 June 2015 that are attributable to level 3 financial assets held by the Group as at 30 June 2015 (as at 31 December 2014: Nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (CONTINUED)

(4) Fair value hierarchy (Continued)

(b) Assets and liabilities for which disclosed at fair value

The Group's financial assets and liabilities disclosed but not measured at fair value include term deposits, statutory deposits, policy loans, cash and cash equivalents, financial assets purchased under agreements to resell, held-to-maturity financial assets, loans and receivables, securities sold under agreements to repurchase, and borrowings.

The carrying amounts of financial assets and liabilities not measured at fair value approximates their fair values, except for held-to-maturity financial securities, loans and receivables and borrowings, which all categorized in Level 3.

The following tables provide the Group's assets and liabilities not measured at fair value as at 30 June 2015 and 31 December 2014:

	As at 30 June 2015 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Assets				
Held-to-maturity	9,448	170,462	–	179,910
Loans and receivables	–	12	47,766	47,778
Total	9,448	170,474	47,766	227,688
Liabilities				
Borrowings	–	19,184	–	19,184
Total	–	19,184	–	19,184

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (CONTINUED)

(4) Fair value hierarchy (Continued)

(b) Assets and liabilities for which disclosed at fair value (Continued)

	As at 31 December 2014			
	Level 1	Level 2	Level 3	Total
Assets				
Held-to-maturity	7,502	170,314	–	177,816
Loans and receivables	–	12	45,733	45,745
Investment properties	–	–	2,843	2,843
Total	7,502	170,326	48,576	226,404
Liabilities				
Borrowings	–	19,038	–	19,038
Total	–	19,038	–	19,038

The Group has not disclosed fair values for certain investment contract liabilities with discretionary participation features (“DPF”) because fair values or fair value ranges for the DPF cannot be reliably estimated. There is no active market for these instruments which will be settled with policyholders in the normal course of business.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

6 SEGMENT INFORMATION

The Group's operating segments for the six months ended 30 June 2015 are the same with the segments of the Group for the six months ended 30 June 2014 and the year ended 31 December 2014.

	For the six months ended 30 June 2015 (Unaudited)				
	Insurance		Others	Elimination	Total
	Individual	Group			
Revenues					
Gross written premiums and policy fees	71,841	897	-	-	72,738
Less: premiums ceded out	(223)	(110)	-	-	(333)
Net written premiums and policy fees	71,618	787	-	-	72,405
Net change in unearned premiums liabilities	(66)	(85)	-	-	(151)
Net premiums earned and policy fees	71,552	702	-	-	72,254
Investment income	30,700	407	119	-	31,226
Other income	99	5	319	(179)	244
Including: inter-segment revenue	3	-	176	(179)	-
Total revenues	102,351	1,114	438	(179)	103,724
Benefits, claims and expenses					
Insurance benefits and claims					
Claims and net change in outstanding claims liabilities	(220)	(264)	-	-	(484)
Life insurance death and other benefits	(51,711)	(86)	-	-	(51,797)
Increase in long-term insurance contract liabilities	(28,672)	(117)	-	-	(28,789)
Investment contract benefits	(654)	(52)	-	-	(706)
Commission and brokerage expenses	(5,027)	(143)	-	-	(5,170)
Administrative expenses	(5,205)	(493)	(231)	179	(5,750)
Including: inter-segment expenses	(160)	(15)	(4)	179	-
Other expenses	(971)	(43)	(126)	-	(1,140)
Total benefits, claims and expenses	(92,460)	(1,198)	(357)	179	(93,836)
Share of results of associates	265	4	(14)	-	255
Finance costs	(1,203)	(97)	-	-	(1,300)
Net profit before income tax	8,953	(177)	67	-	8,843
Income tax	-	-	(2,090)	-	(2,090)
Net profit for the period	8,953	(177)	(2,023)	-	6,753
Other segment information:					
Depreciation and amortization	(217)	(20)	(10)	-	(247)
Interest income	13,650	180	44	-	13,874
Impairment	(23)	(1)	-	-	(24)
Share of profit of associates under the equity method	265	4	(14)	-	255
Capital expenditure	-	-	444	-	444

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

6 SEGMENT INFORMATION (CONTINUED)

	For the six months ended 30 June 2014 (Unaudited)				
	Insurance		Others	Elimination	Total
	Individual	Group			
Revenues					
Gross written premiums and policy fees	65,993	934	–	–	66,927
Less: premiums ceded out	(123)	(90)	–	–	(213)
Net written premiums and policy fees	65,870	844	–	–	66,714
Net change in unearned premiums liabilities	(54)	(141)	–	–	(195)
Net premiums earned and policy fees					
Investment income	13,245	231	30	–	13,506
Other income	91	7	230	(149)	179
Including: inter-segment revenue	2	–	147	(149)	–
Total revenues	79,152	941	260	(149)	80,204
Benefits, claims and expenses					
Insurance benefits and claims					
Claims and net change in outstanding claims liabilities	(231)	(277)	–	–	(508)
Life insurance death and other benefits	(26,355)	(66)	–	–	(26,421)
Increase in long-term insurance contract liabilities	(38,156)	(70)	–	–	(38,226)
Investment contract benefits	(486)	(24)	–	–	(510)
Commission and brokerage expenses	(3,976)	(164)	–	–	(4,140)
Administrative expenses	(4,703)	(459)	(168)	149	(5,181)
Including: inter-segment expenses	(134)	(13)	(2)	149	–
Other expenses	6	(25)	(73)	–	(92)
Total benefits, claims and expenses	(73,901)	(1,085)	(241)	149	(75,078)
Share of results of associates	273	5	(9)	–	269
Finance costs	(831)	(41)	–	–	(872)
Net profit before income tax	4,693	(180)	10	–	4,523
Income tax	–	–	(774)	–	(774)
Net profit for the period	4,693	(180)	(764)	–	3,749
Other segment information:					
Depreciation and amortization	(174)	(17)	(6)	–	(197)
Interest income	12,856	220	20	–	13,096
Impairment	(746)	(8)	–	–	(754)
Share of profit of associates under the equity method	273	5	(9)	–	269
Capital expenditure	–	–	520	–	520

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

6 SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities as at 30 June 2015 and 31 December 2014:

Unaudited	As at 30 June 2015				Total
	Insurance		Others	Elimination	
	Individual	Group			
Segment assets	638,153	6,584	15,129	(26)	659,840
Segment liabilities	573,314	6,113	23,504	(26)	602,905

Unaudited	As at 31 December 2014				Total
	Insurance		Others	Elimination	
	Individual	Group			
Segment assets	622,607	6,634	14,582	(114)	643,709
Segment liabilities	568,095	6,300	21,064	(114)	595,345

7 INVESTMENTS IN ASSOCIATES

Details of investments in associates, all unlisted, are as follows:

	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Associates – no quoted market prices available		
Petro China Oil Pipeline Project Entity Investment Plan	8,763	8,768
Beijing Zijin Century Real Estate Co., Ltd. ("Zijin Century")(i)	758	770
Minshengtonghui-Alibaba No.1 Asset Funding Plan	103	100
Minshengtonghui-Alibaba No.2 Asset Funding Plan	–	497
Beijing MJ Health Screening Center Co., Ltd. ("MJ Health")	12	15
Total	9,636	10,150

- (i) As approved by the fifth shareholders' extraordinary general meeting on 23 August 2011, the Company plans to sell entire 24% of its shares in Zijin Century. As of the date of the interim condensed consolidated financial statements, the Company has not signed any sales agreement.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

8 FINANCIAL ASSETS

(1) Held-to-maturity securities

	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Debt securities		
Government bonds	45,852	45,891
Financial bonds	26,371	26,659
Corporate bonds	44,061	44,301
Subordinated bonds	59,146	59,146
Total	175,430	175,997
Debt securities		
Listed	26,141	25,131
Unlisted	149,289	150,866
Total	175,430	175,997

The unlisted debt securities refer to debt securities not traded on stock exchanges and include both debt securities traded in the interbank market and debt securities not publicly traded.

The due dates of debt securities which are classified as held-to-maturity securities are as follows:

Maturity	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Within 1 year (including 1 year)	1,878	2,488
After 1 year but within 3 years (including 3 years)	12,508	8,134
After 3 years but within 5 years (including 5 years)	28,340	27,729
After 5 years	132,704	137,646
Total	175,430	175,997

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

8 FINANCIAL ASSETS (CONTINUED)

(2) Available-for-sale securities

	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Debt securities		
Government bonds	39	41
Financial bonds	3,217	2,581
Corporate bonds	31,820	35,480
Subordinated bonds	16,492	18,684
Trust products	49,282	59,475
Wealth investment products	12	1,149
Asset management products	80	80
Subtotal	100,942	117,490
Equity securities		
Funds	43,757	20,572
Stock	46,951	33,288
Preferred stock	704	199
Asset management products	10,512	3,413
Private equity	634	366
Trust products	–	30
Wealth investment products	150	144
Other unlisted equity securities	1,612	–
Subtotal	104,320	58,012
Total	205,262	175,502
Debt securities		
Listed	7,637	9,333
Unlisted	93,305	108,157
Subtotal	100,942	117,490
Equity securities		
Listed	57,257	37,095
Unlisted	47,063	20,917
Subtotal	104,320	58,012
Total	205,262	175,502

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

8 FINANCIAL ASSETS (CONTINUED)

(2) Available-for-sale securities (Continued)

The due dates of debt securities which are classified as available-for-sale securities are as follows:

Maturity	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Within 1 year (including 1 year)	18,243	32,201
After 1 year but within 3 years (including 3 years)	13,365	18,384
After 3 years but within 5 years (including 5 years)	34,022	32,023
After 5 years	35,312	34,882
Total	100,942	117,490

The unlisted securities refer to debt securities and equity securities not traded on stock exchanges and include both debt securities traded in the interbank market and securities not publicly traded.

(3) Securities at fair value through profit or loss

	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Held for trading		
Debt securities		
Corporate bonds	369	3,289
Subordinated bonds	416	409
Debt securities subtotal	785	3,698
Equity securities		
Funds	5,317	1,737
Stocks	1,278	526
Equity securities subtotal	6,595	2,263
Subtotal	7,380	5,961

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

8 FINANCIAL ASSETS (CONTINUED)

(3) Securities at fair value through profit or loss (Continued)

	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Designated as at fair value through profit or loss		
Debt securities		
Asset management products	2,588	2,588
Debt securities subtotal	2,588	2,588
Equity Securities		
Preferred stock	134	128
Equity securities subtotal	134	128
Subtotal	2,722	2,716
Total	10,102	8,677
Debt securities		
Listed	109	286
Unlisted	3,264	6,000
Subtotal	3,373	6,286
Equity securities		
Listed	1,478	706
Unlisted	5,251	1,685
Subtotal	6,729	2,391
Total	10,102	8,677

The unlisted securities refer to debt securities and equity securities not traded on stock exchanges and include both debt securities traded in the interbank market and securities not publicly traded.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

8 FINANCIAL ASSETS (CONTINUED)

(4) Loans and receivables

	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Government bonds	12	12
Asset funding plans (i)	20,000	20,000
Debt investment plans (ii)	26,356	24,823
Subordinated debt	1,410	910
Total	47,778	45,745

- (i) Asset funding plans represent New China Life – Orient No.1 Asset Funding Plan (“Orient No.1 Funding Plan”) and New China Life – Huarong No.1 Asset Funding Plan (“Huarong No.1 Funding Plan”).

Orient No.1 Funding Plan was set up by the Group in April 2013. The aggregate principal amount is RMB10,000 million. With the funding plan, the Group disburses loans to the party mentioned below. The Group’s exposure is limited to the outstanding principal and interest. Under this 10-year funding plan, China Orient Asset Management Co. (“Orient Asset”) should repay the principal and interest when due. Orient Asset has the right to redeem the debts at the end of the 7th year. The title documents of certain assets owned by Orient Asset which were verified by the plan manager of the Funding Plan, are co-managed by Orient Asset and the plan manager. This co-management serves as a credit enhancement for this funding plan.

Huarong No.1 Funding Plan was set up by the Group in December 2013. The aggregate principal amount is RMB10,000 million. With the funding plan, the Group disburses loans to the party mentioned below. The Group’s exposure is limited to the outstanding principal and interest. Under this 7-year funding plan, China Huarong Asset Management Co. (“Huarong Asset”) should repay the principal and interest when due. Huarong Asset has the right to redeem the debts at the end of the 5th year. The title documents of certain assets owned by Huarong Asset which were verified by the plan manager of the Funding Plan are co-managed by Huarong Asset, the Trustee and the plan manager. This co-management serves as a credit enhancement for this funding plan.

- (ii) Debt investment plan mainly consists of infrastructure funding projects. All projects are with fixed terms, and most of them are with a period usually of 1 year to 11 years.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

8 FINANCIAL ASSETS (CONTINUED)

(5) Term deposits

The due dates of the term deposits are as follows:

Maturity	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Within 1 year (including 1 year)	64,750	44,066
After 1 year but within 3 years (including 3 years)	71,998	114,031
After 3 years but within 5 years (including 5 years)	7,000	9,200
Total	143,748	167,297

9 INSURANCE CONTRACT LIABILITIES

(1) Process used to determine assumptions

(a) Discount rate assumption

For long-term insurance contracts whose future insurance benefits are affected by investment yields of corresponding investment portfolios, investment return assumptions are applied as discount rates to assess the time value impacts on the computation of liabilities.

In developing discount rate assumptions, the Group considers investment experience, current and future investment portfolios and the trend of the yield curve. The discount rate reflects the future economic outlook as well as the Group's investment strategy. The expected discount rates with risk margins of the Group are as follows:

Discount rate assumption	
30 June 2015 (Unaudited)	4.75%-5.23%
31 December 2014	4.75%-5.23%

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

9 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(1) Process used to determine assumptions (Continued)

(a) Discount rate assumption (Continued)

For life insurance contracts whose future insurance benefits are not affected by investment yields of corresponding investment portfolios, the Group uses the discount rate assumption to assess the time value impacts based on the “yield curve of liability computation benchmark for insurance contracts” published on the “China Bond” website, with consideration of liquidity spreads, taxation impacts and other relevant factors. The expected discount rates of the Group are as follows:

Discount rate assumption

30 June 2015 (Unaudited)	3.67%-6.05%
31 December 2014	3.67%-6.11%

The discount rate assumption is affected by certain factors, such as future macro-economy, fiscal policies, capital market and availability of investment channel of insurance funds. It still has significant uncertainty. The Group determines the discount rate assumption based on the information obtained at the end of each reporting period, including consideration of risk margins.

(b) Mortality and morbidity assumption

The Group bases its mortality assumption on the China Life Insurance Life Mortality Table (2000-2003), adjusted where appropriate to reflect the Group’s historical mortality rate. The main source of uncertainty with life insurance contracts is that epidemics, such as bird flu, AIDS and SARS, and wide-ranging lifestyle changes could result in deterioration in future mortality rate, thus leading to an inadequate liability provision. Similarly, continuous advancements in medical care and social welfare could result in improvements in longevity that exceed the assumption used in the estimates to determine the liabilities for contracts where the Group is exposed to longevity risk.

The Group bases its morbidity assumptions for critical illness products on analysis of historical experience and expectations of future developments. There are two main sources of uncertainty. Firstly, wide-ranging lifestyle changes could result in future deterioration in morbidity rate. Secondly, future development of medical technologies and improved availability of medical facilities to policyholders may lead to early diagnosis of critical illness, which demands earlier payment of the critical illness benefits. Both could ultimately result in an inadequate liability provision if current morbidity assumptions do not properly reflect such secular trends.

Mortality and morbidity vary with the age of the insured and types of contracts. Risk margin is considered in the Group’s mortality and morbidity assumptions.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

9 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(1) Process used to determine assumptions (Continued)

(c) Expenses assumption

The Group's expense assumption is determined based on actual experience analysis, with consideration of future inflation, expressed by policy and by insured on a percent-of-premium basis. The Group's expense assumption is affected by certain factors, such as inflation and market competition. The Group determines expense assumption based on the information obtained at the end of each reporting period with the consideration of risk margin.

	Individual life insurance		Group life insurance	
	RMB per policy	% of premium	RMB per insured	% of premium
30 June 2015 (Unaudited)	80-95	1.15%-1.26%	60	0.88%
31 December 2014	80-95	1.15%-1.26%	60	0.88%

(d) Policy dividend assumption

Policy dividend assumption is determined based upon contract terms, the investment yields of participating accounts, dividends policy enacted by the Group, reasonable expectation of policyholders and other factors. Pursuant to relevant contract terms, the Group is obligated to pay to the policyholders of participating contracts at least 70% of the distributable surplus.

(e) Lapse rate and other assumptions

The lapse rate and other assumptions are affected by certain factors, such as future macro-economy, availability of financial substitutions, and market competition. The lapse rates and other assumptions are determined based on past experience, current conditions, future expectations and other information obtained at the end of each reporting period with the consideration of risk margin.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

9 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(2) Net liabilities of insurance contracts

	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Gross		
Long-term insurance contract liabilities	513,291	478,406
Short-term insurance contract liabilities		
– Outstanding claims liabilities	503	562
– Unearned premiums liabilities	1,304	1,132
Total, gross	515,098	480,100
Recoverable from reinsurers		
Long-term insurance contracts	(2,977)	(2,854)
Short-term insurance contracts		
– Outstanding claims liabilities	(25)	(35)
– Unearned premiums liabilities	(72)	(51)
Total, ceded	(3,074)	(2,940)
Net		
Long-term insurance contract liabilities	510,314	475,552
Short-term insurance contract liabilities		
– Outstanding claims liabilities	478	527
– Unearned premiums liabilities	1,232	1,081
Total, net	512,024	477,160

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

10 LIABILITIES OF INVESTMENT CONTRACTS

	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Non-unit-linked contracts	26,592	27,965
Unit-linked contracts	297	248
Total liabilities of investment contracts	26,889	28,213

11 BORROWINGS

Upon the approval of the CIRC in September 2011, the Company completed an offering of a 10-year subordinated bond in an aggregated principal amount of RMB5,000 million with an interest rate of 5.7% per annum. The Company has the right to redeem the debts partially or wholly at the end of the fifth year. If the Company does not exercise the right or partly exercise the right, the interest rate will step up to 7.7% per annum beginning in the sixth year until the maturity date.

Upon the approval of the CIRC in July 2012, the Company completed an offering of a 10-year subordinated bond in an aggregated principal amount of RMB10,000 million with an interest rate of 4.6% per annum. The Company has the right to redeem the debts partially or wholly at the end of the fifth year. If the Company does not exercise the redemption right or partially exercise the redemption right, the interest rate will step up to 6.6% per annum beginning in the sixth year until the maturity date.

Upon the approval of the CIRC in November 2014, the Company completed an offering of a 10-year subordinated debt in an aggregate principal amount of RMB4,000 million with an interest rate of 5.6% per annum. The Company has the right to redeem the debts partially or wholly at the end of the fifth year. If the Company does not exercise the redemption right or partially exercise the redemption right, the interest rate will step up to 7.6% per annum beginning in the sixth year until the maturity date.

The repayment of principal and interest of the subordinated bond is subordinated to policy liabilities and other liabilities but prior to the Company's equity capital.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

12 FINANCIAL ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

	As at 30 June 2015 (Unaudited)	As at 31 December 2014
By market		
Inter-bank market ⁽¹⁾	19,700	40,040
Stock exchange ⁽²⁾	11,045	19,194
Total	30,745	59,234
By collateral		
Bond	30,745	59,234
Total	30,745	59,234
Maturity		
	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Within 3 months (including 3 months)	30,745	54,234
After 3 months but within 6 months (including 6 months)	-	5,000
Total	30,745	59,234

(1) As at 30 June 2015, bonds with par value of RMB20,428 million (31 December 2014: RMB43,731 million) were pledged as collateral for financial assets sold under agreements to repurchase resulted from repurchase transactions entered into by the Group in the inter-bank market. The collateral is restricted during the period of the repurchase transactions.

(2) For debt repurchase transactions through exchange, the Group is required to deposit certain exchange-traded bonds into a collateral pool and the fair values converted at a standard rate pursuant to stock exchange's regulation should be no less than the balances of the related repurchase transactions.

As at 30 June 2015, the amount of securities deposited in the collateral pool was RMB32,684 million (31 December 2014: RMB33,257 million). The collateral is restricted from trading during the period of the repurchase transaction. The Group can withdraw the exchange-traded bonds from the collateral pool in a short period of time under the condition that the value of certain bonds is no less than the balance of the related repurchase transactions.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

13 PROVISIONS

	Lawsuits and disputes
As at 1 January 2015	29
Increase	–
Decrease	–
As at 30 June 2015 (Unaudited)	29

When future cash outflow is probable and can be reasonably measured, provision should be made based on the projected payment of current lawsuits and disputes. After taking into consideration specific circumstances and legal advice, the Group makes the best estimation according to the relevant accounting standards. The final payments for those lawsuits and disputes depend on the final investigation, judgement and settlement amounts, thus they may differ from the current provision.

14 SHARE CAPITAL

All shares of the Company issued are fully paid common shares. The par value per share is RMB1. The Company's number of shares is as follows:

	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Number of shares registered, issued and fully paid at RMB1 per share (million)	3,120	3,120

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

15 RESERVES

	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Share premium	23,964	23,964
Unrealized income	4,605	2,132
Surplus reserve	2,102	2,102
Reserve for general risk	2,102	2,102
Total	32,773	30,300

16 GROSS WRITTEN PREMIUMS AND POLICY FEES

	For the six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Gross written premiums		
– Long-term insurance contracts	71,074	65,305
– Short-term insurance contracts	1,587	1,512
Subtotal	72,661	66,817
Policy fees		
– Investment contracts	77	110
Gross written premiums and policy fees	72,738	66,927

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

17 INVESTMENT INCOME

	For the six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Interest income from bank deposits	4,329	4,409
Held-to-maturity securities		
– Interest income	4,108	4,189
Available-for-sale securities		
– Interest income	3,276	3,051
– Dividend income	739	538
– Net realized gains	16,112	522
– Impairment losses on equity securities	(21)	(754)
Interest income from loans and receivables	1,531	958
Interest income from policy loans	459	317
Securities at fair value through profit or loss		
– Interest income	147	145
– Fair value (losses)/gains	(122)	121
– Dividend income	276	12
– Net realised gains/(losses)	367	(29)
Interest income from financial assets purchased under agreements to resell	24	27
Others	1	–
Total	31,226	13,506

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

18 ADMINISTRATIVE EXPENSES

	For the six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Employee benefit expenses (including directors' emoluments)	4,069	3,591
Operating lease expense	387	331
Depreciation and amortization	217	197
Travel and conference fees	214	202
Entertainment expense	202	201
Insurance guarantee fund	120	111
Office miscellaneous expense	106	107
Promotional printing costs	64	69
Postal fees	57	51
Advertising fees	44	59
Supervision fees	30	41
Vehicle usage fees	25	31
Electronic equipment operating costs	22	23
Auditors' remuneration	8	5
Others	185	162
Total	5,750	5,181

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

19 TAXATION

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax relate to the same tax authority. Most of income taxes shown below are taxes in the PRC.

(1) The amount of income tax charged to the net profit represents:

	For the six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Current tax	1,896	759
Deferred tax	194	15
Total income tax	2,090	774

(2) The reconciliation between the Group's effective tax rate and the mainly applicable tax rate of 25% in the PRC is as follows:

	For the six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Profit before income tax	8,843	4,523
Tax computed at the statutory tax rate in China	2,211	1,131
Non-taxable income (i)	(519)	(392)
Expenses not deductible for tax purpose (i)	383	25
Effect of unrealized deferred tax assets arising from deductible losses and deductible temporary differences	19	11
Adjustment to the current tax of prior years	(1)	-
Effect on different tax rate used by a subsidiary	(3)	(1)
Income taxes at effective tax rate	2,090	774

- (i) Non-taxable income mainly includes government bond interest income and stock dividend income. Expenses not deductible for tax purposes mainly include those expenses such as commission and brokerage expenses, penalties, donations and entertainment expenses that do not meet the criteria for deduction under relevant tax regulations issued by the tax authority.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

19 TAXATION (CONTINUED)

(3) The movements in deferred tax assets and deferred tax liabilities during the period are as follows:

	Financial assets	Insurance liability and others	Total
Net deferred tax assets			
As at 1 January 2014	546	494	1,040
(Charged)/credited to net profit	(31)	16	(15)
Charged to other comprehensive income	(547)	317	(230)
As at 30 June 2014 (Unaudited)	(32)	827	795
Net deferred tax assets			
As at 1 January 2015	(2)	38	36
(Charged)/credited to net profit	–	(38)	(38)
Charged to other comprehensive income	2	–	2
As at 30 June 2015 (Unaudited)	–	–	–
Net deferred tax liabilities			
As at 1 January 2015	(2,305)	2,288	(17)
(Charged)/credited to net profit	30	(186)	(156)
Charged to other comprehensive income	(2,332)	1,505	(827)
As at 30 June 2015 (Unaudited)	(4,607)	3,607	(1,000)

As at 30 June 2015, the Group recognized deferred income tax assets to the extent that it was probable that future taxable profits would be available against which the temporary differences could be utilized.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

19 TAXATION (CONTINUED)

- (4) **Deferred income tax assets are recognized for tax losses carry-forwards to the extent that the realization of the related tax benefit through future taxable income is probable. The amount of deductible temporary differences and unused tax losses for which no deferred tax asset is recognized is as follows:**

	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Deductible losses	381	305
Deductible temporary differences	475	475
Total	856	780

20 EARNINGS PER SHARE

(1) Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares issued during the period.

	For the six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Net profit attributable to owners of the parent (RMB in millions)	6,752	3,748
Weighted average number of ordinary shares issued (in millions)	3,120	3,120
Basic earnings per share (RMB)	2.16	1.20

(2) Diluted

The Company has no diluted potential ordinary shares. Diluted earnings per share is the same as basic earnings per share for the six months ended 30 June 2015 (for the six months ended 30 June 2014 (unaudited): same).

21 DIVIDEND

Pursuant to a resolution passed at shareholders' general meeting on 24 June 2015, a final dividend of RMB0.21 per ordinary share (inclusive of tax) totalling RMB655 million was declared.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS

(1) Related parties

The table set forth below summarises the significant related parties of the Company:

Significant related parties	Relationships
New China Asset Management Co., Ltd. ("New China Asset Management")	Subsidiary of the Company
Yunnan New China Insurance Agency Co., Ltd. ("Yunnan New China")	Subsidiary of the Company
Xinhua Village Health Technology (Beijing) Co., Ltd. ("Health Technology")	Subsidiary of the Company
Xinhua Village Seniors Business Management (Beijing) Co., Ltd. ("Xinhua Seniors")	Subsidiary of the Company
Xinhua Village Shanggu (Beijing) Real Estate Co., Ltd. ("Shanggu Real Estate")	Subsidiary of the Company
Xinhua Village Tanzhou (Beijing) Real Estate Co., Ltd. ("Tanzhou Real Estate")	Subsidiary of the Company
New China Life Excellent Health Investment Management Co., Ltd. ("New China Health")	Subsidiary of the Company
New China Life Insurance (Xi'an) Clinic Co., Ltd. ("Xi'an Clinic")	Subsidiary of the Company
New China Life Insurance (Wuhan) Clinic Co., Ltd. ("Wuhan Clinic")	Subsidiary of the Company
New China Electronic Commerce Co., Ltd. ("Electronic Commerce")	Subsidiary of the Company
Hefei New China Life Supporting Construction Operation Management Co., Ltd. ("Hefei Supporting Operation")	Subsidiary of the Company
New China Asset management (Hong Kong) Co., Ltd. ("Asset Management Company (Hong Kong)")	Subsidiary of the Company
New China Life Excellent Health (Yantai) Clinic Co., Ltd. ("Yantai Clinic")	Subsidiary of the Company
New China Life Excellent Qingdao Clinic Co., Ltd. ("Qingdao Clinic")	Subsidiary of the Company
New China Life Excellent Baoji Clinic Co., Ltd. ("Baoji Clinic")	Subsidiary of the Company
New China Life Excellent Chongqing Clinic Co., Ltd. ("Chongqing Clinic")	Subsidiary of the Company
New China Life Excellent (Changsha) Health Management Co., Ltd. ("Changsha Clinic")	Subsidiary of the Company
Chengdu Jinjiang New China Life Excellent Clinic Co., Ltd. ("Chengdu Clinic")	Subsidiary of the Company
Zhengzhou New China Life Excellent Health Management Co., Ltd. ("Zhengzhou Clinic")	Subsidiary of the Company
Hefei Shushan New China Life Excellent Clinic Co., Ltd. ("Hefei Clinic")	Subsidiary of the Company
Hohhot New China Life Excellent Clinic Co., Ltd. ("Hohhot Clinic")	Subsidiary of the Company
Xinhua Village Seniors Investment Management (Hainan) Co., Ltd. ("Hainan Seniors")	Subsidiary of the Company
Beijing Century Haoran Power Science and Technology Development Co., Ltd. ("Haoran Power")	Subsidiary of the Company
Jinan New China Life Excellent Clinic Co., Ltd. ("Jinan Clinic")	Subsidiary of the Company
New China Life Excellent Health Technology (Beijing) Co., Ltd. ("Excellent Health Technology")	Subsidiary of the Company
Guangzhou Yuerong Project Construction Management Co., Ltd. ("Guangzhou Yuerong")	Subsidiary of the Company

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(1) Related parties (Continued)

Significant related parties	Relationships
New China Life Excellent (Changde) Health Management Co., Ltd. ("Changde Clinic")	Subsidiary of the Company
New China Life Excellent Tangshan Clinic Co., Ltd. ("Tangshan Clinic")	Subsidiary of the Company
New China Life Health Management Human Resource (Jiangsu) Co., Ltd. ("Health Human Resource")	Subsidiary of the Company
Orient No.1 Funding Plan	Subsidiary of the Company
Huarong No.1 Funding Plan	Subsidiary of the Company
New China-Mingdao Appreciation Asset Management Product ("Mingdao Fund")	Subsidiary of the Company
MJ Health	Associate of the Company
Zijin Century	Associate of the Company
Minshengtonghui-Alibaba No.1 Asset Funding Plan	Associate of the Company
Minshengtonghui-Alibaba No.2 Asset Funding Plan	Associate of the Company
Petro China Oil Pipeline Project Entity Investment Plan	Associate of the Company
Central Huijin Investment Ltd. ("Huijin")	Shareholder that has significant influence over the Company

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Significant transactions with related parties

The table set forth below summarises significant transactions with related parties:

	For the six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Transactions between the Company and other related parties		
– Interest from bonds issued by Huijin (i)	6	6
Transactions between the Company and its subsidiaries		
– Additional capital contribution to New China Asset Management	–	465
– Capital contribution to Hainan Seniors (ii)	225	–
– Investment management fee to New China Asset Management (iii)	155	136
– Investment management fee to Asset Management Company (Hong Kong) (iii)	13	10
– Health check and service fee charged to New China Health (iv)	5	–
– Rent earned from New China Asset Management (vi)	2	2
– Information technology services fee paid to Electronic Commerce (v)	2	–
– Rent earned from New China Health (vi)	1	–

(i) Bond interest from Huijin

Huijin became a shareholder of the Company in 2009 and held 31.34% of the Company's shares directly as at 30 June 2015. Huijin is a state-owned investment company approved by the State Council. The function of Huijin is to hold specific equity investments on behalf of the State Council. Huijin exercises the obligation and rights on behalf of the State to ensure the value of national financial assets. Huijin has no other business operation and does not interfere with daily operation of state-owned investment companies which are under its control. The Group and the Company conduct transactions with other entities that are controlled by, under common control or significant influence of Huijin, including deposits, investment custody, agency sales of insurance products and re-insurance transactions.

In 2010, the Company purchased bonds issued by Huijin at a par value of RMB300 million from inter-bank market. As at 30 June 2015, the carrying value of these bonds was RMB300 million (as at 31 December 2014: RMB300 million). The recognised bond interest for the six months ended 30 June 2015 was RMB6 million (for the six months ended 30 June 2014: RMB6 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Transactions with significant related parties (Continued)

(ii) *Capital contribution to Hainan Seniors*

In February 2015, the Company injected registered capital of RMB225 million to Hainan Seniors.

(iii) *Investment management service agreement*

The Company and New China Asset Management entered into an annual investment management service agreement for entrusted investments in 2015. According to this agreement, New China Asset Management provides investment management services to the Company and independently makes investment decisions in accordance with investment guidance stipulated by the Company. The Company is entitled to all investment returns and bears all losses (subject to negotiation on a case by case basis) from the entrusted investment funds. The Company pays the basic service fee, floating management fee and performance management fee to New China Asset Management. The Company has the right to deduct fees based on the performance of New China Asset Management or other reasons such as the violation of the agreement.

The Company and Asset Management Company (Hong Kong) entered into an annual investment management service agreement for entrusted investments in 2015. According to this agreement, Asset Management Company (Hong Kong) provides investment management services to the Company and independently makes investment decisions in accordance with investment guidance stipulated by the Company. The Company is entitled to all investment returns and bears all losses (subject to negotiation on a case by case basis) from the entrusted investment funds. The Company pays the basic service fee, floating management fee and performance management fee to Asset Management Company (Hong Kong). The Company has the right to deduct fees based on the performance of Asset Management Company (Hong Kong) or other reasons such as the violation of the agreement.

(iv) *Health service fee paid to New China Health*

The Company entered into a contract with New China Health in 2015. According to the contract, the Company will purchase health service from New China Health for underwriting review, employee welfare, marketing and agent incentive plan, etc. The company confirms health service fee totalling RMB5 million of expenses were incurred for the six months ended 30 June 2015 (for the six months ended 30 June 2014: Nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Transactions with significant related parties (Continued)

(v) *Information technology services fee paid to Electronic Commerce*

The Company signed the "Cooperation Framework Agreement", "Business Channel Cooperation Agreement" and its supplementary agreements with Electronic Commerce. Electronic Commerce will provide the Company with business channel support, human outsourcing services, IT technology services and other areas of E-Commerce. The Company confirms service and management fees totalling RMB2 million for the six months ended June 30 2015 (for the six months ended 30 June 2014: Nil).

(vi) *Office rental contracts*

The Company leases a part of New China Life Building at 12 Jianguomenwai Avenue, Chaoyang District, Beijing to New China Asset Management as its office space. The annual rent is approximately RMB5 million. The accrued rent revenue for the six months ended 30 June 2015 was RMB2 million (for the six months ended 30 June 2014: RMB2 million).

The Company leases part of the office building located at 5/F, Blue Ocean Unit A, Green Central Plaza at Hohhot to New China Health. The annual rent is approximately RMB2 million. The accrued rent revenue for the six months ended 30 June 2015 was RMB1 million (for the six months ended 30 June 2014: Nil).

The office rents of New China Asset Management and New China Health are based on the prices agreed by transaction parties. The investment management fees to New China Asset Management and Asset Management Company (Hong Kong) are calculated based on the negotiated service charge rates and the scale of investments. The health service fee to New China Health is based on the market price. The information technology services fee to Electronic Commerce is based on the price agreed by transaction parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(3) Related party balances

Group

	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Balances of related party transactions		
Interest receivables		
Huijin	10	4

Company

	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Balances of related party transactions		
Receivables from subsidiaries		
Century Haoran Power	426	374
Hefei Supporting Operation	167	167
Xinhua Seniors	36	51
Xi'an Clinic	22	22
Wuhan Clinic	20	21
Health Technology	17	17
New China Health	9	7
Yunnan New China	3	3
Total	700	662
Payables to subsidiaries		
New China Asset Management	26	94
New China Health	3	–
Wuhan Clinic	1	–
Asset Management Company (Hong Kong)	–	20
Total	30	114

The Company did not recognize the provision for bad debts for receivables from related parties.

The balances between the Company and its subsidiaries have been eliminated in the consolidated statement of financial position.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(4) Key management's remuneration

Key management members include directors, supervisors and senior management team members. Key management members' remuneration incurred by the Company is as follows:

	For the six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Payroll and welfare	23	24

(5) Transactions with state-owned enterprises

Under IAS 24 (Amendment), business transactions between state-owned enterprises controlled by the PRC government are within the scope of related party transactions. The Group's key business is insurance related and therefore the business transactions with other state-owned enterprises are primarily related to insurance and investment activities. The related party transactions with other state-owned enterprises were conducted in the ordinary course of business. Due to the complex ownership structure, the PRC government may hold indirect interests in many companies. Some of these interests may, in themselves or when combined with other indirect interests, be controlling interests which may not be known to the Group. Nevertheless, the Group believes that the following captures the material related parties and applied IAS 24 (amendment) exemption and discloses only qualitative information.

As at 30 June 2015, most of bank deposits were with state-owned banks; the issuers of debt securities held by the Group were mainly state-owned enterprises; and most investments were entrusted to state-owned enterprises. For the six months ended 30 June 2015, a large portion of its group insurance business of the Group was with state-owned enterprises; the majority of bancassurance brokerage charges were paid to state-owned banks and postal agencies; some of the reinsurance agreements of the Group were entered into with a state-owned reinsurance company; and most of the bank deposit interest income was from state-owned banks.

23 CONTINGENCIES

The Group is involved in estimates for contingencies and legal proceedings in the ordinary course of business including but not limited to being the plaintiff or the defendant in litigation and arbitration. Legal proceedings mostly involve claims on the Group's insurance policies, other claims, and litigation matters. Provision has been made for probable losses to the Group, including those claims where management can reasonably estimate the outcome of the lawsuits taking into account any legal advice.

No provision has been made for pending assessments, lawsuits or possible violations of contracts when the outcome cannot be reasonably estimated or management believes the probability is low or remote. For these pending lawsuits, management also believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group or any of its subsidiaries.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

24 COMMITMENTS

(1) Capital commitments

Capital commitments mainly relate to the purchases of property, plant and equipment, and software. Management confirms that the Group has sufficient future income or funding to fulfil these capital commitments.

	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Contracted but not provided for	2,164	2,183
Authorized but not contracted for	535	96
Total	2,699	2,279

(2) Operating lease commitments

The future aggregate minimum lease payments due under non-cancellable operating leases are as follows:

	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Within 1 year (including 1 year)	439	396
Between 1 and 2 years (including 2 years)	293	252
Between 2 and 3 years (including 3 years)	184	131
After 3 years	325	322
Total	1,241	1,101

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

24 COMMITMENTS (CONTINUED)

(3) Operating lease rental receivables

The Group leases its investment properties under various rental agreements. Future minimum lease receivables under non-cancellable operating leases are as follows:

	As at 30 June 2015 (Unaudited)	As at 31 December 2014
Within 1 year (including 1 year)	121	94
Between 1 and 5 years (including 5 years)	129	84
Total	250	178

(4) Investment commitments

As at 30 June 2015, a total amount of RMB1,022 million (unaudited) was disclosed as investment commitment contracted but not provided for (as at 31 December 2014: RMB716 million).

25 SUBSEQUENT EVENTS

There are no significant subsequent events that need to be disclosed by the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

26 INVESTMENTS IN SUBSIDIARIES

The basic information of the Company's subsidiaries at 30 June 2015, all unlisted, is as follows:

	Place of incorporation and operation	Principal activities	Registered/ committed capital	Group's interest %
New China Asset Management	Beijing, China	Asset management	RMB500 million	99.4%
Yunnan New China	Kunming, China	Insurance agency	RMB5 million	100%
Health Technology	Beijing, China	Real estate property development and training	RMB632 million	100%
Xinhua Seniors	Beijing, China	Service	RMB562 million	100%
Shanggu Real Estate	Beijing, China	Real estate property development	RMB15 million	100%
Tanzhou Real Estate (i)	Beijing, China	Real estate property development	RMB10 million	95%
New China Health	Beijing, China	Investment management and management consulting	RMB507 million	100%
Xi'an Clinic (ii)	Xi'an, China	Health management	RMB20 million	100%
Wuhan Clinic (ii)	Wuhan, China	Health management	RMB20 million	100%
Electronic Commerce	Beijing, China	Electronic commerce	RMB100 million	100%
Hefei Supporting Operation (iii)	Hefei, China	Real estate property investment and management	RMB500 million	100%
Asset Management (Hong Kong)	Hong Kong, China	Asset management	HKD50 million	99.6%
Yantai Clinic	Yantai, China	Health management	RMB20 million	100%
Qingdao Clinic	Qingdao, China	Health management	RMB20 million	100%
Baoji Clinic	Baoji, China	Health management	RMB16 million	100%
Chongqing Clinic	Chongqing, China	Health management	RMB22 million	100%
Changsha Clinic	Changsha, China	Health management	RMB22 million	100%
Chengdu Clinic	Chengdu, China	Health management	RMB20 million	100%
Zhengzhou Clinic	Zhengzhou, China	Health management	RMB20 million	100%
Hefei Clinic	Hefei, China	Health management	RMB20 million	100%

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015
(All amounts in RMB million unless otherwise stated)

26 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Place of incorporation and operation	Principal activities	Registered/ committed capital	Group's interest %
Hohhot Clinic	Hohhot, China	Health management	RMB20 million	100%
Hainan Seniors (iv)	Qionghai, China	Real estate	RMB1,908 million	100%
Haoran Power	Beijing, China	Technological development	RMB20 million	100%
Jinan Clinic	Jinan, China	Health management	RMB20 million	100%
Excellent Health Technology	Beijing, China	Health management	RMB3 million	100%
Guangzhou Yuerong	Guangzhou, China	Real estate	RMB10 million	100%
Changde Clinic (v)	Changde, China	Health management	RMB15 million	100%
Tangshan Clinic (v)	Tangshan, China	Health management	RMB15 million	100%
Health Human Resource (vi)	Nanjing, China	Health management	RMB20 million	51%
Orient No.1 Funding Plan	N/A	Project investment	RMB10 billion	100%
Huarong No.1 Funding Plan	N/A	Project investment	RMB10 billion	100%
Mingdao Fund	N/A	Project investment	RMB160 million	80%

- (i) The eighth meeting of the Executive Committee of the Company in 2014 considered and approved the "Reporting on the Dissolution of Xinhua Village Tanzhou (Beijing) Real Estate Co., Ltd." Tanzhou Real Estate started liquidation process in the second half of 2014. As of the publication date of the report, it has deregistered taxation but has not completed the liquidation process.
- (ii) On 21 January 2015, the 24th meeting of the fifth session of the Board of Directors approved to inject additional capital to New China Health using the Company's 100% equity interests in Xi'an Clinic and Wuhan clinic. On 4 June 2015, the Company and New China Health entered into an agreement regarding "increase of Registered Capital of New China Life Health". As at 30 June 2015, the capital injection has not been completed. New China Health registered the change on 30 June 2015. Wuhan Clinic registered the change on 1 July 2015. Xi'an Clinic registered the change on 14 August 2015.
- (iii) On 12 March 2015, Hefei Supporting Operation has registered the change and the new legal representative is Chi Yunqiang. The registered capital is increased to RMB500 million. As of the publication date of the report, the Company has not actually paid the sum of capital increase yet, and the capital increase procedures were still in-progress.
- (iv) On 13 May 2015, the Company increased the registered capital of Hainan Seniors from RMB760 million to RMB1,908 million. According to the new articles of Hainan Seniors, the registered capital of Hainan Seniors is RMB1,908 million and the Company shall complete the capital contribution using cash and cash equivalents in full before 29 April 2018. As of the publication date of the report, the Company has not actually paid the sum of capital increase yet, and the capital increase procedures were still in progress.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

(All amounts in RMB million unless otherwise stated)

26 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (v) Changde Clinic was registered on 13 March 2015 and the registered capital is RMB15 million. Tangshan Clinic was registered on 1 June 2015 and the registered capital is RMB15 million. As of the publication date of the report, New China Health has already paid RMB11.02 million and RMB10.02 million of capital to Changde Clinic and Tangshan Clinic respectively.
- (vi) The 7th meeting of the Executive Committee of the Company approved New China Health to establish Health Human Resource with Nanjing Weiyuanzhou Real Estate Co., Ltd. Health Human Resource was set up on 11 February 2015. The registered capital is RMB20 million. New China Health holds 51% of its shares. As of the publication date of the report, New China Health has not actually paid the capital.

All companies comprising the Group have adopted 31 December as their financial year end date.

27 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements have been approved for issue by the Board of Directors on 25 August 2015.

The logo for New China Life Insurance Co., Ltd. features the number '95567' in a stylized, bold, green font. The '9' is significantly larger and more prominent than the other digits, and has a small green leaf-like shape at its top left. The '5', '5', '6', and '7' are also bold and green, following the '9'.

全国统一客服电话

www.newchinalife.com

New China Life Insurance Co., Ltd.

New China Insurance Tower,
No. Jia 12 Jianguomenwai Street
Chaoyang District,
Beijing 100022

Tel: +86 10 85210000
Fax: +86 10 85210101
www.newchinalife.com