

New China Life Insurance Company Ltd.

Consolidated Statement of Financial Position

As of 31 December 2013

(All amounts in RMB millions unless otherwise stated)

	As of 31 December	
	2013	2012
ASSETS		
Property, plant and equipment	4,471	4,126
Investment properties	1,594	1,635
Intangible assets	1,512	102
Investments in associates	9,404	708
Financial assets		
Debt securities	305,558	234,130
- Held-to-maturity	183,008	176,817
- Available-for-sale	96,449	55,624
- At fair value through income	1,700	1,381
- Loans and receivables	24,401	308
Equity securities	32,185	32,085
- Available-for-sale	31,446	28,711
- At fair value through income	739	3,374
Term deposits	163,137	171,853
Statutory deposits	716	717
Policy loans	8,841	3,866
Financial assets purchased under agreements to resell	1,336	-
Accrued investment income	9,849	10,764
Premiums receivable	1,581	1,556
Deferred tax assets	1,040	863
Reinsurance assets	2,954	3,282
Other assets	3,101	2,940
Cash and cash equivalents	18,570	25,066
Total assets	565,849	493,693

New China Life Insurance Company Ltd.

Consolidated Statement of Financial Position (Continued)

As of 31 December 2013

(All amounts in RMB millions unless otherwise stated)

	As of 31 December	
	2013	2012
LIABILITIES AND EQUITY		
Liabilities		
Insurance liabilities		
Long-term insurance contracts	425,394	361,070
Short-term insurance contracts		
- Outstanding claims	520	452
- Unearned premiums	967	750
Financial liabilities		
Investment contracts	25,933	18,988
Borrowings	15,000	15,000
Financial assets sold under agreements to repurchase	52,211	55,437
Benefits, claims and surrenders payable	959	789
Premiums received in advance	432	518
Reinsurance liabilities	54	33
Provisions	458	458
Other liabilities	4,584	4,258
Current income tax liabilities	19	62
Total liabilities	526,531	457,815
Shareholders' equity		
Share capital	3,120	3,120
Reserves	25,903	25,967
Retained earnings	10,289	6,783
Total shareholders' equity	39,312	35,870
Non-controlling interests	6	8
Total equity	39,318	35,878
Total liabilities and equity	565,849	493,693

New China Life Insurance Company Ltd.

Statement of Financial Position

As of 31 December 2013

(All amounts in RMB millions unless otherwise stated)

	As of 31 December	
	2013	2012
ASSETS		
Property, plant and equipment	4,042	3,747
Investment properties	1,594	1,635
Intangible assets	1,497	93
Investments in subsidiaries	21,335	1,320
Investments in associates	9,210	610
Financial assets		
Debt securities	285,489	234,119
- Held-to-maturity	183,008	176,817
- Available-for-sale	96,430	55,624
- At fair value through income	1,661	1,381
- Loans and receivables	4,390	297
Equity securities	32,175	32,039
- Available-for-sale	31,446	28,711
- At fair value through income	729	3,328
Term deposits	162,937	171,652
Statutory deposits	715	715
Policy loans	8,841	3,866
Financial assets purchased under agreements to resell	1,282	-
Accrued investment income	9,985	10,760
Premiums receivable	1,581	1,556
Deferred tax assets	1,024	846
Reinsurance assets	2,954	3,282
Other assets	3,525	2,962
Cash and cash equivalents	17,407	24,262
Total assets	565,593	493,464

New China Life Insurance Company Ltd.

Statement of Financial Position (Continued)

As of 31 December 2013

(All amounts in RMB millions unless otherwise stated)

	As of 31 December	
	2013	2012
LIABILITIES AND EQUITY		
Liabilities		
Insurance liabilities		
Long-term insurance contracts	425,394	361,070
Short-term insurance contracts		
- Outstanding claims	520	452
- Unearned premiums	967	750
Financial liabilities		
Investment contracts	25,933	18,988
Borrowings	15,000	15,000
Financial assets sold under agreements to repurchase	52,211	55,437
Benefits, claims and surrenders payable	959	789
Premiums received in advance	432	518
Reinsurance liabilities	54	33
Provisions	458	458
Other liabilities	4,446	4,208
Current tax liabilities	-	47
Total liabilities	526,374	457,750
Shareholders' equity		
Share capital	3,120	3,120
Reserves	25,856	25,919
Retained earnings	10,243	6,675
Total equity	39,219	35,714
Total liabilities and equity	565,593	493,464

New China Life Insurance Company Ltd.

**Consolidated Statement of Comprehensive Income
For the year ended 31 December 2013
(All amounts in RMB millions unless otherwise stated)**

	For the year ended 31 December	
	2013	2012
REVENUES		
Gross written premiums and policy fees	104,073	98,081
Less: premiums ceded out	(293)	5
Net written premiums and policy fees	<u>103,780</u>	<u>98,086</u>
Net change in unearned premiums liabilities	(165)	(135)
Net premiums earned and policy fees	<u>103,615</u>	<u>97,951</u>
Investment income	24,374	13,559
Other income	228	189
Total revenues	<u>128,217</u>	<u>111,699</u>
BENEFITS, CLAIMS AND EXPENSES		
Insurance benefits and claims		
Claims and net change in outstanding claims liabilities	(1,186)	(1,084)
Life insurance death and other benefits	(36,601)	(23,983)
Increase in long-term insurance contracts liabilities	(65,954)	(64,831)
Investment contracts benefits	(869)	(660)
Commission and brokerage expenses	(6,422)	(7,047)
Administrative expenses	(9,977)	(9,785)
Other expenses	(643)	(276)
Total benefits, claims and expenses	<u>(121,652)</u>	<u>(107,666)</u>
Share of results of associates	364	1
Finance cost	(1,970)	(1,746)
Net profit before income tax	<u>4,959</u>	<u>2,288</u>
Income tax	(535)	646
Net profit for the year	<u>4,424</u>	<u>2,934</u>
Net profit for the year attributable to:		
- Shareholders of the Company	4,422	2,933
- Non-controlling interests	2	1
Earnings per share (RMB)		
Basic and diluted	<u>1.42</u>	<u>0.94</u>

New China Life Insurance Company Ltd.

Consolidated Statement of Comprehensive Income (Continued)
For the year ended 31 December 2013
(All amounts in RMB millions unless otherwise stated)

	For the year ended 31 December	
	2013	2012
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Available-for-sale financial assets		
Fair value changes	(2,841)	7,327
Changes in liabilities for insurance and investment contracts arising from net unrealized (losses) / gains	1,537	(4,489)
Currency translation differences	(1)	-
Income tax relating to components of other comprehensive income	325	15
Total other comprehensive (losses) / income	<u>(980)</u>	<u>2,853</u>
Total comprehensive income	<u>3,444</u>	<u>5,787</u>
Total comprehensive income for the year attributable to:		
- Shareholders of the Company	3,442	5,786
- Non-controlling interests	<u>2</u>	<u>1</u>

New China Life Insurance Company Ltd.

**Consolidated Statement of Changes in Equity
For the year ended 31 December 2013
(All amounts in RMB millions unless otherwise stated)**

	<u>Attributable to shareholders of the Company</u>				Non-controlling Interests	Total Equity
	Share capital	Reserves (Note 22)	Retained earnings	Total		
For the year ended 31 December 2012						
As of 1 January 2012	3,117	22,468	5,721	31,306	7	31,313
Net profit for the year	-	-	2,933	2,933	1	2,934
Other comprehensive income	-	2,853	-	2,853	-	2,853
Total comprehensive income	-	2,853	2,933	5,786	1	5,787
New shares issued	3	56	-	59	-	59
Dividends paid(Note 32)	-	-	(1,281)	(1,281)	-	(1,281)
Appropriation to reserves	-	590	(590)	-	-	-
Total transactions with owners	3	646	(1,871)	(1,222)	-	(1,222)
As of 31 December 2012	3,120	25,967	6,783	35,870	8	35,878
For the year ended 31 December 2013						
As of 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 of 31 December 2013	3,120	25,903	10,289	39,312	6	39,318

New China Life Insurance Company Ltd.

**Consolidated Statement of Cash Flows
For the year ended 31 December 2013
(All amounts in RMB millions unless otherwise stated)**

	<u>For the year ended 31 December</u>	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	4,959	2,288
Adjustments for:		
Investment income	(24,374)	(13,559)
Finance cost	1,970	1,746
Net change in outstanding claims liabilities	67	66
Net change in unearned premiums liabilities	165	135
Increase in long-term insurance contracts liabilities	65,954	64,831
Investment contracts benefits	869	660
Policy fees	(433)	(362)
Depreciation and amortization	392	386
Impairment losses on other receivables	(8)	(268)
Losses on disposal of property, plant and equipment	9	27
Changes in operational assets and liabilities:		
Receivables and payables	1,098	(1,652)
Investment contracts	4,780	(364)
Income tax paid	757	318
Net cash flows from operating activities	<u>56,205</u>	<u>54,252</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales and maturities of securities investment		
Proceeds from sales of debt securities	1,229	12,229
Proceeds from maturities of debt securities	37,387	3,071
Proceeds from sales of equity securities	67,013	36,721
Purchases of securities investment		
Purchase of debt securities	(112,534)	(58,087)
Purchase of equity securities	(74,648)	(39,916)
Proceeds from disposal of property, plant and equipment, intangible assets and other assets	6	7
Purchase of property, plant and equipment, intangible assets and other assets	(1,995)	(1,339)
Interests received	22,920	15,525
Dividends received	1,326	1,113
Term deposits, net	8,474	(48,954)
Financial assets purchased under agreements to resell, net	(1,321)	59
Others	(4,975)	(1,811)
Net cash flows from investing activities	<u>(57,118)</u>	<u>(81,382)</u>

New China Life Insurance Company Ltd.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2013

(All amounts in RMB millions unless otherwise stated)

	<u>For the year ended 31 December</u>	
	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuance	-	59
Received from borrowings	-	10,000
Interests paid	(745)	(953)
Financial assets sold under agreements to repurchase, net	(4,780)	21,994
Net cash flows from financing activities	<u>(5,525)</u>	<u>31,100</u>
Effect of foreign exchange rate changes	(58)	1
Net (decrease) / increase in cash and cash equivalents	<u>(6,496)</u>	<u>3,971</u>
Cash and cash equivalents		
Beginning of the year	25,066	21,095
End of the year	<u>18,570</u>	<u>25,066</u>
Analysis of balance of cash and cash equivalents		
Cash at bank and in hand	16,476	24,836
Short-term bank deposits	<u>2,094</u>	<u>230</u>
Total of cash and cash equivalents	<u>18,570</u>	<u>25,066</u>