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新華人壽保險股份有限公司

NEW CHINA LIFE INSURANCE COMPANY LTD.

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

(Stock Code : 1336)

2012 FIRST QUARTER REPORT

This announcement is made by New China Life Insurance Company Ltd. (the “Company”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial data in the 2012 First Quarter Report of the Company have been prepared in accordance with the PRC Accounting Standards for Business Enterprises and are unaudited.

§1 IMPORTANT INFORMATION

- 1.1 The board of directors (the “Board”), the board of supervisors, directors, supervisors and members of senior management of the Company warrant that there are no false representations, misleading statements or material omissions in the contents of this report, and are jointly and severally liable for the authenticity, accuracy and completeness of this report.
- 1.2 The 2012 First Quarter Report of the Company was considered and approved at the 45th meeting of the fourth session of the Board of the Company on 26 April 2012, at which 14 directors were required to attend and 11 of them attended in person. Director HE Zhiguang authorized director KANG Dian, director MENG Xingguo and WANG Chengran authorized director LIU Xiangdong to attend the meeting and vote on behalf of them.
- 1.3 The financial statements of the Company for the first quarter of 2012 have been prepared in accordance with the PRC Accounting Standards for Business Enterprises and are unaudited.
- 1.4 Mr. KANG Dian, the chairman of the Company, Mr. CHEN Guogang, the Chief Financial Officer, Mr. GONG Xingfeng, the Chief Actuary of the Company and Ms. MENG Xia, the officer in charge of the accounting department warrant the authenticity and completeness of the financial statements in the 2012 First Quarter Report.

§2 BASIC INFORMATION OF THE COMPANY

2.1 Key accounting data and financial indicators

Unit: RMB million

	As of the end of the reporting period	As of the end of last year	Increase/ (decrease) compared to the end of last year
Total assets	439,523	386,771	13.6%
Shareholders' equity attributable to shareholders of the Company	32,941	31,306	5.2%
Net assets per share attributable to shareholders of the Company (RMB per share)	10.56	10.04	5.2%
	The reporting period	The same period of last year	Increase/ (decrease) compared to the same period of last year
Net cash flows from operating activities	22,405	19,901	12.6%
Weighted average net cash flows per share from operating activities (RMB per share) ⁽¹⁾	7.18	16.58	-56.7%
Net profit attributable to shareholders of the Company	768	1,195	-35.7%
Basic/diluted earnings per share (RMB per share) ⁽¹⁾	0.25	1.00	-75.0%
Basic earnings per share after deducting non-recurring items (RMB per share) ⁽¹⁾	0.26	0.70	-63.4%
Weighted average ROE(%) ⁽¹⁾	2.4%	18.0%	Decreased by 15.6 percentage points
Weighted average ROE after deducting non-recurring items(%) ⁽¹⁾	2.5%	12.6%	Decreased by 10.1 percentage points

Notes:

1. The shareholders' equity increased by RMB1,400 million due to the capital injection from the shareholders prior to the listing in March 2011; by about 517 million due to IPO in December 2011; by about 3 million due to H shares over-allotment in January 2012. The above increases of the shareholders' equity led to fluctuation in financial indicators per share.
2. Shareholders' equity refers to shareholders' equity attributable to shareholders of the Company, while net profit refers to net profit attributable to shareholders of the Company.

2.2 Non-recurring Items and Amount

Unit: RMB million

Non-recurring items	From the beginning to the end of the reporting period
Other net non-operating income and expenses	-32

2.3 Other Key Indicators

Unit: RMB million

Indicators	As of 31 March 2012/For the three months ended 31 March 2012	As of 31 December 2011/For the three months ended 31 March 2011	Increase/ (decrease) compared to 31 December 2011/ Increase/ (decrease) compared to the same period of 2011
Investment assets ⁽¹⁾	424,477	373,956	13.5%
Premiums earned	34,899	30,188	15.6%
Growth rate of earned premiums	15.6%	-6.2%	Increased by 21.8 percentage points
Claims expense	2,224	2,157	3.1%
Surrender rate ⁽²⁾	1.5%	1.2%	Increased by 0.3 percentage point

Notes:

1. Cash and bank deposits as well as investment assets of unit-linked contracts account are included in investment assets.
2. Surrender rate = Surrender of the reporting period/(Life insurance contract liabilities and long-term health insurance contract liabilities at the beginning of the period + Life insurance contract liabilities and long-term health insurance contract liabilities at the end of the period)/2.

From the beginning to the end of the reporting period ended 31 March 2012, the total investment yield was 0.8%, total investment yield = (Investment income – Investment income in associates + Fair value gains/(losses) – Impairment losses on investment assets)/((Investment assets at the beginning of the period + Investment assets at the end of the period)/2)). The annualized total investment yield was 3.3%, annualized total investment yield = total investment yield in 1st quarter × 366/91.

2.4 Total number of shareholders and their shareholdings as at the end of the reporting period

Unit: Share

Total number of shareholders	6,368 (including 5,962 A shareholders and 406 H shareholders)				
Shares held by top ten shareholders					
Names of the shareholders	Classes of the shares	Percentage of the shareholding	Total number of shares held	Number of shares held with selling restrictions	Number of shares pledged or frozen
Central Huijin Investment Ltd.	State-owned shares	31.23%	974,173,154	974,173,154	
Baosteel Group Corporation	State-owned legal person shares	15.11%	471,212,186	471,212,186	
HKSCC Nominees Limited ⁽¹⁾	Overseas legal person shares	12.72%	396,890,460	212,526,600 ⁽²⁾	
Zurich Insurance Company Ltd	Overseas legal person shares	12.50%	390,000,000	390,000,000	
Hebei Deren Investment Co., Ltd.	Domestic legal person shares	4.07%	126,987,805	126,987,805	
Tianjin Xinshang Investment Management Limited	Domestic legal person shares	2.61%	81,454,878	81,454,878	
Century Golden Resources Investment Group Co., Ltd.	Domestic legal person shares	2.50%	78,000,000	78,000,000	78,000,000
Fullerton Management Pte Ltd	Overseas legal person shares	2.50%	78,000,000	78,000,000	
CICC Securities (HK) Limited	Overseas legal person shares	2.08%	65,000,000	65,000,000	
Nomura Securities Co Ltd.	Overseas legal person shares	2.08%	65,000,000	65,000,000	
Description of connected relations or connected action among the aforesaid shareholders	Central Huijin Investment Ltd. holds 43.35% equity interest in China International Capital Corporation Limited. An overseas fund operated by an overseas subsidiary of China International Capital Corporation Limited holds 100% equity interest in CICC Securities (HK) Limited, and CICC Securities (HK) Limited holds 2.08% equity interest in the Company. Except this, the Company is not aware of any connections among the shareholders or whether they are parties acting in concert.				

Notes:

1. HKSCC Nominees Limited holds shares on behalf of the clients of the Hong Kong stock brokers and other participants of CCASS system. The relevant regulations of the Stock Exchange of Hong Kong Limited do not require such person 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.
2. The four cornerstone investors of the Company, Great Eastern Holdings Limited, Teluk Intan Investments (Cayman Islands) Limited, D.E. Shaw Valence International, Inc. and Longevity Inc. subscribed for 212,526,600 H shares of the Company in total, which are all deposited at HKSCC Nominees Limited. According to the cornerstone investment agreements entered into by the Company, the four cornerstone investors and the Joint Global Coordinators for the Company's Initial Public Offering of H shares (i.e. China International Capital Corporation Hong Kong Securities Limited, UBS AG Hong Kong Branch and Goldman Sachs (Asia) L.L.C.), each of the cornerstone investors has agreed that, without the prior written consent of the Company and such Joint Global Coordinators, it will not, whether directly or indirectly, at any time during a period of six months starting from and inclusive of the H share listing date, dispose of any of the H shares subscribed for by it pursuant to the relevant cornerstone investment agreement.

Unit: Share

Shares held by top ten shareholders who are not subject to selling restrictions		
Name of shareholders	Number of shares held without selling restrictions	Types of shares
Bank of Communications – Hua An Tactically well-selected Equity Securities Investment Fund	9,889,567	A
Bank of Communications Company Limited – Jian Xin Advantaged Motive Equity Securities Investment Fund	7,174,408	A
Industrial and Commercial Bank of China Limited – Jian Xin Inner-motive Equity Securities Investment Fund	6,116,986	A
Bank of China – Jia Shi Safely Open-ended Securities Investment Fund	5,942,000	A
Hua Xia Growth Securities Investment Fund	5,152,336	A
Industrial and Commercial Bank of China – Jian Xin Optimized Allocation Mixed Securities Investment Fund	4,999,864	A
Agricultural Bank of China – Jiao Yin and Schrodgers Selected Equity Securities Investment Fund	4,247,699	A
Agricultural Bank of China – Jing Shun Chang Cheng inner-demand Development No. 2 Equity Securities Investment Fund	3,643,168	A
China CITIC Bank – Jian Xin Eternal Value Equity Securities Investment Fund	2,999,718	A
Agricultural Bank of China – Jiao Yin and Schrodgers Growth Equity Securities Investment Fund	2,700,000	A
Description of connected relations or connected action among the aforesaid shareholders	Some of the shareholders mentioned above were managed by a same entity. Except this, the Company is not aware of any connections among the shareholders or whether they are parties acting in concert.	

§3 SIGNIFICANT EVENTS

3.1 Significant changes in key financial statements items and financial indicators and reasons for the changes

✓ Applicable □ Not applicable

(1) Changes in key financial indicators and their reasons

Unit: RMB million

Key Financial Indicators	As of 31 March 2012	As of 31 December 2011	Increase/ (Decrease)	Main reasons for the changes
Total assets	439,523	386,771	13.6%	The accumulation of insurance business and increase in cash flows from financial assets sold under agreements to repurchase
Total liabilities	406,574	355,458	14.4%	Increase in insurance contracts liabilities and financial assets sold under agreements to repurchase
Shareholders' equity attributable to shareholders of the Company	32,941	31,306	5.2%	The profit for the reporting period and the fluctuation of the capital market

Key Financial Indicators	For the three months ended 31 March 2012	For the three months ended 31 March 2011	Increase/ (Decrease)	Main reasons for the changes
Operating profit	892	1,458	-38.8%	Decline in the total investment yield due to the fluctuation of the capital market and increase in impairment losses
Net profit attributable to shareholders of the Company	768	1,195	-35.7%	Decline in the total investment yield due to the fluctuation of the capital market and increase in impairment losses
Other comprehensive income attributable to shareholders of the Company	1,576	137	1050.4%	Increase of other comprehensive income caused by the fluctuation of the capital market

(2) Significant changes in items of financial statements items and their reasons

Unit: RMB million

Items in the Balance sheet	As of 31 March 2012	As of 31 December 2011	Increase/ (decrease)	Main reasons for the changes
Cash and bank deposits	22,769	12,986	75.3%	Requirements for daily liquidity management
Securities purchased under agreements to resell	26	19	36.8%	Requirements for daily liquidity management
Premiums receivables	2,216	1,395	58.9%	Increased accumulation of insurance business
Receivables from reinsurers	660	274	140.9%	Increase in maturity benefits due from reinsurers arising from the maturity of ceded out insurance products
Unearned premium reserves receivable from reinsurers	43	16	168.8%	Increase in ceded out short-term insurance business
Other receivables	1,696	1,126	50.6%	Increase in prepaid tax, and etc.
Statutory deposits	717	522	37.4%	Increase in registered capital from initial public offering
Constructions in progress	2,363	1,533	54.1%	Part payment of building purchased
Financial assets sold under agreements to repurchase	55,764	32,481	71.7%	Requirements for daily liquidity management
Premiums received in advance	197	504	-60.9%	Different time points of business underwriting
Reinsurance payable	86	31	177.4%	Increase in ceded out insurance business
Salary and welfare payable	678	1,004	-32.5%	Different time points of salary and welfare payment
Taxes payable	612	408	50.0%	Increase in withholding individual income tax payable, and etc.
Claims payable	660	499	32.3%	Increase in maturity benefits payable
Unearned premiums liabilities	853	604	41.2%	Uneven distribution of short-term insurance premium
Other liabilities	28	43	-34.9%	Decrease in interest of financial assets sold under agreements to repurchase

Items in the statement of income	For the three months ended 31 March 2012	For the three months ended 31 March 2011	Increase/ (decrease)	Main reasons for the changes
Premiums ceded out	45	133	-66.2%	Increase in ceded out insurance business
Fair value gains/(losses)	365	(273)	N/A	Fluctuation of the capital market
Foreign exchange losses	(12)	(39)	-69.2%	Fluctuation of US/RMB exchange rate
Surrenders	(4,741)	(3,032)	56.4%	Increase in life insurance surrenders
Claims recoverable from reinsurers	272	28	871.4%	Increase in maturity benefits recoverable from reinsurers arising from the maturity of ceded out insurance products
Insurance reserves recoverable from reinsurers	(332)	(114)	191.2%	The maturity of ceded out insurance products
Business tax and surcharges expenses	(31)	(80)	-61.3%	Decrease in business tax related to investment
Expenses recoverable from reinsurers	13	7	85.7%	Increase in ceded out insurance business
Other operating expenses	(595)	(382)	55.8%	The increase in the interest of financial assets sold under agreements
Impairment losses	(520)	288	N/A	The fluctuation of the capital market and the reversal of provision for other receivables in 2011
Income tax expenses	(92)	(269)	-65.8%	Change in deferred tax expense caused by variance of the fair value of financial assets

3.2 Explanation and analysis of significant events and their impacts and solutions

✓ Applicable ☐ Not applicable

- (1) In January 2012, the Company further issued 2,586,600 H shares at a price of HK\$28.5 per share upon the exercise of the over-allotment option, whereby the total number of the shares of the Company increased to 3,119,546,600. On 6 March 2012, the China Insurance Regulatory Commission issued “The Approval on the Change of Registered Capital of New China Life Insurance Company Ltd.” (Bao Jian Fa Gai No. [2012]255) and approved the increase of the Company’s registered capital to RMB3,119,546,600.
- (2) According to the resolution of the Company’s first shareholders’ extraordinary general meeting of 2012 on 20 March 2012, the Company planned to issue subordinated term debts with a period of more than 5 years and a total amount of not more than RMB10 billion in 2012 to replenish supplementary capital and enhance the Company’s solvency adequacy ratio.
- (3) According to the resolution of the Company’s first shareholders’ extraordinary general meeting of 2012 on 20 March 2012, the Company planned to issue debt financing instruments with a period of more than 10 years and a total amount of not more than RMB5 billion in 2012 to replenish supplementary capital and enhance the Company’s solvency adequacy ratio.

3.3 Implementation of undertakings by the Company, its shareholders and de facto controller

✓ Applicable ☐ Not applicable

PUBLIC INVESTOR PROTECTION MECHANISM

The Board and the shareholders’ reviewed and passed the “Resolution for Special Dividend Distribution and Public Investor Protection Mechanism of New China Life Insurance Company Ltd.” in the 39th meeting of the fourth session of the Board in October 2011 and the sixth shareholders’ extraordinary general meeting of 2011. Please refer to the 2011 Annual Report and IPO Prospectus for the details of commitments made by the Company and all of the shareholders before the Company’s IPO.

During the reporting period, the Company and all of the shareholders before the Company’s IPO were implementing the above described commitments and will make timely disclosure according to the listing rules.

3.4 Warnings and explanation for any significant changes in net profit or cumulative losses from the beginning of the year to the end of the next reporting period as compared to the same period of last year

☐ Applicable ☒ Not applicable

3.5 The implementation of cash dividend policy during the reporting period

☐ Applicable ☒ Not applicable

By Order of the Board
New China Life Insurance Company Ltd.
KANG Dian
Chairman

Beijing, China, 26 April 2012

As at the date of this announcement, the Executive Directors of the Company are KANG Dian and HE Zhiguang; the Non-executive Directors are ZHAO Haiying, MENG Xingguo, LIU Xiangdong, CHEN Johnny, CHEONG Chee Meng, and WANG Chengran; and the Independent Non-executive Directors are CAMPBELL Robert David, CHEN Xianping, WANG Yuzhong, ZHANG Hongxin, ZHAO Hua and FONG Chung Mark.

§4 APPENDIX

NEW CHINA LIFE INSURANCE COMPANY LTD.

Statement of Financial Position (unaudited)

31 March 2012

(All amounts in RMB million unless otherwise stated)

Assets	As of 31 March 2012 Group	As of 31 December 2011 Group	As of 31 March 2012 Company	As of 31 December 2011 Company
Assets				
Cash and bank deposits	22,769	12,986	22,396	12,647
Held-for-trading financial assets	4,673	5,310	4,673	5,283
Securities purchased under agreements to resell	26	19	26	19
Interest receivables	8,154	7,741	8,146	7,737
Premiums receivables	2,216	1,395	2,216	1,395
Receivables from reinsurers	660	274	660	274
Unearned premium reserves receivable from reinsurers	43	16	43	16
Claim reserves receivable from reinsurers	24	28	24	28
Reserves for life insurance receivables from reinsurers	3,543	3,873	3,543	3,873
Reserves for long-term health insurance receivables from reinsurers	13	11	13	11
Policy loans	2,367	2,055	2,367	2,055
Other receivables	1,696	1,126	2,435	1,865
Term deposits	155,508	131,047	155,295	130,834
Available-for-sale financial assets	85,586	72,876	85,586	72,876
Held-to-maturity investments	144,381	141,090	144,381	141,090
Investments classified as loans and receivables	15	20	4	10
Long-term equity investments	708	709	856	818
Statutory deposits	717	522	715	520
Investment properties	448	451	448	451
Fixed assets	2,715	2,751	2,492	2,526
Constructions in progress	2,363	1,533	2,202	1,371
Intangible assets	62	65	57	60
Deferred tax assets	14	14	—	—
Other assets	540	579	522	556
Separate account assets	282	280	282	280
Total assets	439,523	386,771	439,382	386,595

Kang Dian
Chairman

Chen Guogang
Chief Financial Officer

Gong Xingfeng
Chief Actuary

Meng Xia
*Head of Accounting
Department*

NEW CHINA LIFE INSURANCE COMPANY LTD.

Statement of Financial Position (unaudited) (continued)

31 March 2012

(All amounts in RMB million unless otherwise stated)

Liabilities and Equity	As of 31 March 2012 Group	As of 31 December 2011 Group	As of 31 March 2012 Company	As of 31 December 2011 Company
Liabilities				
Financial assets sold under agreements to repurchase	55,764	32,481	55,764	32,481
Premiums received in advance	197	504	197	504
Brokerage and commission payable	818	637	818	637
Reinsurance payable	86	31	86	31
Salary and welfare payable	678	1,004	647	947
Taxes payable	612	408	592	389
Claims payable	660	499	660	499
Other payable	1,868	1,505	1,872	1,488
Policyholder deposits	19,266	18,730	19,266	18,730
Unearned premiums liabilities	853	604	853	604
Outstanding claims liabilities	381	392	381	392
Reserves for life insurance	303,422	277,353	303,422	277,353
Reserves for long-term health insurance	16,065	15,465	16,065	15,465
Borrowings	5,143	5,073	5,143	5,073
Provisions	458	458	458	458
Other liabilities	28	43	28	43
Separate account liabilities	275	271	275	271
Total liabilities	406,574	355,458	406,527	355,365
Shareholders' equity				
Share capital	3,120	3,117	3,120	3,117
Capital reserve	21,922	21,058	21,922	21,058
Surplus reserve	705	705	705	705
General reserve	705	705	705	705
Retained earnings	6,489	5,721	6,403	5,645
Total equity attributable to shareholders of the Company	32,941	31,306	32,855	31,230
Non-controlling interests	8	7	—	—
Total shareholders' equity	32,949	31,313	32,855	31,230
Total liabilities and shareholders' equity	439,523	386,771	439,382	386,595

Kang Dian
Chairman

Chen Guogang
Chief Financial Officer

Gong Xingfeng
Chief Actuary

Meng Xia
*Head of Accounting
Department*

Statement of Income (unaudited)**For the three months ended 31 March 2012**

(All amounts in RMB million unless otherwise stated)

	For the three months ended 31 March		For the three months ended 31 March	
	2012	2011	2012	2011
	Group	Group	Company	Company
1. Operating income	38,790	34,214	38,789	34,213
Premiums earned	34,899	30,188	34,899	30,188
Premium income	35,076	30,239	35,076	30,239
Less: Premiums ceded out	45	133	45	133
Net change in unearned premiums liabilities	(222)	(184)	(222)	(184)
Investment income	3,415	4,207	3,412	4,205
Fair value gains/(losses)	365	(273)	365	(273)
Foreign exchange losses	(12)	(39)	(12)	(39)
Other operating income	123	131	125	132
2. Operating expenses	(37,898)	(32,756)	(37,907)	(32,764)
Surrenders	(4,741)	(3,032)	(4,741)	(3,032)
Claims expense	(2,224)	(2,157)	(2,224)	(2,157)
Less: claims recoverable from reinsurers	272	28	272	28
Increase in insurance contracts reserve	(25,390)	(23,297)	(25,390)	(23,297)
Less: insurance reserves recoverable from reinsurers	(332)	(114)	(332)	(114)
Business tax and surcharges expense	(31)	(80)	(28)	(77)
Commission and brokerage expenses	(2,115)	(2,077)	(2,116)	(2,078)
Administrative expenses	(2,235)	(1,940)	(2,246)	(1,950)
Less: expenses recoverable from reinsurers	13	7	13	7
Other operating expenses	(595)	(382)	(595)	(382)
Impairment losses	(520)	288	(520)	288
3. Operating profit	892	1,458	882	1,449
Add: Non-operating income	–	29	–	29
Less: Non-operating expenses	(32)	(23)	(32)	(23)
4. Net profit before income tax expenses	860	1,464	850	1,455
Less: Income tax expenses	(92)	(269)	(92)	(265)
5. Net profit	<u>768</u>	<u>1,195</u>	<u>758</u>	<u>1,190</u>

NEW CHINA LIFE INSURANCE COMPANY LTD.

Statement of Income (unaudited) (continued)

For the three months ended 31 March 2012

(All amounts in RMB million unless otherwise stated)

	For the three months ended 31 March		For the three months ended 31 March	
	2012	2011	2012	2011
	Group	Group	Company	Company
6. Attributable to:				
Shareholders of the Company	768	1,195		
Non-controlling interests	—	—		
7. Earnings per share				
Basic earnings per share	RMB0.25	RMB1.00		
Diluted earnings per share	RMB0.25	RMB1.00		
8. Other Comprehensive income	<u>808</u>	<u>(1,058)</u>	<u>808</u>	<u>(1,058)</u>
9. Total Comprehensive income	<u><u>1,576</u></u>	<u><u>137</u></u>	<u><u>1,566</u></u>	<u><u>132</u></u>
Attributable to shareholders of the Company	1,576	137		
Attributable to non-controlling interests	—	—		
Kang Dian <i>Chairman</i>	Chen Guogang <i>Chief Financial Officer</i>	Gong Xingfeng <i>Chief Actuary</i>	Meng Xia <i>Head of Accounting Department</i>	

Statement of Cash Flows (unaudited)**For the three months ended 31 March 2012**

(All amounts in RMB million unless otherwise stated)

	For the three months ended 31 March		For the three months ended 31 March	
	2012	2011	2012	2011
	Group	Group	Company	Company
1. Cash flows from operating activities				
Premiums received	33,810	29,485	33,810	29,485
Net increase in policyholder deposits	300	–	300	–
Cash received from other operating activities	69	412	69	406
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Sub-total of cash inflows from operating activities	<u>34,179</u>	<u>29,897</u>	<u>34,179</u>	<u>29,891</u>
Cash paid for claims	(6,804)	(5,120)	(6,804)	(5,120)
Net cash paid for reinsurance business	(1)	(2)	(1)	(2)
Net decrease in policyholder deposits	–	(565)	–	(565)
Cash paid for brokerage and commission fees	(1,934)	(1,826)	(1,934)	(1,827)
Cash paid to and for employees	(1,833)	(1,659)	(1,791)	(1,618)
Cash paid for taxes and surcharges	(387)	(68)	(371)	(65)
Cash paid for other operating activities	(815)	(756)	(810)	(750)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Sub-total of cash outflows from operating activities	<u>(11,774)</u>	<u>(9,996)</u>	<u>(11,711)</u>	<u>(9,947)</u>
Net cash flows from operating activities	<u>22,405</u>	<u>19,901</u>	<u>22,468</u>	<u>19,944</u>
2. Cash flows from investing activities				
Cash received from sales and redemption of investments	9,490	22,579	9,456	22,539
Cash received from investment income	3,896	3,570	3,896	3,570
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	1	–	1	–
Cash received from financial assets purchased under agreements to resell	6,885	21,763	6,885	21,763
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Sub-total of cash inflows from investing activities	<u>20,272</u>	<u>47,912</u>	<u>20,238</u>	<u>47,872</u>

Statement of Cash Flows (unaudited) (continued)**For the three months ended 31 March 2012**

(All amounts in RMB million unless otherwise stated)

	For the three months ended 31 March		For the three months ended 31 March	
	2012	2011	2012	2011
	Group	Group	Company	Company
Cash paid for investments	(54,671)	(47,952)	(54,704)	(47,912)
Net increase in policy loans	(312)	(237)	(312)	(237)
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(846)	(67)	(845)	(66)
Cash paid for financial assets purchased under agreements to resell	(6,852)	(21,448)	(6,852)	(21,448)
Cash paid for other investing activities	—	—	(30)	(52)
Sub-total of cash outflows from investing activities	(62,681)	(69,704)	(62,743)	(69,715)
Net cash flows from investing activities	(42,409)	(21,792)	(42,505)	(21,843)
3. Cash flows from financing activities				
Proceeds from share issuance	59	—	58	—
Cash received from financial assets sold under agreements to repurchase	901,451	149,792	901,451	149,792
Sub-total of cash inflows from financing activities	901,510	149,792	901,509	149,792
Cash paid for financial assets sold under agreements to repurchase	(878,003)	(154,867)	(878,003)	(154,867)
Sub-total of cash outflows from financing activities	(878,003)	(154,867)	(878,003)	(154,867)
Net cash flows from financing activities	23,507	(5,075)	23,506	(5,075)
4. Effect of foreign exchange rate changes	—	(36)	—	(36)
5. Net increase/(decrease) in cash and cash equivalents	3,503	(7,002)	3,469	(7,010)
Add: Opening balance of cash and cash equivalents	21,095	27,368	20,744	27,344
6. Closing balance of cash and cash equivalents	24,598	20,366	24,213	20,334

Kang Dian
ChairmanChen Guogang
Chief Financial OfficerGong Xingfeng
Chief ActuaryMeng Xia
Head of Accounting
Department