

New China Life Insurance Company Ltd.

Consolidated Statement of Financial Position

As at 31 December 2014

(All amounts in RMB millions unless otherwise stated)

	Notes	As at 31 December	
		2014	2013
ASSETS			
Property, plant and equipment	6	5,917	4,471
Investment properties	7	1,665	1,594
Intangible assets	8	1,559	1,512
Investments in associates	9	10,150	9,404
Debt securities		345,518	305,558
- Held-to-maturity	10(1)	175,997	183,008
- Available-for-sale	10(2)	117,490	96,449
- At fair value through profit or loss	10(3)	6,286	1,700
- Loans and receivables	10(4)	45,745	24,401
Equity securities		60,403	32,185
- Available-for-sale	10(2)	58,012	31,446
- At fair value through profit or loss	10(3)	2,391	739
Term deposits	10(5)	167,297	163,137
Statutory deposits	10(6)	716	716
Policy loans		14,903	8,841
Financial assets purchased under agreements to resell		1,584	1,336
Accrued investment income	10(7)	10,644	9,849
Premiums receivable	11	1,543	1,581
Deferred tax assets	20	36	1,040
Reinsurance assets	12	3,020	2,954
Other assets	13	4,251	3,101
Cash and cash equivalents		14,503	18,570
Total assets		643,709	565,849

The notes on pages 12 to 115 form an integral part of these consolidated financial statements.

New China Life Insurance Company Ltd.

Consolidated Statement of Financial Position (Continued)

As at 31 December 2014

(All amounts in RMB millions unless otherwise stated)

		As at 31 December	
	Notes	2014	2013
LIABILITIES AND EQUITY			
Liabilities			
Insurance contracts			
Long-term insurance contract liabilities	14	478,406	425,394
Short-term insurance contract liabilities			
- Outstanding claims liabilities	14	562	520
- Unearned premiums liabilities	14	1,132	967
Investment contracts	15	28,213	25,933
Borrowings	16	19,000	15,000
Financial assets sold under agreements to repurchase	17	59,234	52,211
Benefits, claims and surrenders payable		1,301	959
Premiums received in advance		2,246	432
Reinsurance liabilities		67	54
Provisions	18	29	458
Other liabilities	19	5,090	4,584
Current income tax liabilities		48	19
Deferred tax liabilities	20	17	-
Total liabilities		595,345	526,531
Shareholders' equity			
Share capital	21	3,120	3,120
Reserves	22	30,302	25,903
Retained earnings		14,937	10,289
Equity attributable to owners of the parent		48,359	39,312
Non-controlling interests		5	6
Total equity		48,364	39,318
Total liabilities and equity		643,709	565,849

Approved and authorized for issue by the Board of Directors on 25 March 2015.

Director

Director

The notes on pages 12 to 115 form an integral part of these consolidated financial statements.

New China Life Insurance Company Ltd.

Statement of Financial Position

As at 31 December 2014

(All amounts in RMB millions unless otherwise stated)

	Notes	31 December 2014	31 December 2013 (Restated)	1 January 2013 (Restated)
ASSETS				
Property, plant and equipment	6	4,790	4,042	3,747
Investment properties	7	1,665	1,594	1,635
Intangible assets	8	1,513	1,497	93
Investments in subsidiaries	9	23,045	21,335	1,320
Investments in associates		10,150	9,404	708
Debt securities		325,270	285,489	234,119
- Held-to-maturity	10(1)	175,997	183,008	176,817
- Available-for-sale	10(2)	117,292	96,430	55,624
- At fair value through profit or loss	10(3)	6,248	1,661	1,381
- Loans and receivables	10(4)	25,733	4,390	297
Equity securities		60,061	32,175	32,039
- Available-for-sale	10(2)	57,687	31,446	28,711
- At fair value through profit or loss	10(3)	2,374	729	3,328
Term deposits	10(5)	166,797	162,937	171,652
Statutory deposits	10(6)	715	715	715
Policy loans		14,903	8,841	3,866
Financial assets purchased under agreements to resell		1,545	1,282	-
Accrued investment income	10(7)	10,625	9,985	10,760
Premiums receivable	11	1,543	1,581	1,556
Deferred tax assets	20	-	1,024	846
Reinsurance assets	12	3,020	2,954	3,282
Other assets	13	4,082	3,525	2,964
Cash and cash equivalents		13,885	17,407	24,262
Total assets		643,609	565,787	493,564

The notes on pages 12 to 115 form an integral part of these consolidated financial statements.

New China Life Insurance Company Ltd.

Statement of Financial Position (Continued)

As at 31 December 2014

(All amounts in RMB millions unless otherwise stated)

	Notes	31 December 2014	31 December 2013 (Restated)	1 January 2013 (Restated)
LIABILITIES AND EQUITY				
Liabilities				
Insurance contracts				
Long-term insurance contract liabilities	14	478,406	425,394	361,070
Short-term insurance contract liabilities				
- Outstanding claims liabilities	14	562	520	452
- Unearned premiums liabilities	14	1,132	967	750
Investment contracts	15	28,213	25,933	18,988
Borrowings	16	19,000	15,000	15,000
Financial assets sold under agreements to repurchase	17	59,234	52,211	55,437
Benefits, claims and surrenders payable		1,301	959	789
Premiums received in advance		2,246	432	518
Reinsurance liabilities		67	54	33
Provisions	18	29	458	458
Other liabilities	19	4,911	4,446	4,208
Current tax liabilities		-	-	47
Deferred tax liabilities	20	17	-	-
Total liabilities		595,118	526,374	457,750
Shareholders' equity				
Share capital	21	3,120	3,120	3,120
Reserves	22	30,295	25,904	25,967
Retained earnings		15,076	10,389	6,727
Total equity		48,491	39,413	35,814
Total liabilities and equity		643,609	565,787	493,564

The notes on pages 12 to 115 form an integral part of these consolidated financial statements.

New China Life Insurance Company Ltd.

**Consolidated Statement of Comprehensive Income
For the year ended 31 December 2014
(All amounts in RMB millions unless otherwise stated)**

	Notes	For the year ended 31 December	
		2014	2013
REVENUES			
Gross written premiums and policy fees	23	110,067	104,073
Less: premiums ceded out		(404)	(293)
Net written premiums and policy fees		109,663	103,780
Net change in unearned premiums liabilities		(193)	(165)
Net premiums earned and policy fees		109,470	103,615
Investment income	24	31,784	24,374
Other income	25	840	228
Total revenues		142,094	128,217
BENEFITS, CLAIMS AND EXPENSES			
Insurance benefits and claims			
Claims and net change in outstanding claims liabilities	26	(1,115)	(1,186)
Life insurance death and other benefits	26	(64,883)	(36,601)
Increase in long-term insurance contract liabilities	26	(46,019)	(65,954)
Investment contracts benefits		(1,144)	(869)
Commission and brokerage expenses		(7,641)	(6,422)
Administrative expenses	27	(11,335)	(9,977)
Other expenses	28	(543)	(643)
Total benefits, claims and expenses		(132,680)	(121,652)
Share of profits and losses of associates		539	364
Finance costs	29	(2,171)	(1,970)
Profit before income tax		7,782	4,959
Income tax expense	20	(1,375)	(535)
Net profit for the year		6,407	4,424
Net profit for the year attributable to:			
- Owners of the parent	30	6,406	4,422
- Non-controlling interests		1	2
Earnings per share (RMB)			
Basic and diluted	31	2.05	1.42

The notes on pages 12 to 115 form an integral part of these consolidated financial statements.

New China Life Insurance Company Ltd.

Consolidated Statement of Comprehensive Income (Continued)

For the year ended 31 December 2014

(All amounts in RMB millions unless otherwise stated)

	<u>For the year ended 31 December</u>	
	2014	2013
Net profit for the year	6,407	4,424
Other comprehensive income/(losses) to bereclassified to profit or loss in subsequent periods		
Available-for-sale securities		
Gains/(losses) arising from fair value changes	13,672	(1,249)
Losses transferred to profit or loss from other comprehensive income	(3,605)	(2,910)
Impairment transferred to profit or loss from other comprehensive income	1,023	1,318
Changes in liabilities for insurance and investment contracts arising from net unrealized (gains)/losses	(6,955)	1,537
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	(1,033)	325
Total other comprehensive income/(losses) for the year, net of tax	<u>3,107</u>	<u>(980)</u>
Total comprehensive income for the year	<u>9,514</u>	<u>3,444</u>
Total comprehensive income for the year attributable to:		
- Owners of the parent	9,513	3,442
- Non-controlling interests	<u>1</u>	<u>2</u>

The notes on pages 12 to 115 form an integral part of these consolidated financial statements.

New China Life Insurance Company Ltd.

**Consolidated Statement of Changes in Equity
For the year ended 31 December 2014
(All amounts in RMB millions unless otherwise stated)**

	Attributable to owners of the parent			Non-controlling interests	Total equity	
	Share capital	Reserves (Note 22)	Retained earnings			
For the year ended 31 December 2013						
As at 1 January 2013	3,120	25,967	6,783	35,870	8	35,878
Net profit for the year	-	-	4,422	4,422	2	4,424
Other comprehensive income	-	(980)	-	(980)	-	(980)
Total comprehensive income	-	(980)	4,422	3,442	2	3,444
Dividends paid	-	-	-	-	(4)	(4)
Appropriation to reserves	-	916	(916)	-	-	-
Total transactions with owners	-	916	(916)	-	(4)	(4)
As at 31 December 2013	3,120	25,903	10,289	39,312	6	39,318
For the year ended 31 December 2014						
As at 1 January 2014	3,120	25,903	10,289	39,312	6	39,318
Net profit for the year	-	-	6,406	6,406	1	6,407
Other comprehensive income	-	3,107	-	3,107	-	3,107
Total comprehensive income	-	3,107	6,406	9,513	1	9,514
Effect on capital injection to subsidiary	-	2	-	2	(2)	-
Dividends paid (Note 32)	-	-	(468)	(468)	-	(468)
Appropriation to reserves	-	1,290	(1,290)	-	-	-
Total transactions with owners	-	1,290	(1,758)	(468)	-	(468)
As at 31 December 2014	3,120	30,302	14,937	48,359	5	48,364

The notes on pages 12 to 115 form an integral part of these consolidated financial statements.

New China Life Insurance Company Ltd.

**Consolidated Statement of Cash Flows
For the year ended 31 December 2014
(All amounts in RMB millions unless otherwise stated)**

	<u>For the year ended 31 December</u>	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	7,782	4,959
Adjustments for:		
Investment income	(31,784)	(24,374)
Finance costs	2,171	1,970
Net change in outstanding claims liabilities	30	67
Net change in unearned premiums liabilities	193	165
Increase in long-term insurance contract liabilities	46,019	65,954
Investment contract benefits	1,144	869
Policy fees	(199)	(433)
Depreciation and amortization	455	392
Impairment losses on other receivables	1	(8)
Losses on disposal of property, plant and equipment	5	9
Changes in operational assets and liabilities:		
Receivables and payables	(639)	2,612
Investment contracts	1,256	4,780
Income tax paid	(1,382)	(757)
Net cash flows from operating activities	<u>25,052</u>	<u>56,205</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales and maturities of securities investments		
Proceeds from sales of debt securities	14,417	1,229
Proceeds from maturities of debt securities	37,242	37,387
Proceeds from sales of equity securities	51,802	67,013
Purchases of securities investments		
Purchase of debt securities	(87,750)	(112,534)
Purchase of equity securities	(69,015)	(74,648)
Proceeds from disposal of property, plant and equipment, intangible assets and other assets	19	6
Purchase of property, plant and equipment, intangible assets and other assets	(2,278)	(1,995)
Interests received	26,253	22,920
Dividends received	1,265	1,326
Term deposits, net	(4,142)	8,474
Financial assets purchased under agreements to resell, net	(293)	(1,321)
Others	(6,064)	(4,975)
Net cash flows from investing activities	<u>(38,544)</u>	<u>(57,118)</u>

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New China Life Insurance Company Ltd.

Consolidated Statement of Cash Flows (Continued)
For the year ended 31 December 2014
(All amounts in RMB millions unless otherwise stated)

	For the year ended 31 December	
	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES		
Received from borrowings	4,000	-
Interests and dividends paid	(1,202)	(745)
Financial assets sold under agreements to repurchase, net	6,616	(4,780)
Net cash flows from financing activities	9,414	(5,525)
Effect of foreign exchange rate changes	11	(58)
Net increase/(decrease)in cash and cash equivalents	(4,067)	(6,496)
Cash and cash equivalents		
Beginning of the year	18,570	25,066
End of the year	<u>14,503</u>	<u>18,570</u>
Analysis of balances of cash and cash equivalents		
Cash at banks and in hand	12,691	16,476
Shor deposits	1,812	2,094
Total of cash and cash equivalents	<u>14,503</u>	<u>18,570</u>

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