



ENSURING YOUR FUTURE

2012 Interim Report



NCI 新华保险

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

VISION

The Most Excellent Financial Service Group in China Devoting to
All-round Life Insurance Services



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Cautionary Statement:

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 guarantee its future performance.

You are advised to exercise caution.

SECTION 1 IMPORTANT INFORMATION AND DEFINITIONS

IMPORTANT INFORMATION

1. The board of directors (the “Board”), the board of supervisors and 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 the 2012 Interim Report, and are jointly and severally liable for the authenticity, accuracy and completeness of the 2012 Interim Report.
2. The 2012 Interim Report of the Company was considered and approved at the 48th meeting of the fourth session of the Board of the Company on 29 August 2012, which 14 directors were required to attend and 13 of them attended. Director WANG Chengran didn’t attend the meeting for business reasons.
3. The 2012 condensed consolidated interim financial information of the Company has not been audited.
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 of the Company warrant the authenticity and completeness of the condensed consolidated interim financial information in the 2012 Interim Report.

SECTION 1 IMPORTANT INFORMATION AND DEFINITIONS

DEFINITIONS

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

the Company, New China Life Asset Management Company	New China Life Insurance Company Ltd.
New China Xiadu	New China Asset Management Co., Ltd., a subsidiary of the Company
Zijin Century	New China Xiadu Technology Training (Beijing) Co., Ltd., a subsidiary of the Company
Huijin	Beijing Zijin Century Real Estate Co., Ltd.
Baosteel Group	Central Huijin Investment Ltd.
CIRC	Baosteel Group Corporation
CSRC	China Insurance Regulatory Commission
SSF	China Securities Regulatory Commission
SSE	The National Council for Social Security Fund of the PRC
Hong Kong Stock Exchange or HKSE	Shanghai Stock Exchange
RMB	The Stock Exchange of Hong Kong Limited
PRC, China or People's Republic of China	Renminbi
	The People's Republic of China, excluding for purposes of this report only, Hong Kong, Macao and Taiwan
Company Law	The Company Law of the PRC
Insurance Law	The Insurance Law of the PRC
Securities Law	The 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
Articles of Association	The articles of association of New China Life Insurance Company Ltd.
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong
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@kcs.com

Address: 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, 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: 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, 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

Date of Initial Registration: 28 September 1996

Place of Initial Registration: The State Administration for Industry & Commerce of the PRC

Registration number of the Corporate business license: 110000009900854

Tax Registration number: Jing Shui Zheng Zi: 110229100023875

Organization Code: 10002387-5

Domestic Auditor: PricewaterhouseCoopers Zhong Tian Certified Public Accountants Limited Company

Address: 11/F, PricewaterhouseCoopers Center, Corporate Avenue 2, 202 HuBin Road, Huangpu District, Shanghai, PRC

International Auditor: PricewaterhouseCoopers

Address: 22/F, Prince's Building, Central, Hong Kong

PRC Legal Advisor for Securities Matters: Commerce & Finance Law Offices

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

Hong Kong Legal Advisor for Securities Matters: 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 2012	January – June 2011	Increase/decrease over the corresponding period of last year (%)
Total revenues	63,313	57,802	9.5%
Gross written premiums and policy fees	56,114	50,843	10.4%
Net profit before income tax	1,508	2,050	(26.4%)
Net profit attributable to shareholders of the Company	1,904	1,775	7.3%
Net cash flows from operating activities	33,046	30,837	7.2%

	30 June 2012	31 December 2011	Increase/decrease as compared to the end of last year (%)
Total assets	469,004	386,771	21.3%
Equity attributable to shareholders of the Company	34,934	31,306	11.6%

SECTION 3 SUMMARY OF ACCOUNTING DATA AND OPERATING DATA

Key financial indicators			Increase/decrease over the corresponding period of last year (%)
	January – June 2012	January – June 2011	
Basic weighted average earnings per share attributable to shareholders of the Company (RMB)	0.61	0.93	(34.4%)
Diluted weighted average earnings per share attributable to shareholders of the Company (RMB)	0.61	0.93	(34.4%)
Weighted average return on equity attributable to shareholders of the Company	5.72%	13.13%	N/A
Weighted average net cash flows from operating activities per share (RMB)	10.60	16.23	(34.7%)

	30 June 2012	31 December 2011	Increase/decrease as compared to the end of last year (%)
Net assets per share attributable to shareholders of the Company (RMB/share)	11.20	10.04	11.6%

II. OTHER KEY FINANCIAL AND REGULATORY INDICATORS

Unit: RMB in millions

Indicator	January – June 2012/as of 30 June 2012	January – June 2011/as of 31 December 2011	Increase/decrease (%)
Investment assets ⁽¹⁾	452,910	373,958	21.1%
Total investment yield ⁽²⁾	1.8%	2.2%	N/A
Gross written premiums and policy fees	56,114	50,843	10.4%
Increase rate of gross written premiums and policy fees	10.4%	(5.3%)	N/A
Benefits, claims and expenses	(61,017)	(55,441)	10.1%

Note:

- The comparative figures have been reclassified in the same way as the disclosures made in the condensed consolidated interim financial information of the reporting period.
- Total investment yield = Total investment income/Average investment assets.

SECTION 3 SUMMARY OF ACCOUNTING DATA AND OPERATING DATA

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

There is no difference on the consolidated net profit of the Company for the six months ended 30 June 2012 and the consolidated equity of the Company as of 30 June 2012 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 products and services concerning life insurance to individual and institutional customers via its nationwide distribution network. Meanwhile, the Company also manages and utilizes its insurance assets through its subsidiary Asset Management Co., Ltd..

Unless otherwise specified, this management discussion and analysis is based on the condensed consolidated interim financial information of the Company, and all the data is denominated in Renminbi.

I. KEY OPERATIONAL INDICATORS

Unit: RMB in millions

	January – June 2012	January – June 2011
Gross written premiums and policy fees	56,114	50,843
Total investment income ⁽¹⁾	7,302	6,808
Net profit attributable to shareholders of the Company	1,904	1,775
Value of first half year's new business	2,338	2,372
Market share ⁽²⁾	9.8%	9.0%
Persistency ratio		
Individual life insurance business		
13-month persistency ratio ⁽³⁾	90.6%	92.4%
Individual life insurance business		
25-month persistency ratio ⁽⁴⁾	89.4%	89.1%

	As of 30 June 2012	As of 31 December 2011
Total assets	469,004	386,771
Net assets	34,942	31,313
Investment assets ⁽⁵⁾	452,910	373,958
Equity attributable to shareholders of the Company	34,934	31,306
Embedded Value	56,150	48,991
Number of customers (in thousands)	25,716	27,111
individual customers	25,654	27,052
institutional customers	62	59

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

1. Total investment income = interest income from cash and cash equivalents, term deposits, debt securities and other financial assets + dividend income from equity securities + realized gains/(losses) on investment assets + unrealized gains/(losses) + impairment losses on financial assets.
2. Market share: represent the data published by the CIRC.
3. 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.
4. 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.
5. The comparative figures have been reclassified in the same way as the disclosures made in the condensed consolidated interim financial information of the reporting period.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

II. BUSINESS ANALYSIS

(I) Life insurance business

Since 2012, the Company continued to implement its customer-oriented strategy, enhanced its value-driven concept, proactively innovated its business model, pushed forward the balanced development of value and scale and steadily improved its operation and management efficiency, thus making remarkable achievements. In the first half of the year, the Company's operating revenues grow further, with an improved business structure and stable quality.

In the first half of the year, the Company's gross written premiums amounted to RMB55,950 million with a market share of 9.8%, representing an increase of 0.8 percentage points as compared to the same period of 2011, and ranked the third in the PRC life insurance market.

1. Analysis by distribution channels

Unit: RMB in millions

	January – June 2012	January – June 2011
Individual life insurance	55,045	49,890
Of which:		
Individual insurance agent channel	23,030	18,791
First year premiums	5,851	5,374
Regular premiums	5,198	4,907
Single premiums	653	467
Renewal premiums	17,179	13,417
Bancassurance channel	31,393	30,731
First year premiums	15,355	17,624
Regular premiums	3,236	4,705
Single premiums	12,119	12,920
Renewal premiums	16,038	13,107
Wealth management channel	622	368
First year premiums	412	368
Regular premiums	219	267
Single premiums	193	100
Renewal premiums	210	–
Group insurance	905	772
Total	55,950	50,662

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

(1) *Individual life insurance business*

① Individual insurance agent channel

In the first half of 2012, gross written premiums generated from our Company's individual insurance agent channel were RMB23,030 million, representing an increase of 22.6% as compared to the same period of last year. Among these gross written premiums, the first year premiums amounted to RMB5,851 million, representing an increase of 8.9% as compared to the same period of last year, while the renewal premiums amounted to RMB17,179 million, representing an increase of 28.0% as compared to the same period of last year. Both increases were mainly attributable to the Company's adoption of a balanced "value-oriented" development path, its persistent optimization of business structure and its emphasis on developing long-term regular products with higher value. Meanwhile, the Company continued to strengthen the renewal team's capacity to acquire new policies. The first year premiums generated from our renewal team amounted to RMB1,080 million, representing an increase of 46.2% as compared to the same period of last year.

In the first half of 2012, the Company continued to implement its "catering for customers' insurance needs" sales strategy through its individual insurance agent channel. While maintaining a stable workforce of individual insurance agents, the Company attached great importance to build a high-performing agent team, thus optimizing manpower structure. As at the end of the reporting period, our individual insurance agents amounted to 207,000, representing an increase of 2.5% as compared to the end of 2011. Among them, there were approximately 30,000 high-performing agents, representing an increase of 20.0% as compared to the end of 2011.

② Bancassurance channel

Affected by market conditions and competition from wealth management products provided by commercial banks in the first half of the year, our bancassurance channel continued to experience an industry-wide slowdown during the period. Confronting challenges from the changes in the industry environment, the Company reacted accordingly to implement structural adjustment strategy in our bancassurance channel and push forward strategic transformation of its business model, thereby further strengthening its market position.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2012, gross written premiums generated from our bancassurance channel amounted to RMB31,393 million, representing an increase of 2.2% as compared to the same period of last year. Among these gross written premiums, the first year premiums amounted to RMB15,355 million, representing a decrease of 12.9% as compared to the same period of last year. Driven by the strategy of shifting from short-term regular premium products to long-term regular premium products, during the reporting period, the first year premiums generated from products with a payment period of five years or above accounted for 88.7% of the total first year premiums generated from the bancassurance channel, representing an increase of 9.0 percentage points as compared to the same period of last year. Renewal premiums amounted to RMB16,038 million, representing an increase of 22.4% as compared to the same period of last year, which was attributable to the Company's greater efforts to boost the sales of regular products in recent years.

③ Wealth management channel

The Company established a wealth management department in April 2010, providing insurance products and wealth management services for mid- to high-end customers. The Company continued to explore new operation model for the wealth management channel and laid a solid foundation for acquiring quality customers and building a high-performing insurance agent team.

In the first half of 2012, gross written premiums generated from the Company's wealth management channel amounted to RMB622 million, representing an increase of 69.0% as compared to the same period of last year, among which the first year premiums amounted to RMB412 million, representing an increase of 12.0% as compared to the same period of last year.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

(2) Group insurance business

In the first half of 2012, gross written premiums generated from the group insurance business amounted to RMB905 million, representing an increase of 17.2% as compared to the same period of last year.

2. Analysis by types of insurance products

Unit: RMB in millions

	January – June 2012	January – June 2011
Gross written premiums	55,950	50,662
Traditional life insurance	379	328
Participating life insurance	51,883	47,316
Universal life insurance	18	16
Unit-linked insurance	0⁽¹⁾	0 ⁽¹⁾
Health insurance	3,115	2,530
Accident insurance	555	473

Note:

- The amount for each period indicated was less than RMB500,000.

In the first half of 2012, the Company realized gross written premiums of RMB55,950 million, representing an increase of 10.4% as compared to the same period of last year. Among these gross written premiums, premiums generated from the participating insurance business amounted to RMB51,883 million, representing an increase of 9.7% as compared to the same period of last year and accounting for 92.7% of the gross written premiums, which indicated that the participating insurance was still the primary source of our revenue. Premiums generated from the health insurance business were RMB3,115 million, representing an increase of 23.1% as compared to the same period of last year and accounting for 5.6% of the gross written premiums. Premiums generated from other types of life insurance amounted to RMB952 million, representing an increase of 16.7% as compared to the same period of last year and accounting for 1.7% of the gross written premiums.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

3. Analysis by geographic regions

Unit: RMB in millions

	January – June 2012	January – June 2011
Gross written premiums	55,950	50,662
Beijing	5,425	4,941
Guangdong	5,054	4,607
Henan	4,245	3,711
Shandong	3,761	3,225
Shanghai	3,638	3,582
Hubei	3,090	3,082
Sichuan	3,082	2,961
Jiangsu	2,653	2,598
Hunan	2,286	2,173
Hebei	1,953	1,868
Sub-total	35,187	32,748
Other regions	20,763	17,914
Total	55,950	50,662

In the first half of 2012, approximately 62.9% of our Company's premiums were contributed by the regions with relatively developed economy or dense population in the PRC, such as Beijing, Guangdong, Henan, Shandong, Shanghai, Hubei, Sichuan, Jiangsu, Hunan and Hebei, etc.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

(II) Asset management business

Insisting on balanced asset-liability management, while taking into account of the security, liquidity and profitability of its managed funds, the Company seeks to maximize the investment returns of its investment portfolio on the basis of sound asset allocation and effective risk control.

In 2012, based on the characteristics of liabilities of insurance business and fluctuation cycles of capital markets, the Company proactively improved its allocation for investment portfolio, properly increased the proportion of fixed-income assets, in order to enhance net investment yield and maintain stable and sustainable investment income. As to the equity investment, the overall income from equity investments in the income statement declined dramatically due to the continued downturn of the domestic capital market in 2012. The Company realised disposal losses during the reporting period and a provision of RMB2,016 million was made for the impairment loss on such financial assets accordingly.

1. Investment portfolio

Unit: RMB in millions

	As of 30 June 2012	As of 31 December 2011
Investment assets⁽¹⁾	452,910	373,958
Classified by investment type		
Term deposits ⁽²⁾	162,927	122,949
Debt securities	212,152	190,464
Equity securities ⁽³⁾	33,396	29,051
– Funds	15,735	12,077
– Stocks	17,661	16,974
Cash and cash equivalents ⁽²⁾	30,875	21,095
Other investment assets ⁽⁴⁾	13,560	10,399
Classified by investment purpose		
Financial assets at fair value through income	5,911	5,529
Available-for-sale financial assets	82,826	72,876
Held-to-maturity securities	156,800	141,090
Loans and other receivables ⁽⁵⁾	207,373	154,463

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

1. The comparative figures have been reclassified in the same way as the disclosures made in the condensed consolidated interim financial information of the reporting period.
2. Cash and cash equivalents include term deposits with maturity within 3 months, while term deposits exclude those with maturity within 3 months.
3. Equity securities exclude investments in associates.
4. Other investment assets include statutory deposits, policy loans, financial assets purchased under agreements to resell and accrued investment income, etc. The comparative figures have been reclassified in the same way as the disclosures made in the condensed consolidated interim financial information of the reporting period.
5. 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 investments classified as loans and receivables. The comparative figures have been reclassified in the same way as the disclosures made in the condensed consolidated interim financial information of the reporting period.

As of the end of the reporting period, the Company had investment assets of RMB452,910 million, increased by 21.1% as compared to the end of last year. Such increase was mainly attributable to the cash inflows from the Company's insurance business.

As of the end of the reporting period, term deposits accounted for 36.0% of the total investment assets, representing an increase of 3.1 percentage points as compared to the end of last year, which was mainly due to the Company's increase of the proportion of agreement term deposits, especially those with maturity of 5 years or above.

As of the end of the reporting period, debt securities accounted for 46.8% of the total investment assets, representing a decrease of 4.1 percentage points as compared to the end of last year. Such decrease was mainly due to the Company's decrease of the proportion of financial bonds and corporate bonds.

As of the end of the reporting period, equity securities accounted for 7.4% of the total investment assets, representing a decrease of 0.4 percentage points as compared to the end of last year. Such decrease was mainly due to the control of equity assets positions as the Company promptly adjusted assets allocation strategies based on the prevailing market conditions.

As of the end of the reporting period, cash and cash equivalents accounted for 6.8% of total investment assets, representing an increase of 1.2 percentage points as compared to the end of last year. Such increase was mainly attributable to the requirements for investment assets allocation and liquidity management.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

As of the end of the reporting period, other investment assets accounted for 3.0% of total investment assets, representing an increase of 0.2 percentage points as compared to the end of last year, mainly attributable to the increase in accrued investment income and financial assets purchased under agreements to resell.

In terms of investment purposes, as of the end of the reporting period, investment assets of the Company mainly comprised of loans and other receivables and held-to-maturity securities. Investments in loans and other receivables increased by 34.3% as compared to the end of last year, mainly due to the increase in term deposits and cash and cash equivalents.

2. Investment income

Unit: RMB in millions

	January – June 2012	January – June 2011
Interest income from cash and cash equivalents	55	73
Interest income from term deposits	3,882	2,003
Interest income from debt securities	4,704	3,533
Dividend income from equity securities	386	751
Interest income from other investment assets ⁽¹⁾	145	63
Net investment income ⁽²⁾	9,172	6,423
Realized gains	(126)	962
Unrealized gains/(losses)	272	(464)
Impairment losses on financial assets	(2,016)	(113)
Total investment income ⁽³⁾	7,302	6,808
Net investment yield (%) ⁽⁴⁾	2.2%	2.0%
Total investment yield (%) ⁽⁴⁾	1.8%	2.2%

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

Notes: Investment yield = investment income/(investment assets at the beginning of the period + investment assets at the end of the period)/2.

1. Interest income from other investment assets includes interest income from statutory deposits, policy loans and financial assets purchased under agreements to resell.
2. 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.
3. Total investment income = net investment income + realized gains on investment assets + unrealized gains/(losses) on fair value + impairment losses on financial assets.
4. The investment yield is only for the first half year without annualized.

The Company achieved total investment income of RMB7,302 million for the reporting period, representing an increase of 7.3% as compared to the same period of last year; the total investment yield was 1.8%, representing a decrease of 0.4 percentage points as compared to the same period of last year.

The Company achieved net investment income of RMB9,172 million, representing an increase of 42.8% as compared to the same period of last year; net investment yield was 2.2%, representing an increase of 0.2 percentage points as compared to the same period of last year. Such increase was mainly attributable to the significant increase in interest income from term deposits and debt securities.

The realized gains, unrealized gains and losses on investment assets and impairment losses on financial assets amounted to a loss of RMB1,870 million in aggregate, mainly because the fair value of equity securities held by the Company experienced a continuous decline due to the continued downturn of the domestic capital market in 2012, for which the Company made a provision for impairment loss of financial assets of RMB2,016 million in accordance with its accounting policies.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

III. PRINCIPAL CONTENTS AND ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(I) Analysis of principal components of the balance sheet

1. Principal assets

Unit: RMB in millions

Component	As of 30 June 2012	As of 31 December 2011
Debt securities	212,152	190,464
– Held-to-maturity	156,800	141,090
– Available-for-sale	53,370	46,866
– At fair value through income	1,971	2,488
– Loans and receivables	11	20
Equity securities	33,396	29,051
– Available-for-sale	29,456	26,010
– At fair value through income	3,940	3,041
Term deposits	162,927	122,949
Statutory deposits	717	522
Policy loans	2,761	2,055
Financial assets purchased under agreements to resell	1,000	79
Accrued investment income ⁽¹⁾	9,082	7,743
Premiums receivable	2,304	1,395
Deferred tax assets	962	14
Cash and cash equivalents	30,875	21,095
Other assets not included in the above assets ⁽¹⁾	12,828	11,404
Total	469,004	386,771

Note:

- The comparative figures have been reclassified in the same way as the disclosures made in the condensed consolidated interim financial information of the reporting period.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

Debt securities

As of the end of the reporting period, debt securities increased by 11.4% as compared to the end of 2011, primarily due to the expanding scale of held-to-maturity securities.

Equity securities

As of the end of the reporting period, equity securities increased by 15.0% as compared to the end of 2011, primarily due to the growth of total investment assets, of which the proportion of equity securities remained relatively stable.

Term deposits

As of the end of the reporting period, term deposits increased by 32.5% as compared to the end of 2011, primarily because the Company increased the proportion of agreement term deposits, especially those with maturity of 5 years or above.

Statutory deposits

As of the end of the reporting period, statutory deposits increased by RMB195 million as compared to the end of 2011, primarily because the share capital of the Company increased to RMB3,120 million after the initial public offering, and according to related regulatory requirements, the Company increased statutory deposits by RMB195 million during the reporting period.

Policy loans

As of the end of the reporting period, policy loans increased by 34.4% as compared to the end of 2011, primarily due to an increase in demand for policy loans.

Financial assets purchased under agreements to resell

As of the end of the reporting period, financial assets purchased under agreements to resell increased by 1165.8% or RMB921 million as compared to the end of 2011, which was primarily due to the requirements for liquidity management.

Accrued investment income

As of the end of the reporting period, accrued investment income increased by 17.3% as compared to the end of 2011, which was mainly due to the growth of total interest-earning investment assets.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

Premiums receivable

As of the end of the reporting period, premiums receivable increased by 65.2% as compared to the end of 2011, which was primarily due to the cumulative growth of our insurance business.

Deferred tax assets

As of the end of the reporting period, deferred tax assets increased by 6771.4% or RMB948 million as compared to the end of 2011, which was mainly because, during the reporting period, the Company determined that there would be sufficient taxable profits in the future to utilize deductible temporary differences, unused losses and unused tax credits, and therefore recognized the resultant deferred tax assets of RMB950 million during the reporting period.

Cash and cash equivalents

As of the end of the reporting period, cash and cash equivalents increased by 46.4% as compared to the end of 2011, mainly attributable to the requirements for investment assets allocation and liquidity management.

2. *Principal liabilities*

Unit: RMB in millions

Component	As of 30 June 2012	As of 31 December 2011
Insurance contracts	336,057	293,814
Long-term insurance contracts liabilities	334,817	292,818
Short-term insurance contracts liabilities		
– Outstanding claims liabilities	385	392
– Unearned premiums liabilities	855	604
Investment contracts	19,575	19,001
Financial assets sold under agreements to repurchase	68,536	32,481
Premiums received in advance	127	504
Reinsurance liabilities	98	31
Current income tax liabilities	120	192
Other liabilities not included in the above liabilities	9,549	9,435
Total	434,062	355,458

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

Insurance contracts liabilities

As of the end of the reporting period, insurance contracts liabilities increased by 14.4% as compared to the end of 2011, primarily due to the growth of insurance business and the accumulation of insurance obligations. As of the balance sheet date, all types of reserves for insurance contract liabilities of the Company had passed the adequacy tests.

Investment contracts liabilities

As of the end of the reporting period, investment contracts liabilities increased by 3.0% as compared to the end of 2011, mainly as a result of the cumulative growth of the in-force investment contracts business.

Financial assets sold under agreements to repurchase

As of the end of the reporting period, financial assets sold under agreements to repurchase increased by 111% as compared to the end of 2011, primarily due to the requirements for investment assets allocation and liquidity management.

Premiums received in advance

As of the end of the reporting period, premiums received in advance decreased by 74.8% as compared to the end of 2011, primarily due to the fact that such premiums received in advance as of the end of 2011 were transferred to received premiums.

Reinsurance liabilities

As of the end of the reporting period, reinsurance liabilities increased by 216.1% or RMB67 million as compared to the end of 2011, primarily due to an increase in the reinsurance liabilities payable to Swiss Reinsurance Company Ltd., Beijing Branch and China Life Reinsurance Company Ltd..

Current income tax liabilities

As of the end of the reporting period, current income tax liabilities decreased by 37.5% as compared to the end of 2011, primarily due to a decrease in current income tax for the first half of 2012 as compared to the whole year of 2011.

3. Shareholders' equity

As of the end of the reporting period, shareholders' equity attributable to the Company amounted to RMB34,934 million, representing an increase of 11.6% as compared to the end of 2011, primarily due to the business growth of the Company.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

(II) Analysis of principal components of the income statement

1. Revenues

Unit: RMB in millions

Component	January – June 2012	January – June 2011
Gross written premiums and policy fees	56,114	50,843
Less: premiums ceded out	40	238
Net written premiums and policy fees	56,154	51,081
Net change in unearned premiums liabilities	(227)	(193)
Net premiums earned and policy fees	55,927	50,888
Investment income	7,303	6,813
Other income	83	101
Total	63,313	57,802

Gross written premiums and policy fees

During the reporting period, gross written premiums and policy fees grew by 10.4% as compared to the same period of last year, representing a more rapid growth, primarily because the downward trend of first-year premiums generated from the bancassurance channel has gradually slowed down and the renewal premiums generated from the optimization of the business structure of the Company has increased.

Premiums ceded out

During the reporting period, premiums ceded out decreased by 83.2% as compared to the same period of last year and remained negative, primarily due to a decrease in surrenders from certain reinsurance business which resulted in a corresponding decrease in policy surrenders recovered from reinsurers.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

Net change in unearned premiums liabilities

During the reporting period, net change in unearned premiums liabilities increased by 17.6% as compared to the same period of last year, primarily due to an increase in net change in unearned premiums liabilities for health insurance during the reporting period.

Investment income

During the reporting period, investment income increased by 7.2% as compared to the same period of last year. On one hand, such increase was due to the fact that interest income from term deposits and debt securities increased, with the increasing proportion of fixed-income products in our investment portfolio. On the other hand, with the continuous decrease in fair value of the equity securities held by the Company as a result of the continued downturn of the domestic capital market in 2012, the Company recorded certain impairment loss on financial assets.

2. *Benefits, claims and other expenses*

Unit: RMB in millions

Component	January – June 2012	January – June 2011
Insurance benefits and claims	(52,176)	(47,516)
Claims and net change in outstanding claims liabilities	(462)	(368)
Life insurance death and other benefits	(11,584)	(9,528)
Increase in long-term insurance contracts liabilities	(40,130)	(37,620)
Investment contracts benefits	(364)	(346)
Commission and brokerage expenses	(3,825)	(3,689)
Administrative expenses	(4,517)	(3,998)
Other (expenses)/income	(135)	108
Total	(61,017)	(55,441)

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

Claims and net change in outstanding claims liabilities

During the reporting period, claims and net change in outstanding claims liabilities increased by 25.5% as compared to the same period of last year, primarily due to business growth and the increase in accumulated volume of policies of the Company.

Life insurance death and other benefits

During the reporting period, life insurance death and other benefits increased by 21.6% as compared to the same period of last year, primarily due to business growth and the increase in accumulated volume of policies of the Company.

Increase in long-term insurance contracts liabilities

During the reporting period, increase in long-term insurance contracts liabilities increased by 6.7% as compared to the same period of last year, primarily due to the growth of insurance business and the accumulation of insurance obligations.

Commission and brokerage expenses

During the reporting period, commission and brokerage expenses increased by 3.7% as compared to the same period of last year, primarily due to business growth and business structure adjustment.

Administrative expenses

During the reporting period, administrative expenses increased by 13.0% as compared to the same period of last year, primarily due to business growth and the increase in salary and welfare expenses.

Other expenses/income

During the reporting period, other expenses amounted to RMB135 million as compared to other income of RMB108 million for the same period of last year, primarily due to the increase in interest expenses for securities sold under agreements to repurchase and interest expenses for subordinated debts.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

3. *Income Tax*

During the reporting period, income tax credit amounted to RMB397 million as compared to income tax expenses of RMB275 million for the same period of last year, mainly because the Company determined that, in the reporting period, there would be sufficient taxable profits in the future to utilize deductible temporary differences, unused losses and unused tax credits, therefore, the Company recognized deferred income tax credit of RMB631 million during the reporting period.

4. *Net profit*

During the reporting period, the Company achieved net profit attributable to the Company amounting to RMB1,904 million, representing an increase of 7.3% as compared to the same period of last year. The net profit growth slowed down primarily due to the continued decline in fair value of the equity securities held by the Company caused by the continued downturn of the domestic capital market in 2012.

5. *Other comprehensive income*

During the reporting period, other comprehensive income was RMB1,946 million, changed from a loss for the same period of last year, primarily because the loss on investment assets (shown as other comprehensive income in the previous period) was partly transferred to impairment loss on assets in the current period.

(III) Analysis of cash flows

Unit: RMB in millions

Items	January – June 2012	January – June 2011
Net cash flows from operating activities	33,046	30,837
Net cash flows from investing activities	(59,115)	(48,042)
Net cash flows from financing activities	35,843	9,412

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 2012 and 2011 amounted to RMB33,046 million and RMB30,837 million respectively. Cash inflows from operating activities of the Company were primarily comprised of cash premiums received. Cash premiums received from our existing insurance contracts for the first half of 2012 and 2011 amounted to RMB54,566 million and RMB49,304 million respectively. Increase in cash premiums was primarily due to continuous growth in premiums income as a result of the continuing expansion of the scale of the Company's insurance business.

Net cash outflows from operating activities of the Company for the first half of 2012 and 2011 amounted to RMB22,179 million and RMB18,896 million respectively. Cash outflows from operating activities of the Company were primarily comprised of claims and benefits expenses, commission and brokerage expenses paid in cash, cash paid to or for employees, and other cash payments related to operating activities. Claims expenses from existing insurance contracts for the first half of 2012 and 2011 amounted to RMB12,348 million and RMB9,880 million respectively. The above changes were primarily due to the Company's business growth and payment of insurance.

2. *Net Cash flows from investing activities*

Net cash flows from investing activities of the Company for the first half of 2012 and 2011 amounted to minus RMB59,115 million and minus RMB48,042 million respectively. Net cash inflows from investing activities of the Company for the first half of 2012 and 2011 amounted to RMB45,128 million and RMB78,470 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 financial assets purchased under agreement to resell, etc.

Net cash outflows from investing activities of the Company for the first half of 2012 and 2011 amounted to RMB104,243 million and RMB126,512 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 purchase of properties, plants and equipments, intangible assets and other 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 2012 and 2011 amounted to RMB35,843 million and RMB9,412 million respectively. Net cash inflows from financing activities of the Company for the first half of 2012 and 2011 amounted to RMB2,241,340 million and RMB330,385 million respectively. Cash inflows from financing activities of the Company were primarily comprised of cash proceeds from share issuance and cash received from sale of financial assets under agreements to repurchase, etc.

Net cash outflows from financing activities of the Company for the first half of 2012 and 2011 amounted to RMB2,205,497 million and RMB320,973 million respectively. Cash outflows from financing activities of the Company were primarily comprised of cash paid for financial assets sold under agreements to repurchase.

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 2012	As of 31 December 2011	Reason of change
Actual capital	27,304	23,866	Earnings for the current period and changes in fair value of financial assets
Minimum capital	17,199	15,304	Growth in insurance business
Surplus	10,105	8,562	
Solvency margin ratio (%)	158.76%	155.95%	

(II) Gearing ratio

	As of 30 June 2012	As of 31 December 2011
Gearing ratio (%)	92.5%	91.9%

Note: Gearing ratio = Total liabilities/Total assets.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

(III) Reinsurance business

The Company's reinsurance business currently includes business ceded through quota share, surplus and catastrophe reinsurance contracts. The reinsurance contracts cover almost all products. Reinsurers of the Company are mainly China Life Reinsurance Company Ltd. and Swiss Reinsurance Company Ltd., Beijing Branch, etc.

During the reporting period, premiums ceded out of the Company were set out as follows:

Unit: RMB in millions

	January – June 2012	January – June 2011
China Life Reinsurance Company Ltd. ⁽¹⁾	(105)	(289)
Swiss Reinsurance Company Ltd., Beijing Branch	62	48
Others ⁽²⁾	3	3
Total	(40)	(238)

Notes:

1. Premiums ceded out were negative primarily because policy surrenders recovered from the reinsurer exceeded the premiums ceded out during the year.
2. Others primarily included Hannover Ruckversicherung 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. OTHER MATTERS

Material acquisition and disposal of subsidiaries and associated companies

For details of material acquisition and disposal of subsidiaries and associated companies, please see Note 24 to the condensed consolidated interim financial information in this report.

Employees' remuneration, remuneration policies and bonus

As of the end of the reporting period, there are totally 50,316 employees in the Company. For details of employees' remuneration, remuneration policies and bonus, please see Note 17 to the condensed consolidated interim financial information in this report.

Charges on assets

During the reporting period, the Company had no charges on assets.

Exposure to fluctuations in exchange rates and related hedges

Details of exposure to fluctuations in exchange rates and related hedges of the Company are set out in Note 4(2)(a)(iii) – currency risk to the condensed consolidated interim financial information in this report.

Contingent liabilities

Details of contingent liabilities are set out in Note 22 to the condensed consolidated interim financial information in this report.

VI. FUTURE PROSPECTS

In 2012, the life insurance industry in the PRC faced many complicated changes and tremendous challenges in various fields, e.g. the macroeconomic environment, the regulatory policies and the development cycle of the life insurance industry. At the same time, the nation's rapidly aging population, accelerated urbanization process and other factors also render ample room for the booming life insurance industry. In such a complicated situation full of uncertainties, China's life insurance industry is now exploring new approaches of development and new profit-generating modes, which ushers in a comprehensive transformation of development across the industry.

In 2012, the Company continued to refine and promote its "customer-oriented" initiatives, disseminated the concept of "growth in value" and raised awareness of operation in compliance, thereby preliminarily paving a balanced development path for the Company. Meanwhile, the Company is proactively exploring new business modes and has made substantial progress in developing senior care business and health care business. In the second half of the year, the Company will further optimize the approach to value growth and improve the value-oriented budget system and evaluation system, thus to enhance business performance and push forward to achieve annual targets. Furthermore, the Company will proceed with the development of its innovative businesses, i.e. the senior care business and health care business, so as to establish a leading edge in the market.

SECTION 5 CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

I. CHANGES IN THE SHARE CAPITAL

(1) Table of Changes in the Share Capital

The table below shows the changes in our share capital as of 30 June 2012:

Unit: share

	31 December 2011		Increase or decrease during the reporting period (+ or -)					30 June 2012	
	Number	Percentage (%)	New shares issued	Bonus shares	Transfer from reserve	Others	Sub-total	Number	Percentage (%)
1. Shares with Selling restrictions									
(1) State-owned shares	990,201,488	31.77%	-	-	-	-174,334	-174,334	990,027,154	31.74%
(2) State-owned legal person shares	471,296,512	15.12%	-	-	-	-84,326	-84,326	471,212,186	15.11%
(3) Other domestic shares	486,968,000	15.62%	-	-	-	-31,708,000	-31,708,000	455,260,000	14.59%
held by:									
Legal entities	486,968,000	15.62%	-	-	-	-31,708,000	-31,708,000	455,260,000	14.59%
Natural persons	-	-	-	-	-	-	-	-	-
(4) Foreign shares	859,926,600	27.59%	-	-	-	-212,526,600	-212,526,600	647,400,000	20.75%
held by:									
Legal persons	859,926,600	27.59%	-	-	-	-212,526,600	-212,526,600	647,400,000	20.75%
Natural persons	-	-	-	-	-	-	-	-	-
Total	2,808,392,600	90.10%				-244,493,260	-244,493,260	2,563,899,340	82.19%
2. Shares without selling restrictions									
(1) Ordinary Shares denominated in RMB	126,832,000	4.07%	-	-	-	31,708,000	31,708,000	158,540,000	5.08%
(2) Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
(3) Overseas listed foreign shares (H share)	181,735,400	5.83%	2,586,600	-	-	212,785,260	215,371,860	397,107,260	12.73%
(4) Others	-	-	-	-	-	-	-	-	-
Total	308,567,400	9.90%	2,586,600	-	-	244,493,260	247,079,860	555,647,260	17.81%
3. Total number of shares	3,116,960,000	100.00%	2,586,600	-	-	-	2,586,600	3,119,546,600	100.00%

Notes:

- "Shares with Selling restrictions" refer to the shares held by shareholders who are subject to restrictions on sale in accordance with laws, regulations and rules or undertakings.
- "State-owned shares" of this table refer to the shares held by Huijin and Account No. 3 of SFF. "Other domestic shares" refer to the shares held by the then existing domestic shareholders before the Initial Public Offering ("IPO"). "Foreign shares" refer to the shares held by the then existing foreign shareholders before the Initial Public Offering.
- The reasons for the change of shares during the reporting period are the Company's over allotment of 2,586,600 H shares in January 2012, transfer of state-owned shares since the over allotment and the expiry of selling restrictions.

SECTION 5 CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

(2) Table of Changes in the Number of Shares with Selling Restrictions

The table below shows the changes in the number of shares with selling restrictions as of 30 June 2012:

Unit: Share

No.	Name of shareholders	Number of shares with selling restrictions at the beginning of the period	Increase/Decrease of the number of shares with selling restrictions for the period	Number of shares with selling restrictions at the end of the period	Reason for selling restrictions	Expiry date of selling restrictions (Y/M/D)
1	Central Huijin Investment Ltd. ⁽¹⁾	974,347,488	-174,334	974,173,154	Restriction upon issuance	2014-12-16
2	Baosteel Group Corporation ⁽¹⁾	471,296,512	-84,326	471,212,186	Restriction upon issuance	2012-12-16
3	The allottees of A shares under off-line placement	31,708,000	-31,708,000	-	Restriction upon issuance	2012-3-16
4	The Cornerstone Investors of H shares ⁽²⁾	212,526,600	-212,526,600	-	Restriction upon issuance	2012-6-15

Notes:

- According to the Replies to Relevant Questions Regarding the Transfer of State-owned Shares of New China Life Insurance Company Ltd. from the Ministry of Finance (Cai Jin Han No. [2011]61), Huijin and Baosteel Group performed their obligations by transferring ten percent of the total Initial Public Offering shares to SSF without consideration. The Company over-allotted 2,586,600 H shares in January 2012. According to Huijin's and Baosteel Group's proportion of the Company's state-owned shares, Huijin and Baosteel Group transferred 174,334 shares and 84,326 shares respectively, thus a total of 258,660 shares, to the H share account of SSF. The shares transferred to the H share account of SSF are no longer subject to selling restrictions.
- During the Company's Initial Public Offering, 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, the selling restrictions of which expired on 15 June 2012.

SECTION 5 CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

II. SHAREHOLDERS

(1) Number of Shareholders and their Shareholdings

At the end of the reporting period, there are 9,827 shareholders of the Company, including 9,434 A shareholders and 393 H shareholders.

Shares held by top ten shareholders

Unit: share

Names of the shareholders	Classes 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 restrictions	Number of shares pledged or frozen	Type of shares
Central Huijin Investment Ltd.	State-owned shares	31.23	974,173,154	-174,334	974,173,154	-	A
Baosteel Group Corporation	State-owned legal person shares	15.11	471,212,186	-84,326	471,212,186	-	A
HKSCC Nominees Limited ⁽¹⁾	Overseas legal person shares	12.72	396,924,060	2,955,960	-	-	H
Zurich Insurance Company Ltd	Overseas legal person shares	12.50	390,000,000	-	390,000,000	-	H
Hebei Deren Investment Co., Ltd	Domestic legal person shares	4.07	126,987,805	-	126,987,805	-	A
Tianjin Xinshang Investment Management Limited	Domestic legal person shares	2.61	81,454,878	-	81,454,878	-	A
Century Golden Resources Investment Group Co., Ltd.	Domestic legal person shares	2.50	78,000,000	-	78,000,000	78,000,000	A
Fullerton Management Pte Ltd	Overseas legal person shares	2.50	78,000,000	-	78,000,000	-	H
CICC Securities (HK) Limited	Overseas legal person shares	2.08	65,000,000	-	65,000,000	-	H
Nomura Securities Co Ltd.	Overseas legal person shares	2.08	65,000,000	-	65,000,000	-	H

Description of connected relations or concerted action among the aforesaid shareholders: Huijin 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. Apart from 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 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 that are pledged or frozen.

SECTION 5 CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

Shares held by top ten shareholders without selling restrictions

Unit: share

Name of shareholders	Number of shares held without selling restrictions	Types of shares
HKSCC Nominees Limited	396,924,060	H
Bank of Communications — Jian Xin Advantaged Motive Equity Securities Investment Fund	5,370,924	A
Industrial and Commercial Bank of China — Jian Xin Inner-motive Equity Securities Investment Fund	4,506,773	A
Agricultural Bank of China — Jiao Yin and Schrodgers Well-selected Securities Investment Fund	4,247,699	A
Bank of China — Yin Hua Advantaged Enterprises (Balance type) Securities Investment Fund	3,404,527	A
The National Council for Social Security Fund of the PRC 102 Combination	3,345,818	A
Industrial and Commercial Bank of China — Guo Tou Rui Yin Core Enterprises Equity Securities Investment Fund	2,893,892	A
Industrial and Commercial Bank of China — Zhao Shang Core Value Mixed Securities Investment Fund	2,775,459	A
Agricultural Bank of China — Jiao Yin and Schrodgers Growth Equity Securities Investment Fund	2,700,000	A
Bank of China — Da Cheng Wealth Management 2020 Lifecycle Securities Investment Fund	2,699,956	A

Description of connected relations or concerted action among the aforesaid shareholders

Some of the shareholders mentioned above were managed by the same entity. Apart from this, the Company is not aware of any connections among the shareholders or whether they are parties acting in concert.

SECTION 5 CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

Shares held by top ten shareholders with selling restrictions

Unit: share

Name of Shareholders	Number of shares held with selling restrictions	Date on which trading of shares with selling restrictions is permitted	Increase of shares of which trading is permitted	Selling restrictions
Central Huijin Investment Ltd.	974,173,154	16 December 2014	–	Restriction upon issuance
Baosteel Group Corporation	471,212,186	16 December 2012	–	Restriction upon issuance
Zurich Insurance Company Ltd	390,000,000	15 December 2012	–	Restriction upon issuance
Hebei Deren Investment Co., Ltd	126,987,805	16 December 2012	–	Restriction upon issuance
Tianjin Xinshang Investment Management Limited	81,454,878	16 December 2012	–	Restriction upon issuance
Century Golden Resources Investment Group Co., Ltd.	78,000,000	16 December 2012	–	Restriction upon issuance
Fullerton Management Pte Ltd	78,000,000	15 December 2012	–	Restriction upon issuance
CICC Securities (HK) Limited	65,000,000	15 December 2012	–	Restriction upon issuance
Nomura Securities Co Ltd.	65,000,000	15 December 2012	–	Restriction upon issuance
Shanghai Zendai Investment Management Co., Ltd	46,865,000	16 December 2012	–	Restriction upon issuance

Description of connected relations or concerted action among the aforesaid shareholders	Huijin 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. Apart from this, the Company is not aware of any connections among the shareholders or whether they are parties acting in concert.
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(2) Change of Controlling Shareholder and the Actual Controller

During the reporting period, there was no change to the controlling shareholder and the actual controller of the Company.

SECTION 5 CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

(3) 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 2012, Baosteel Group held 471,212,186 A shares of Company, which accounted for 15.11% of the total issued shares of the Company, and 22.60% of the total issued A shares of the Company.

In addition to the above, so far as the directors of the Company are reasonably aware of, as of 30 June 2012, the following persons (excluding the directors, supervisors and senior management of the Company) had an interest or short position in the shares or underlying shares of the Company which shall be disclosed to the Company under the provisions of Divisions 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	Types 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	31.23	46.72	-	Long Position
2	Xu Minsheng	A share	Interests of controlled corporation	126,987,805 (Notes 1)	4.07	6.09	-	Long Position
3	Chinese Academy of Science	A share	Interests of controlled corporation	126,987,805 (Notes 1)	4.07	6.09	-	Long Position
4	Chinese Academy of Sciences Holdings Co., Ltd.	A share	Interests of controlled corporation	126,987,805 (Notes 1)	4.07	6.09	-	Long Position
5	Beijing Hony 2010 Equity Investment Center (Limited Partnership)	A share	Interests of controlled corporation	126,987,805 (Notes 1)	4.07	6.09	-	Long Position
6	Hony Capital (Tianjin) Co., Ltd.	A share	Interests of controlled corporation	126,987,805 (Notes 1)	4.07	6.09	-	Long Position
7	Hony Capital (Beijing) Co., Ltd.	A share	Interests of controlled corporation	126,987,805 (Notes 1)	4.07	6.09	-	Long Position
8	Hony Investment Management (Tianjin) (Limited Partnership)	A share	Interests of controlled corporation	126,987,805 (Notes 1)	4.07	6.09	-	Long Position
9	Hebei Deren Investment Co., Ltd.	A share	Beneficial owner	126,987,805 (Notes 1)	4.07	6.09	-	Long Position
10	Legend Holdings Ltd.	A share	Interests of controlled corporation	126,987,805 (Notes 1)	4.07	6.09	-	Long Position

SECTION 5 CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

	Name of substantial shareholders	Types 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
11	Zurich Insurance Company Ltd	H share	Beneficial owner	390,000,000 (Notes 2)	12.50	-	37.71	Long Position
12	Zurich Financial Services Ltd	H share	Interests of controlled corporation	390,000,000 (Notes 2)	12.50	-	37.71	Long Position
13	Overseas-Chinese Banking Corporation Limited	H share	Interests of controlled corporation	103,538,600 (Notes 3)	3.32	-	10.01	Long Position
14	Great Eastern Holdings Limited	H share	Interests of controlled corporation	103,538,600 (Notes 3)	3.32	-	10.01	Long Position
15	The Great Eastern Life Assurance Company Limited	H share	Beneficial owner	63,158,500 (Notes 3)	2.02	-	6.11	Long Position
16	Temasek Holdings (Private) Limited	H share	Interests of controlled corporation	78,000,000	2.50	-	7.54	Long Position
17	Nomura Holdings, Inc.	H share	Interests of controlled corporation, Depository	93,753,908	3.01	-	9.07	Long Position
			Interests of controlled corporation	66,200,099	2.12	-	6.40	Short Position
18	Deutsche Bank Aktiengesellschaft	H share	Investment manager, Person having a security interest in shares, Community of interest	76,935,575	2.47	-	7.44	Long Position
			Community of interest	53,763,000	1.72	-	5.20	Short Position
19	China International Capital Corporation Limited	H share	Interests of controlled corporation	65,000,000 (Notes 4)	2.08	-	6.29	Long Position
20	China International Capital Corporation (Hong Kong) Limited	H share	Interests of controlled corporation	118,763,000	3.81	-	11.48	Long Position
			Interests of controlled corporation	53,763,000 (Notes 4)	1.72	-	5.20	Short Position
21	CICC Investment Group Company Limited	H share	Interests of controlled corporation	65,000,000 (Notes 4)	2.08	-	6.29	Long Position
22	CICC Growth Capital Fund GP, Ltd.	H share	Interests of controlled corporation	65,000,000 (Notes 4)	2.08	-	6.29	Long Position
23	CICC Principal Fund GP, Ltd.	H share	Interests of controlled corporation	65,000,000 (Notes 4)	2.08	-	6.29	Long Position
24	CICC Principal Fund I, L.P.	H share	Interests of controlled corporation	65,000,000 (Notes 4)	2.08	-	6.29	Long Position
25	CICC Securities (HK) Limited	H share	Beneficial owner	65,000,000 (Notes 4)	2.08	-	6.29	Long Position
26	China International Capital Corporation Hong Kong Securities Limited	H share	Community of interest	53,763,000	1.72	-	5.20	Long Position
			Community of interest	53,763,000 (Notes 4)	1.72	-	5.20	Short Position

SECTION 5 CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

Notes:

1. The 126,987,805 A shares refer to the same shareholding interest.
2. Zurich Financial Services Ltd directly holds 100% equity interest in Zurich Insurance Company Ltd and is therefore deemed to be interested in the 390,000,000 H shares directly held by Zurich Insurance Company Ltd.
3. Overseas-Chinese Banking Corporation Limited indirectly holds interest in Great Eastern Holdings Limited, and is therefore deemed to be interested in the 103,538,600 H shares held by Great Eastern Holdings Limited. Great Eastern Holdings Limited directly holds interest in The Great Eastern Life Assurance Company Limited, The Overseas Assurance Corporation Limited and The Great Eastern Trust Private Limited separately, and is therefore deemed to be interested in the 63,158,500 H shares held by The Great Eastern Life Assurance Company Limited, the 9,318,500 H shares held by The Overseas Assurance Corporation Limited and the 31,061,600 H shares held by The Great Eastern Trust Private Limited.
4. China International Capital Corporation Limited indirectly holds 100% equity interest in China International Capital Corporation (Hong Kong) Limited. China International Capital Corporation (Hong Kong) Limited indirectly holds 100% equity interest in CICC Investment Group Company Limited. CICC Investment Group Company Limited indirectly holds 100% equity interest in CICC Growth Capital Fund GP, Ltd.. CICC Growth Capital Fund GP, Ltd. indirectly holds 100% equity interest in CICC Principal Fund GP, Ltd.. CICC Principal Fund GP, Ltd. indirectly holds 100% equity interest in the general partner of CICC Principal Fund I, L.P.. CICC Principal Fund I, L.P. directly holds 100% equity interest in CICC Securities (HK) Limited.

According to the Form 2 of interests disclosure submitted by China International Capital Corporation Limited on 13 January 2012, China International Capital Corporation (Hong Kong) Limited holds indirectly 100% equity interest in China International Capital Corporation Hong Kong Securities Limited, however China International Capital Corporation Hong Kong Securities Limited no longer held any interests or short positions in the shares of the Company.

Save as disclosed above, as of 30 June 2012, the Company was not aware that there was any person (other than the directors, supervisors and senior management 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 6 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

(1) Directors

Name	Position	Changes
HUAN Guocang	Non-executive director	On 12 March 2012, Mr HUAN Guocang submitted a resignation report to the Board of the Company due to change of work and applied for resignation as a non-executive director; his resignation became effective upon service of the resignation report to the Board on 12 March 2012.
ZHAO John Huan	Non-executive director	On 28 March 2012, Mr ZHAO John Huan was recommended as a candidate of non-executive director of the fourth Board at the 44 th meeting of the fourth Board of the Company, and on 20 June 2012, was elected as a non-executive director of the fourth Board at the annual shareholders' general meeting of 2011 of the Company; Mr ZHAO John Huan's qualification is to be approved by the CIRC.

Except for the above, there were no other changes of directors of the Company during the reporting period.

(2) Supervisors

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

(3) Senior Management

During the reporting period, there was no change of members of senior management of the Company.

SECTION 6 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

II. SHAREHOLDINGS AND CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr ZHU Nansong, a supervisor of the Company, holds 49.25% equity interests in Shanghai Zendai Investment Management Co., Ltd. which is a shareholder of the Company. As of 30 June 2012, Shanghai Zendai Investment Management Co., Ltd. held 46,865,000 A shares of the Company. Except for the foregoing, the directors, supervisors and senior management of the Company did not directly or indirectly hold any shares of the Company.

During the reporting period, there was no change of the shareholdings of directors, supervisors and senior management of the Company.

III. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of 30 June 2012, according to the information available to the Company and the information our directors are aware of, except that our supervisor Mr. ZHU Nansong was deemed to be interested in 46,865,000 A shares of the Company held by Shanghai Zendai Investment Management Co., Ltd., there are no interests or short positions held by our directors, supervisors and chief executive in our Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which shall have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are deemed to be held under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions.

SECTION 7 CORPORATE GOVERNANCE

Pursuant to the *Company Law, Insurance Law, 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 shareholders' general meeting, the Board, 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.

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

During the reporting period, except that five non-executive directors (including two independent non-executive directors) did not attend the shareholders' annual general meeting of 2011 of the Company held on 20 June 2012 in person because of other work, the Company observed all the other principles and code provisions in the Code on Corporate Governance Practices (expired on 31 March 2012) during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code (effective from 1 April 2012) during the period from 1 April 2012 to 30 June 2012 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 enquiry 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 2012.

SECTION 8 SIGNIFICANT EVENTS

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

Article 273 of the *Articles of Association* provides that the Company may distribute dividend in cash or in shares. The Company's dividend distribution plan shall be prepared by the Board according to the Company's then solvency ratio, business development condition and operating results. Provided that the said plan is in line with the laws and regulations and regulatory requirements, the annual cash dividend distribution of the Company shall not be less than 10% of the distributable profit of the year. The specific dividend distribution plan shall be implemented after approval by shareholders' general meeting of the Company. After a resolution on the dividend distribution plan is made at the shareholders' general meeting, the Board shall finish the distribution of dividends within two months after the convening of the shareholders' general meeting.

According to the *Articles of Association*, the Company approved the *Proposal of New China Life Insurance Company Ltd. on Dividend Distribution Plan for the year of 2011* at the 44th meeting of the fourth session of the Board on 28 March 2012, and agreed to submit the proposal to shareholders' general meeting for consideration and review; independent directors provided positive independent opinions on the proposal. The Company approved the above proposal at the annual shareholders' general meeting of 2011 on 20 June 2012.

According to the aforesaid Proposal, the net profit of the year 2011 of the Company was RMB2,781.922 million. The Company conducted the cash dividend distribution among shareholders as per no less than 10% of the distributable profit of the year in the Company's annual financial report of 2011 under the PRC accounting standards, and distributed cash dividend of RMB0.09 per share (including tax) to all the shareholders based on the Company's total issued 3,119,546,600 shares, totalling RMB280,759,194. The Company released the *announcements on the dividend distribution for the year of 2011* on 28 June 2012, declaring the implementation of the aforesaid 2011 dividend distribution plan.

The 2011 dividend distribution plan of the Company was in line with provisions of the *Articles of Association* and requirements of resolutions of the shareholders' general meeting. The dividend standard and percentage were clear, decision-making procedures and mechanisms were complete, independent directors fully performed their duties, medium and minority shareholders had opportunities to fully express their views and aspirations, and their legal rights were fully protected.

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

The Company will neither distribute profit nor increase shares with the use of capital reserve during the mid-term of 2012.

III. SIGNIFICANT LITIGATION AND ARBITRATION EVENTS

During the reporting period, the pending significant litigations and arbitrations in which the Company was a defendant or arbitration respondent referred to the dispute arising from the Company's authorization for New Industrial Investment Co., Ltd. to hold equity interest in China Minzu Securities Co., Ltd., which was disclosed in the Prospectus of the Company (For details, please refer to the section titled "Business-Special Events-Measures taken in respect of the former chairman's misconduct" in the Prospectus dated 2 December 2011 issued by the Company). Such litigation involved an amount of approximately RMB170 million. The case is still under trial at the court.

During the reporting period, for other lawsuits regarding the recovery for the monetary loss relating to the former chairman's misconduct, please refer to "ANALYSIS AND DESCRIPTION OF OTHER SIGNIFICANT EVENTS – Recovery for the Monetary Loss Relating to the Former Chairman's Misconduct" in this section.

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

SECTION 8 SIGNIFICANT EVENTS

IV. ACQUISITIONS AND DISPOSALS OF MATERIAL ASSETS, AND MERGER AND DIVISION

(1) Acquisition of material assets

In August 2011, the Company signed the Shanghai Commodity Housing Pre-sale Contract and Supplemental Provisions with Shanghai Port International Cruise Terminal Development Co., Ltd., pursuant to which the Company purchased the “Shanghai Port International Cruise Terminal No.7 office building of the commercial supporting facilities project” (with a total construction area of 36,062.52 square meters) and basement parking garage located at No. 558, Dongdaming Road, Shanghai at an approximately total price of RMB2.3 billion. The Company has filed with the CIRC for record. The Company obtained the *Property Certificate* for such property on 18 June 2012 and paid the consideration in full for the property in July 2012. This purchase, as a normal purchase of assets in the process of operations of the Company, did not significantly affect the business, financial condition and operating results of the Company.

(2) Disposal of Material Assets

Upon review and approval by the fifth shareholders’ extraordinary general meeting of 2011 on 23 August 2011, the Company intended to dispose of 24% equity interest in Zijin Century. The Company conducted an asset evaluation on the equity interest proposed to be transferred and filed with the Ministry of Finance for record. On 29 August 2011, the equity interest was concurrently listed by the Company at Shanghai United Assets and Equity Exchange and Beijing Financial Assets Exchange for transfer at an appraised listing price of RMB2.150 billion. As of 8 October 2011 when the initial listing expired, the transfer failed to close. On 31 October 2011 and 1 November 2011, the equity interest was re-listed by the Company in Shanghai United Assets and Equity Exchange and Beijing Financial Assets Exchange, respectively, at a listing price of RMB2.0425 billion. Till the end of reporting period, the transfer was not completed. The Company regarded the disposal of equity interest in Zijin Century as a further measure to protect the interests of public investors, and the transfer had no material effect on the Company’s business, financial condition and results of operation.

(3) During the reporting period, the Company had no merger or division

V. SIGNIFICANT CONNECTED TRANSACTIONS DURING THE REPORTING PERIOD

During the reporting period, the Company had no significant connected transactions.

VI. SIGNIFICANT CONTRACTS AND THEIR PERFORMANCES

- (1) During the reporting period, there were no such events as managing, contracting and leasing assets of other companies by the Company or managing, contracting and leasing the Company’s assets by other companies that brought the Company more than 10% (inclusive) profit of the Company’s total profit of the current year;
- (2) During the reporting period, there was no external contract guarantee and the Company did not provide security for its subsidiaries;
- (3) During the reporting period, the Company did not entrust other companies with cash asset management except for entrusting Asset Management Company with fund investment management;
- (4) Unless otherwise disclosed in this interim report, during the reporting period, the Company had no other significant contracts.

SECTION 8 SIGNIFICANT EVENTS

VII. EXECUTION OF COMMITMENTS OF THE COMPANY OR SHAREHOLDERS HOLDING MORE THAN 5% SHARES DURING OR UNTIL THE REPORTING PERIOD

In October 2011, the Company held the 39th meeting of the fourth session of the Board and the sixth shareholders' extraordinary general meeting of 2011, and reviewed and passed the *Proposal Concerning Special Dividend Distribution and Public Investor Protection Mechanism of New China Life Insurance Company Ltd.* (the "Special Dividend Proposal"). For details, please see the Section "Business – Special events – Investor protection mechanism" and other relevant contents in the Prospectus dated 2 December 2011 released by the Company.

By the end of the reporting period, the equity interest transfer of Zijin Century was not completed. On 26 July 2012, the Company held the 47th meeting of the fourth session of the Board, reviewed and passed the *Proposal Concerning the Specific Matters Relating to the Special Dividend Distribution and Public Investor Protection Mechanism of New China Life Insurance Company Ltd.*, and agreed to, pursuant to the *Special Dividends Proposal*, distribute cash dividend of RMB0.32056 per share (including tax) to all the shareholders based on the Company's current total share capital of 3,119,546,600 outstanding shares, totalling approximately RMB1 billion ("the Special Dividend"). The amount of the Special Dividend shall be withdrawn from the Company's undistributed profit.

The part of the special dividend that belongs to all the shareholders ("Then Existing Shareholders") before IPO of the Company will be deposited for custody in the special fund accounts ("Special Fund Accounts") designated by the Company at home and abroad in proportion to the shares (minus the reduced state-owned shares at the time of listing of the Company) held by Then Existing Shareholders of A shares and H shares of the Company respectively ("Special Funds") when the *Special Dividend Proposal* was passed at the sixth shareholders' extraordinary general meeting of 2011, and the custody period will expire after 36 months from the IPO date of the Company ("Custody Period"). The Company will manage the Special Funds in the Special Fund Accounts in a way to guarantee their value. The total principal and interest in the Special Fund Accounts will belong to all the Then Existing Shareholders in proportion to their shareholdings. During the Custody Period, the Company will regularly disclose information about the Special Fund Accounts in each annual report.

According to the *Special Dividend Proposal*, the Special Funds in the aforesaid Special Fund Accounts will be used for compensation of depreciation as disclosed in the Prospectus resulting from the former chairman's misconduct during the Custody Period as well as other actual losses in addition to the foreseeable liabilities. In the Custody Period, if the Special Funds in the Special Fund Accounts are needed to make up for the aforesaid actual losses, the Board of the Company will otherwise make decisions. After expiration of the Custody Period, the Company will transfer the balance (including the total principal and interest after deduction of the part to make up for the aforesaid actual losses) of the funds in the Special Fund Accounts to the Then Existing Shareholders in proportion to their shareholdings (minus the reduced state-owned shares at the time of listing of the Company) in the Company when the *Special Dividend Proposal* was passed at the sixth shareholders' extraordinary general meeting of 2011. For details about the special dividend, please refer to *Announcement on the Declaration of Special Dividend* issued by the Company on 26 July 2012.

VIII. APPOINTMENT OF ACCOUNTING FIRMS

The proposal on the appointment of accounting firms for the year 2012 was approved by the annual shareholders' general meeting of 2011 on 20 June 2012. The Company appointed PricewaterhouseCoopers Zhong Tian CPAs Limited Company as its domestic auditor and PricewaterhouseCoopers as its international auditor for the year 2012. The 2012 condensed consolidated interim financial information of the Company has not been audited.

SECTION 8 SIGNIFICANT EVENTS

IX. PENALTY AND RECTIFICATION ON THE COMPANY AND ITS DIRECTORS, SUPERVISORS, AND MEMBERS OF SENIOR MANAGEMENT

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

X. EQUITY HELD BY THE COMPANY IN OTHER LISTED COMPANIES AND ITS SHAREHOLDING OF THE INVESTED FINANCIAL ENTERPRISES

(1) Investment in securities (included in securities at fair value through income)

Unit: RMB in millions

No.	Type of securities	Security code	Abbreviated security name	Initial investment costs	Number of securities held (in millions)	Carrying amount at the end of the period	As a percentage of total investments in securities at the end of the period(%)	Profit/loss for the reporting period
1	Convertible bond	113001	BOC CB	1,129.33	11.24	1,091.53	18.47%	45.22
2	Subordinated bond	1120002	11 Huishang Bank Bond	389.61	3.90	363.30	6.15%	25.42
3	Stock	600036	China Merchants Bank	192.24	16.00	174.72	2.96%	-11.84
4	Corporate bond	1280083	12 Macheng Investment Bond	160.00	1.60	164.70	2.78%	7.61
5	Stock	601088	China Shenhua	177.64	6.96	156.56	2.65%	-14.10
6	Stock	002024	Suning EMC	192.63	18.30	153.54	2.60%	-36.15
7	Fund	040019	Hua'an Stable Income Bond	130.00	127.95	137.29	2.32%	7.42
8	Stock	600016	Minsheng Bank	132.91	21.29	127.54	2.16%	5.12
9	Stock	601601	CPIC	101.83	5.00	110.90	1.87%	21.45
10	Stock	600739	Liaoning Chengda	115.60	7.00	109.20	1.85%	12.94
			Profit/loss of investments in other securities held for the reporting period	3,511.62	N/A	3,321.40	56.19%	146.17
			Profit/loss of investments in securities sold during the reporting period	N/A	N/A	N/A	N/A	-146.43
			Total	6,233.41	N/A	5,910.68	100%	209.26

SECTION 8 SIGNIFICANT EVENTS

(2) Investment in securities (included in available-for-sale financial assets)

Unit: RMB in millions

No.	Security code	Abbreviated security name	Initial investment costs	As a percentage of equity interests in that company(%)	Carrying amount at the end of the period	Profit/loss for the reporting period	Changes in owners' equity during the reporting period	Source of securities
1	1125001	11 ABC 01	4,350.00	4.38%	4,375.39	115.93	24.15	Purchase
2	1105002	11 ICBC 02	4,195.80	2.09%	4,312.31	103.78	117.50	Purchase
3	1180164	11 Railways 08	1,936.09	0.30%	1,957.89	43.43	5.32	Purchase
4	050502	05 ICBC 02	1,539.81	0.78%	1,616.51	34.12	43.56	Purchase
5	1110001	11 Industrial Bank Subordinated Bond	1,498.50	2.30%	1,586.41	43.62	67.36	Purchase
6	038018	03 CITIC Bond (2)	1,553.57	2.80%	1,496.17	38.83	25.59	Purchase
7	1180142	11 Railways 01	1,370.29	0.22%	1,431.03	106.57	-35.25	Purchase
8	1180148	11 Railways 04	1,294.19	0.20%	1,341.97	34.27	3.43	Purchase
9	159901	Efunds, Shenzhen Stock Exchange 100ETF	1,503.80	6.26%	1,299.92	-4.75	87.90	Purchase
10	1180155	11 Railways 05	1,305.23	0.20%	1,291.93	25.54	-7.73	Purchase
		Profit/loss of investments in other securities during the reporting period	68,637.03	N/A	62,116.11	-885.89	3,673.56	N/A
		Total	89,184.31	N/A	82,825.64	-344.55	4,005.39	N/A

(3) Shareholdings in unlisted financial institutions

During the reporting period, the Company did not have any shareholdings in unlisted financial institutions.

(4) Trading of shares in other listed companies

Unit: RMB in millions

Purchase/sell	Share name	Number of shares held at the beginning of the period (in millions)	Number of shares purchased/sold during the reporting period (in millions)	Number of shares at the end of the period (in millions)	Amount paid	Investment returns
Purchase	N/A	N/A	1,136.97	N/A	10,373.53	N/A
Sell	N/A	N/A	863.37	N/A	N/A	-557.95

SECTION 8 SIGNIFICANT EVENTS

XI. ANALYSIS AND DESCRIPTION OF OTHER SIGNIFICANT EVENTS

(1) Issuance of Subordinated Term Debts

According to the resolution of the first shareholders' extraordinary general meeting of 2012 of the Company, the Company planned to issue subordinated term debts ("These Subordinated Term Debts") with a period of more than 5 years and a total amount of no more than RMB10 billion in 2012 to replenish supplementary capital and raise the Company's solvency adequacy ratio.

On 25 June 2012, the Company was approved by the CIRC to issue 10-year subordinated term debts of no more than RMB10 billion in its *Reply on Issuing Subordinated Term Debts by New China Life Insurance Co., Ltd.* The issuance of These Subordinated Term Debts of RMB10 billion was completed in July 2012 with a period of 10 years. The annual coupon rate for the first five interest-bearing years is 4.60%, and the Company has the right to redeem them at the end of the 5th year. If the Company does not exercise or partially exercises the right of redemption, the annual coupon rate for the rest of the five interest-bearing years will be 6.60%.

(2) Issuance of Debt Financing Instruments

According to the resolution of the Company's first shareholders' extraordinary general meeting of 2012, the Company planned to issue debt financing instrument (excluding subordinated term debts with a period of more than 5 years and a total amount of no more than RMB10 billion issued in 2012) with a period of more than 10 years and a total amount of no more than RMB5 billion in 2012 so as to replenish supplementary capital and raise the Company's solvency adequacy ratio.

(3) Recovery for the Monetary Loss Relating to the Former Chairman's Misconduct

1. On 5 November 2010, the Company brought a lawsuit to Beijing Municipal Higher People's Court, requiring Orient Group Co., Ltd. and its affiliates to return the debt principal of approximately RMB940 million and its interest (For details, please refer to the section titled "Business – Special Events – Measures taken in respect of the former chairman's misconduct" in the Prospectus dated 2 December 2011 issued by the Company). On 27 July 2012, the Beijing Municipal Higher People's Court dismissed the Company's lawsuit in its ruling of first instance.
2. To settle 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 brought a lawsuit against Beijing Tianhuan Real Estate Development Co., Ltd., requiring the latter to return the debt principal of RMB575 million and its interest. Accepted by Beijing Second Intermediate People's Court on 30 May 2012, the case is still under trial at the court now.
3. Dispute arising from the Company's authorization for New Industrial Investment Co., Ltd. to hold equity in China Minzu Securities Co., Ltd. (For details, please refer to "SIGNIFICANT LITIGATION AND ARBITRATION" in this section).

SECTION 9 EMBEDDED VALUE

I. 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 2012 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 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.

SECTION 9 EMBEDDED VALUE

II. 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.

III. KEY ASSUMPTIONS

In determining the embedded value and the value of new business as at 30 June 2012, we have assumed that the Company continues to operate on a going concern basis under the current economic and regulatory environment, and the current method for determining solvency reserves and statutory minimum solvency margin levels remain 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%.

SECTION 9 EMBEDDED VALUE

Investment Returns

The investment return assumptions as at 30 June 2012 are shown below for the different funds respectively.

	Investment Return Assumptions for VIF and VNB as at 30 June 2012			
	2012	2013	2014	2015+
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 are expressed as a percentage of the standard industry mortality tables: "China Life Tables (2000 to 2003)". Assumed ultimate mortality rates are:

- Individual Life and Annuity Products (accumulation phase): Male: 65%, Female: 60%
- Individual Annuity Products (payout phase): 75% of Individual Life
- Group Life and Annuity Products (accumulation phase): Male: 75%, Female: 70%
- Group Annuity Products (payout phase): 75% of Group Life

Selection factors are applied to Individual Life and Annuity Products (accumulation phase) and Group Life and Annuity Products (accumulation phase) mentioned above in the first and second policy year. Ultimate rates are applicable thereafter.

Morbidity

Morbidity assumptions are expressed as a percentage of base morbidity tables used in pricing. Assumed ultimate morbidity rates are:

- Individual Dread Disease Products : Male: 65%, Female: 95%
- Group Dread Disease Products : Male: 75%, Female: 105%

Selection factors are applied for these products in the first and second policy year. Ultimate rates are applicable thereafter.

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.

SECTION 9 EMBEDDED VALUE

Expenses

Unit cost assumptions have been developed based on our actual experience in 2011. 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 has been set based on the levels currently being paid for individual business. For group products and bancassurance products, allowance has been made for handling fees as part of our overall expenses.

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 5.0% 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 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 9 EMBEDDED VALUE

IV. EMBEDDED VALUE RESULTS

The table below shows our embedded value and value of new business as at 30 June 2012 and their corresponding results as at prior valuation dates.

Unit: RMB in millions

Valuation Date	30 June 2012	31 December 2011
Adjusted Net Worth	26,348	21,966
Value of In-Force Business Before Cost of Capital	40,257	36,818
Cost of Capital	(10,456)	(9,793)
Value of In-Force Business After Cost of Capital	29,802	27,025
Embedded Value	56,150	48,991
Value of One Year's New Business		
Value of One Year's New Business Before Cost of Capital	5,889	6,054
Cost of Capital	(1,588)	(1,694)
Value of One Year's New Business After Cost of Capital	4,302	4,360

Unit: RMB in millions

Valuation Date	30 June 2012	30 June 2011
Value of the First Half Year's New Business		
Value of the First Half Year's New Business Before Cost of Capital	3,191	3,317
Cost of Capital	(853)	(945)
Value of the First Half Year's New Business After Cost of Capital	2,338	2,372

Note: Numbers may not be additive due to rounding.

SECTION 9 EMBEDDED VALUE

V. ANALYSIS OF CHANGE

The analysis of change in Embedded Value from 31 December 2011 to 30 June 2012, calculated at a risk discount rate of 11.5%, is shown below.

Unit: RMB in millions

Analysis of Change in EV from 31 December 2011 to 30 June 2012 at A Risk Discount Rate of 11.5%

1. EV at the beginning of period	48,991
2. Impact of Value of the First Half Year's New Business	2,419
3. Expected Return	2,430
4. Operating Experience Variances	67
5. Economic Experience Variances	2,539
6. Operating Assumption Changes	0
7. Economic Assumption Changes	0
8. Capital Injection/Shareholder Dividend Payment	(221)
9. Others	(87)
10. Value Change Other Than Life Insurance Business	12
11. EV at the end of period	56,150

Note: Numbers may not be additive due to rounding.

Items 2 to 10 are explained below:

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

SECTION 9 EMBEDDED VALUE

VI. 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 2012		
Scenarios	VIF after CoC	VNB after CoC
Base Scenario	29,802	4,302
Risk Discount Rate at 12%	28,200	4,022
Risk Discount Rate at 11%	31,508	4,601
Investment Return 0.5% higher	35,001	5,014
Investment Return 0.5% lower	24,592	3,588
Expenses 10% higher (110% of Base)	28,878	3,932
Expenses 10% lower (90% of Base)	30,725	4,671
Discontinuance rates 10% higher (110% of Base)	29,429	4,169
Discontinuance rates 10% lower (90% of Base)	30,185	4,438
Mortality 10% higher (110% of Base)	29,652	4,273
Mortality 10% lower (90% of Base)	29,952	4,330
Morbidity and Loss Ratio 10% higher (110% of Base)	29,169	4,168
Morbidity and Loss Ratio 10% lower (90% of Base)	30,436	4,436
Profit Sharing between Participating Policyholders and Shareholders is assumed to be 75%/25% instead of 70%/30%	25,454	3,725
Statutory Minimum Solvency Margin 50% higher (150% of Base)	26,339	3,508
Taxable Income Based on China Accounting Standards	29,119	4,030

SECTION 9 EMBEDDED VALUE

Towers Watson's Review Opinion Report on Embedded Value

To The Directors 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 2012 ("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 2012 and the value of one year's new business and the first half year's new business in the 12 months and 6 months to 30 June 2012 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 as at 30 June 2012 and the Value of New Business; and
- A review of the results of NCL's calculation of EV Results.

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

SECTION 9 EMBEDDED VALUE

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 2012 interim report are consistent with those reviewed by Towers Watson.

For and on behalf of Towers Watson

Adrian Liu, FIAA, FCAA

29 August 2012

SECTION 10 APPENDIX

INTERNATIONAL AUDITOR'S INDEPENDENT REVIEW REPORT AND THE 2012 CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

INTERNATIONAL AUDITOR'S INDEPENDENT REVIEW REPORT



羅兵咸永道

Report on Review of Interim Financial Information
To the Board of Directors of New China Life Insurance Company Ltd.
(incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 60 to 104, which comprises 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 2012 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "Interim Financial Information"). 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". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion 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 financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 August 2012

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 June 2012

(All amounts in RMB million unless otherwise stated)

	<i>Notes</i>	As of 30 June 2012 Unaudited	As of 31 December 2011
ASSETS			
Property, plant and equipment		5,089	4,284
Investment properties		504	451
Intangible assets		67	65
Investments in associates		708	709
Financial assets			
Debt securities		212,152	190,464
– Held-to-maturity	6(1)	156,800	141,090
– Available-for-sale	6(2)	53,370	46,866
– At fair value through income	6(3)	1,971	2,488
– Loans and receivables		11	20
Equity securities		33,396	29,051
– Available-for-sale	6(2)	29,456	26,010
– At fair value through income	6(3)	3,940	3,041
Term deposits	6(4)	162,927	122,949
Statutory deposits		717	522
Policy loans		2,761	2,055
Financial assets purchased under agreements to resell		1,000	79
Accrued investment income		9,082	7,743
Premiums receivable		2,304	1,395
Deferred tax assets	18	962	14
Reinsurance assets		4,075	4,202
Other assets		2,385	1,693
Cash and cash equivalents	7	30,875	21,095
Total assets		469,004	386,771

The notes on pages 66 to 104 form an integral part of these interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As of 30 June 2012
(All amounts in RMB million unless otherwise stated)

	Notes	As of 30 June 2012 Unaudited	As of 31 December 2011
LIABILITIES AND EQUITY			
Liabilities			
Insurance contracts			
Long-term insurance contracts liabilities	8	334,817	292,818
Short-term insurance contracts liabilities			
– Outstanding claims liabilities	8	385	392
– Unearned premiums liabilities	8	855	604
Financial liabilities			
Investment contracts	9	19,575	19,001
Borrowings	10	5,214	5,073
Financial assets sold under agreements to repurchase	11	68,536	32,481
Benefits, claims and surrenders payable		645	499
Premiums received in advance		127	504
Reinsurance liabilities		98	31
Provisions	12	458	458
Other liabilities		3,232	3,405
Current income tax liabilities		120	192
Total liabilities		434,062	355,458
Shareholders' equity			
Share capital	13	3,120	3,117
Reserves	14	24,470	22,468
Retained earnings		7,344	5,721
Total shareholders' equity		34,934	31,306
Non-controlling interests		8	7
Total equity		34,942	31,313
Total liabilities and equity		469,004	386,771

The notes on pages 66 to 104 form an integral part of these interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

	Notes	For the six months ended 30 June	
		2012 Unaudited	2011
REVENUES			
Gross written premiums and policy fees	15	56,114	50,843
Less: premiums ceded out		40	238
Net written premiums and policy fees		56,154	51,081
Net change in unearned premiums liabilities		(227)	(193)
Net premiums earned and policy fees		55,927	50,888
Investment income	16	7,303	6,813
Other income		83	101
Total revenues		63,313	57,802
BENEFITS, CLAIMS AND EXPENSES			
Insurance benefits and claims			
Claims and net change in outstanding claims liabilities		(462)	(368)
Life insurance death and other benefits		(11,584)	(9,528)
Increase in long-term insurance contracts liabilities		(40,130)	(37,620)
Investment contracts benefits		(364)	(346)
Commission and brokerage expenses		(3,825)	(3,689)
Administrative expenses	17	(4,517)	(3,998)
Other (expenses)/income		(135)	108
Total benefits, claims and expenses		(61,017)	(55,441)
Share of results of associates		(1)	–
Finance cost		(787)	(311)
Net profit before income tax		1,508	2,050
Income tax	18	397	(275)
Net profit for the period		1,905	1,775
Net profit for the period attributable to:			
– Shareholders of the Company		1,904	1,775
– Non-controlling interests		1	–
Earnings per share (RMB)			
Basic and diluted	19	0.61	0.93

The notes on pages 66 to 104 form an integral part of these interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

	For the six months ended 30 June	
	2012 Unaudited	2011
Other comprehensive income/(losses)		
Available-for-sale financial assets		
Gains/(losses) arising from fair value changes	1,618	(4,705)
Reclassification adjustments for losses/(gains) included in profit or loss	372	(964)
Impairment charges reclassified to the statement of comprehensive income	2,016	113
Changes in liabilities for insurance and investment contracts arising from net unrealised gains/(losses)	(2,377)	3,420
Income tax relating to components of other comprehensive income	317	265
Total other comprehensive income/(losses)	1,946	(1,871)
Total comprehensive income/(losses)	3,851	(96)
Total comprehensive income/(losses) for the period attributable to:		
– Shareholders of the Company	3,850	(96)
– Non-controlling interests	1	–

The notes on pages 66 to 104 form an integral part of these interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

	Attributable to shareholders of the Company				Non-controlling Interests	Total Equity
	Share capital	Reserves	Retained earnings	Total		
For the six months ended 30 June 2011						
As of 1 January 2011	1,200	1,889	3,478	6,567	6	6,573
Net profit for the period	–	–	1,775	1,775	–	1,775
Other comprehensive income	–	(1,871)	–	(1,871)	–	(1,871)
Total comprehensive income	–	(1,871)	1,775	(96)	–	(96)
Capital injection	1,400	12,600	–	14,000	–	14,000
Total transactions with owners	1,400	12,600	–	14,000	–	14,000
As of 30 June 2011	2,600	12,618	5,253	20,471	6	20,477
For the six months ended 30 June 2012 (Unaudited)						
As of 1 January 2012	3,117	22,468	5,721	31,306	7	31,313
Net profit for the period	–	–	1,904	1,904	1	1,905
Other comprehensive income	–	1,946	–	1,946	–	1,946
Total comprehensive income	–	1,946	1,904	3,850	1	3,851
New shares issued	3	56	–	59	–	59
Dividends paid	–	–	(281)	(281)	–	(281)
Total transactions with owners	3	56	(281)	(222)	–	(222)
As of 30 June 2012	3,120	24,470	7,344	34,934	8	34,942

The notes on pages 66 to 104 form an integral part of these interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

	For the six months ended 30 June	
	2012 Unaudited	2011
Net cash flows from operating activities	33,046	30,837
Net cash flows from investing activities	(59,115)	(48,042)
Net cash flows from financing activities	35,843	9,412
Effect of foreign exchange rate changes	6	(32)
Net increase/(decrease) in cash and cash equivalents	9,780	(7,825)
Cash and cash equivalents		
Beginning of the period	21,095	27,368
End of the period	30,875	19,543
Analysis of balance of cash and cash equivalents		
Cash at bank and in hand	29,692	17,871
Short-term bank deposits	1,183	1,672

The notes on pages 66 to 104 form an integral part of these interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2012

(All amounts in RMB million unless otherwise stated)

1 BACKGROUND AND PRINCIPAL ACTIVITIES

New China Life Insurance Co., Ltd. (the “Company”) was incorporated as a joint stock limited company in September 1996 in Beijing, the People’s Republic of China (the “PRC”) with the authorisation by the State Council of 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 shares of A share in the Shanghai Stock Exchange, and issued 358,420,000 shares of H share 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 of H shares of overallotment shares. Upon the approval of 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 Company’s principal activities include underwriting life insurance policies denominated in both RMB and foreign currencies, including life, health and accident insurance products; acting as agent for domestic and international insurance companies; providing insurance related consulting services; and conducting capital management operations in accordance with relevant laws and regulations.

As of 30 June 2012, the Company has direct equity interests in subsidiaries as detailed in Note 24. The Company and its subsidiaries are hereinafter collectively referred to as the “Group”.

The unaudited condensed consolidated interim financial information has been approved for issue by Board of Directors on 29 August 2012.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standard Board. The condensed consolidated interim financial information should be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

Except as described below, the accounting policies applied are consistent with those of the consolidated annual financial statements for the year ended 31 December 2011, as described in those annual financial statements.

New accounting standards, amendments and interpretations pronouncements

(a) *New amendment adopted by the Group*

The following revised amendment is mandatory for the first time for the financial year beginning 1 January 2012.

Amendment/ Interpretation	Content	Applicable for financial years beginning on/after
IAS 12 (Amendment)	Deferred tax: Recovery of underlying assets	1 January 2012

The adoption of the amendment did not have any material impacts on the Group's condensed consolidated interim financial information.

(b) *There are no new amendments and interpretations mandatory for the first time for the financial year beginning 1 January 2012 but not currently relevant to the Group.*

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

2 BASIS OF PREPARATION (CONTINUED)

New accounting standards, amendments and interpretations pronouncements (Continued)

(c) *New standards and amendments have been issued but are not effective for the financial year beginning 1 January 2012.*

Standard/ Amendment	Content	Applicable for financial years beginning on/after
IFRS 9 & IFRS 9 (Amendment)	Financial Instruments	1 January 2015
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements	1 January 2013
IFRS 12	Disclosure of interests in other entities	1 January 2013
IFRS 13	Fair value measurements	1 January 2013
IAS 1 (Amendment)	Presentation of financial statements	1 July 2012
IAS 19 (Amendment)	Employee benefits	1 January 2013
IAS 27	Separate Financial Statements	1 January 2013
IAS 28	Investments in Associates and Joint Ventures	1 January 2013
IFRS 7 (Amendment)	Financial instruments: Disclosure-offsetting financial assets and financial liabilities	1 January 2013
IAS 32 (Amendment)	Financial instruments: Presentation-offsetting financial assets and financial liabilities	1 January 2014
IFRS 9	Financial Instruments	1 January 2015
IFRS 7 and IFRS 9 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015

The Group is in the process of making an assessment of these impacts of the standards and amendments and is considering the timing of the adoption.

In addition, Annual Improvements 2011 were issued in May 2012. This annual improvements process provides a vehicle for making non-urgent but necessary amendments to IFRSs. The above amendments are effective for annual periods beginning on or after 1 January 2013. No amendment was early adopted by the Group and no material changes to accounting policies are expected as a result of these improvements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND 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.

(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 margins. Assumptions about mortality rates, morbidity rates, lapse rates, discount rate, 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, 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 insurance contracts liabilities (including contracts with DPF) affect the amounts recognized in the condensed consolidated interim financial information as insurance contracts benefits and insurance contracts liabilities.

The various assumptions are described in Note 8.

(2) Financial assets and financial liabilities

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

Fair value is defined as the amount at which the financial assets and liabilities could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, rather than in a forced or liquidation sale. 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(2) Financial assets and financial liabilities (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 appropriate price earnings ratio or modified price/cash flow ratio reflecting the specific circumstances of the issuer. Equity securities, whose fair value cannot be reliably measured because the investee's business was at the early developing stage, are recognized at cost less impairment.
- Term deposits, financial assets purchased under agreements to resell, financial assets sold under agreements to repurchase, policy loans and borrowings: carrying amounts approximate fair values.
- Investment contracts: The fair value of investment contracts are determined using valuation techniques, with consideration of the present value of expected cash flows arising from contracts using a risk-adjusted discount rate, allowing for risk free rate available on valuation date, the Group's own credit risk and risk margin associated with the future cash flows.
- Other assets: The fair value of other assets, including investment clearing account and litigation deposit, approximates its carrying amount.

(3) 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, defrauded funds by some of the Company's former employees, and pending lawsuits and disputes (Note 12). Provisions have been made on those claims when losses are probable and can be reasonably estimated taking into consideration of legal advices. No provision has been made for events whose outcome cannot be reasonably estimated or contingencies that are unlikely to happen. Because these contingency events develop over time, provisions recognized currently may be significantly different from final payment amounts actually paid.

(4) Former Chairman Irregularities

The former Chairman of the Company, who served from 1998 to 2006 and resigned in December 2006 (the "Former Chairman"), was allegedly involved in the misuse of insurance funds and other matters in violation of regulations (the "Former Chairman Irregularities"). The jurisdiction has the judgement on the alleged illegal part of the event. The Company is proactively engaged in the follow-up recovery works in connection with the Irregularities mentioned above. The condensed consolidated interim financial information is prepared in accordance with the information available to and the best estimates made by the Company as well as the following important assumptions and judgments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(4) Former Chairman Irregularities (Continued)

The former chairman pledged the Company's bonds and conducted repurchase transactions which were not authorized by the Company ("Off-balance sheet repurchase transactions") through bank accounts not reflected in the Company's financial records ("Off-balance sheet accounts"). Funds received through these Off-balance sheet repurchase transactions were transmitted to the former chairman for his unauthorized lendings. The Company was informed of these Off-balance sheet repurchase transactions after the regulator's investigation and paid cash to settle these transactions and their related interest expense with a total amount of RMB2,910 million.

The Company received funds from Insurance Security Fund in 2007. Based on the instruction from Insurance Security Fund, the amount related to the transfer of equity interest in the Company from certain former shareholders of the Company to Insurance Security Fund was paid to the Company for settling the amounts which is overdue. 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 tentatively netted funds received and paid described above and recorded a net amount as other receivable. As of 30 June 2012, the Company has recorded a net amount of RMB1,101 million as other receivable and a full provision has been recognized.

(5) Taxation

The Group pays business tax, income tax and related surcharges in various localities. Due to the uncertainty of final tax treatment for various transactions during 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.

(6) Change of significant accounting estimates

Insurance contracts liabilities are calculated using various actuarial assumptions, including assumptions on discount rate, mortality rate, morbidity rate, lapse rate and expenses assumption. These assumptions are determined by the Group on basis of information obtained on the date of financial position.

The Group resets these assumptions based on current information available at 30 June 2012. Variations of related insurance contracts reserves due to such change are recognised in the statement of comprehensive income. For the period ended 30 June 2012, life insurance reserves increased RMB366 million, long-term health insurance reserves increased RMB15 million, and income before tax decreased RMB381 million due to this change in accounting estimates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Group issues contracts that transfer insurance risk or financial risk or both. This section summarizes these risks and the way the Group manages them.

(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.

Experience 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 type 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.

The Group offers long term life insurance, critical illness insurance, annuity, accident and short term 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 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 or catastrophe excess of loss. The reinsurance agreements cover almost all products. 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 from the PRC and insurance risk at each area has insignificant differences.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(1) Insurance risk (Continued)

(c) *Matching risk of assets and liabilities*

The Group uses asset-liability management techniques to manage assets and liabilities and the techniques used include: scenario analysis method, cash flow matching method and immunity method etc. The Group uses scenario analysis, 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 debts, arranging reinsurance, improving the performance of branches, optimizing business structure, establishing competitive cost structure etc.

(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 and asset-liability management department are in close cooperation to identify, evaluate and manage 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.

(a) *Market risk*

(i) *Interest rate risk*

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's financial assets 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.

The sensitivity analysis for interest rate risk illustrates how changes in interest income and the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(2) Financial risk (Continued)

(a) Market risk (Continued)

(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 stock 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 is volatility of fair value or future cash flows of financial instruments resulting from changes in foreign currency exchange rates.

(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 term of investment vehicles, a significant portion of the portfolio of the Group is in 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. In term of counterparties, the majority of Group's counterparties are state policy-related banks, state-owned or other national commercial banks. Therefore the Group's overall exposure to credit risk is relatively low.

Credit risk exposure

The carrying amount of financial assets on the Group's consolidated statement of financial position represents 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(2) Financial risk (Continued)

(b) Credit risk (Continued)

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 and subordinated bonds/debts.

(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.

The condensed consolidated interim financial information do not include all insurance and financial risk management information and disclosures required in the consolidated annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements for the year ended 31 December 2011.

There have been no changes in the Group's risk management processes since 31 December 2011 or in any risk management policies.

(3) Capital management

The Company's objectives when managing capital, which is actual capital, calculated as the difference between admitted assets (as defined by the CIRC) and the 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 managed its capital requirement by assessing shortfalls, if any, between actual capital and minimum capital on a regular basis. The Company continuously and proactively monitors the business mix, 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 of 30 June 2012 (Unaudited)	As of 31 December 2011
Actual capital	27,304	23,866
Minimum capital	17,199	15,304
Solvency margin ratio	158.76%	155.95%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(3) Capital management (Continued)

According to “Solvency Regulations of Insurance Companies”, the solvency margin ratio is computed by dividing the actual capital by the minimum capital. The CIRC closely monitors those insurance companies with 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 preventing capital from being inadequate. And insurance companies with solvency margin ratio above 100% but significant solvency risk noticed would be required to take necessary rectification action.

(4) Fair value hierarchy

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 value 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, and 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 received 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.

As of 30 June 2012 and 31 December 2011, the Group has no financial assets measured at fair value on a recurring basis and classified as Level 3.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(4) Fair value hierarchy (Continued)

The following table presents the Group's assets and liabilities measured at fair value at 30 June 2012:

Unaudited	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale securities				
– Equity securities	28,994	462	–	29,456
– Debt securities	1,718	51,652	–	53,370
Securities at fair value through income				
– Equity securities	3,865	75	–	3,940
– Debt securities	1,174	797	–	1,971
Total Assets	35,751	52,986	–	88,737
Liabilities				
Unit-linked contracts	–	277	–	277
Total Liabilities	–	277	–	277

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2011:

	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale securities				
– Equity securities	25,764	246	–	26,010
– Debt securities	3,240	43,626	–	46,866
Securities at fair value through income				
– Equity securities	3,030	11	–	3,041
– Debt securities	1,962	526	–	2,488
Total Assets	33,996	44,409	–	78,405
Liabilities				
Unit-linked contracts	–	271	–	271
Total Liabilities	–	271	–	271

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

5 SEGMENT INFORMATION

The Group's operating segments for the six months ended 30 June 2012 are the same with the segments of the Group for the six months ended 30 June 2011 and the year ended 31 December 2011.

	For the six months ended 30 June 2012 (Unaudited)				
	Insurance		Others	Elimination	Total
	Individual	Group			
Revenues					
Gross written premiums and policy fees	55,203	911	-	-	56,114
Less: premiums ceded out	101	(61)	-	-	40
Net written premiums and policy fees	55,304	850	-	-	56,154
Net change in unearned premiums liabilities	(49)	(178)	-	-	(227)
Net premiums earned and policy fees	55,255	672	-	-	55,927
Investment income	7,102	193	8	-	7,303
Other income	74	7	107	(105)	83
Including: inter-segment revenue	3	-	102	(105)	-
Total revenues	62,431	872	115	(105)	63,313
Benefits, claims and expenses					
Insurance benefits and claims					
Claims and net change in outstanding claims liabilities	(186)	(276)	-	-	(462)
Life insurance death and other benefits	(11,511)	(73)	-	-	(11,584)
Increase in long-term insurance contracts liabilities	(40,025)	(105)	-	-	(40,130)
Investment contracts benefits	(354)	(10)	-	-	(364)
Commission and brokerage expenses	(3,720)	(106)	-	1	(3,825)
Including: inter-segment expenses	(1)	-	-	1	-
Administrative expenses	(4,097)	(436)	(88)	104	(4,517)
Including: inter-segment expenses	(92)	(10)	(2)	104	-
Other expenses	(43)	(24)	(68)	-	(135)
Total benefits, claims and expenses	(59,936)	(1,030)	(156)	105	(61,017)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

5 SEGMENT INFORMATION (CONTINUED)

	For the six months ended 30 June 2012 (Unaudited)				
	Insurance		Others	Elimination	Total
	Individual	Group			
Share of results of associates	-	-	(1)	-	(1)
Finance cost	(766)	(21)	-	-	(787)
Net profit before income tax	1,729	(179)	(42)	-	1,508
Income tax	-	-	397	-	397
Net profit for the period	1,729	(179)	355	-	1,905

Other segment information for the six months ended 30 June 2012:

	Insurance		Others	Elimination	Total
	Individual	Group			
Depreciation and amortization	123	13	3	-	139
Interest income	8,557	222	7	-	8,786
Impairment	(1,975)	(41)	-	-	(2,016)
Share of profit of associates under equity method	-	-	(1)	-	(1)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

5 SEGMENT INFORMATION (CONTINUED)

	For the six months ended 30 June 2011				
	Insurance		Others	Elimination	Total
	Individual	Group			
Revenues					
Gross written premiums and policy fees	50,068	775	–	–	50,843
Less: premiums ceded out	289	(51)	–	–	238
Net written premiums and policy fees	50,357	724	–	–	51,081
Net change in unearned premiums liabilities	(35)	(158)	–	–	(193)
Net premiums earned and policy fees	50,322	566	–	–	50,888
Investment income	6,672	136	5	–	6,813
Other income	64	8	140	(111)	101
Including: inter-segment revenue	3	–	108	(111)	–
Total revenues	57,058	710	145	(111)	57,802
Benefits, claims and expenses					
Insurance benefits and claims					
Claims and net change in outstanding					
claims liabilities	(161)	(207)	–	–	(368)
Life insurance death and other benefits	(9,464)	(64)	–	–	(9,528)
Increase in long-term insurance					
contracts liabilities	(37,521)	(99)	–	–	(37,620)
Investment contracts benefits	(323)	(23)	–	–	(346)
Commission and brokerage expenses	(3,648)	(42)	–	1	(3,689)
Including: inter-segment expenses	(1)	–	–	1	–
Administrative expenses	(3,524)	(494)	(90)	110	(3,998)
Including: inter-segment expenses	(97)	(13)	–	110	–
Other expenses	185	(16)	(61)	–	108
Total benefits, claims and expenses	(54,456)	(945)	(151)	111	(55,441)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

5 SEGMENT INFORMATION (CONTINUED)

	For the six months ended 30 June 2011				Total
	Insurance		Others	Elimination	
	Individual	Group			
Finance cost	(291)	(20)	–	–	(311)
Net profit before income tax	2,311	(255)	(6)	–	2,050
Income tax	–	–	(275)	–	(275)
Net profit for the period	2,311	(255)	(281)	–	1,775

Other segment information for the six months ended 30 June 2011:

	Individual		Others	Elimination	Total
	Individual	Group			
Depreciation and amortization	107	15	3	–	125
Interest income	5,552	115	4	–	5,671
Impairment	224	17	–	–	241

Segment assets and liabilities as of 30 June 2012 and 31 December 2011:

Unaudited	As of 30 June 2012				Total
	Insurance		Others	Elimination	
	Individual	Group			
Segment assets	449,797	8,093	11,132	(18)	469,004
Segment liabilities	418,821	7,616	7,643	(18)	434,062

	As of 31 December 2011				Total
	Insurance		Others	Elimination	
	Individual	Group			
Segment assets	371,193	7,244	8,342	(8)	386,771
Segment liabilities	341,220	6,701	7,545	(8)	355,458

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

6 FINANCIAL ASSETS

(1) Held-to-maturity securities

	As of 30 June 2012 (Unaudited)	As of 31 December 2011
Debt securities		
Government bonds	38,575	33,624
Financial bonds	28,483	26,558
Corporate bonds	42,744	40,305
Subordinated bonds/debts	46,998	40,603
Total	156,800	141,090
Debt securities		
Listed in the PRC	28,242	24,458
Unlisted	128,558	116,632
Total	156,800	141,090

The unlisted debt securities refer to debt securities not traded on stock exchanges and include both debt securities traded on interbank market in the PRC 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 of 30 June 2012 (Unaudited)	As of 31 December 2011
Within 1 year (including 1 year)	1,273	2,703
After 1 years but within 3 years (including 3 years)	16,396	15,929
After 3 years but within 5 years (including 5 years)	3,879	3,935
After 5 years	135,252	118,523
Total	156,800	141,090

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

6 FINANCIAL ASSETS (CONTINUED)

(2) Available-for-sale securities

	As of 30 June 2012 (Unaudited)	As of 31 December 2011
Debt securities		
Financial bonds	3,215	5,214
Corporate bonds	28,997	25,207
Subordinated bonds/debts	21,158	16,445
Subtotal	53,370	46,866
Equity securities		
Funds	14,827	11,252
Stocks	14,629	14,758
Subtotal	29,456	26,010
Total	82,826	72,876
Debt securities		
Listed in the PRC	4,962	4,460
Unlisted	48,408	42,406
Subtotal	53,370	46,866
Equity securities		
Listed in the PRC	19,737	19,061
Unlisted	9,719	6,949
Subtotal	29,456	26,010
Total	82,826	72,876

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

6 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 of 30 June 2012 (Unaudited)	As of 31 December 2011
Within 1 year (including 1 year)	297	113
After 1 years but within 3 years (including 3 years)	9,693	4,726
After 3 years but within 5 years (including 5 years)	5,467	9,454
After 5 years	37,913	32,573
Total	53,370	46,866

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

6 FINANCIAL ASSETS (CONTINUED)

(3) Securities at fair value through income

	As of 30 June 2012 (Unaudited)	As of 31 December 2011
Debt securities		
Financial bonds	1,092	1,911
Corporate bonds	516	226
Subordinated bonds/debts	363	351
Subtotal	1,971	2,488
Equity securities		
Funds	908	825
Stocks	3,032	2,216
Subtotal	3,940	3,041
Total	5,911	5,529
Debt securities		
Listed in the PRC	1,174	1,962
Unlisted	797	526
Subtotal	1,971	2,488
Equity securities		
Listed in the PRC	3,353	2,404
Unlisted	587	637
Subtotal	3,940	3,041
Total	5,911	5,529

The unlisted securities refer to debt/equity securities not traded on stock exchanges and include both debt securities traded on the interbank market in the PRC and securities not publicly traded. As of 30 June 2012 and 31 December 2011, all of the Group's securities classified as at fair value through income were held for trading purpose.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

6 FINANCIAL ASSETS (CONTINUED)

(4) Term deposits

The due dates of the term deposits are as follows:

Maturity	As of 30 June 2012 (Unaudited)	As of 31 December 2011
Within 1 year (including 1 year)	8,894	2,386
After 1 years but within 3 years (including 3 years)	27,160	9,500
After 3 years but within 5 years (including 5 years)	121,603	108,063
After 5 years	5,270	3,000
Total	162,927	122,949

The Group did not hold any structured deposits as of 30 June 2012 and 31 December 2011.

7 CASH AND CASH EQUIVALENTS

	As of 30 June 2012		As of 31 December 2011	
	Original currency (Unaudited)	In RMB (Unaudited)	Original currency	In RMB
RMB	28,224	28,224	12,984	12,984
USD	361	2,281	4	25
HKD	454	370	9,974	8,086
Total		30,875		21,095

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

8 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 liabilities computation.

In developing discount rate assumptions, the Group considers investment experience, current and future investment portfolio and 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 are as follows:

Discount rate assumption

30 June 2012	4.75%-5.23%
31 December 2011	5.23%

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

Discount rate assumption

30 June 2012	2.93%-5.54%
31 December 2011	2.65%-5.66%

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. The Group determines discount rate assumption based on the information obtained at the end of each reporting period including consideration of risk margins.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

8 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(1) Process used to determine assumptions (Continued)

(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 that 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. First, wide-ranging lifestyle changes could result in future deterioration in morbidity rate. Second, 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 insured and types of contracts. Risk margin is considered in the Group's mortality and morbidity assumptions.

(c) Expenses assumption

The Group's expenses assumption is determined based on actual experience analysis, with consideration of future inflation and risk margin, expressed on both per-policy/insured and a percent-of-premium basis. The Group's expense assumption is affected by certain factors, such as inflation and market competition. The Company 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 2012	65-95	0.69%-1.05%	25	0.86%
31 December 2011	65-95	0.69%-1.05%	25	0.86%

(d) Policy dividend assumption

Policy dividend assumption is determined based upon the investment yields of participating account, contract terms, 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 distributable surplus.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

8 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(1) Process used to determine assumptions (Continued)

(e) Lapse rate and other assumptions

The lapse rates 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 consideration of risk margin.

(2) Net liabilities of insurance contracts

	As of 30 June 2012 (Unaudited)	As of 31 December 2011
Gross		
Long-term insurance contracts liabilities	334,817	292,818
Short-term insurance contracts liabilities		
– Outstanding claims liabilities	385	392
– Unearned premiums liabilities	855	604
Total, gross	336,057	293,814
Recoverable from reinsurers		
Long-term insurance contracts	(3,403)	(3,884)
Short-term insurance contracts		
– Outstanding claims liabilities	(22)	(28)
– Unearned premiums liabilities	(40)	(16)
Total, ceded	(3,465)	(3,928)
Net		
Long-term insurance contracts liabilities	331,414	288,934
Short-term insurance contracts liabilities		
– Outstanding claims liabilities	363	364
– Unearned premiums liabilities	815	588
Total, net	332,592	289,886

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

9 LIABILITIES OF INVESTMENT CONTRACTS

The table below presents the liabilities of investment contracts:

	As of 30 June 2012 (Unaudited)	As of 31 December 2011
Non-unit-linked contracts	19,298	18,730
Unit-linked contracts	277	271
Total liabilities of investment contracts	19,575	19,001

10 BORROWINGS

Borrowings represent 10-year subordinated debt with a principal amount of RMB5,000 million plus accrued interest due in September 2021. The interest rate for the first five years is 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, the interest rate will step up to 7.7% per annum beginning on the sixth year until the maturity date.

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

11 FINANCIAL ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

	As of 30 June 2012 (Unaudited)	As of 31 December 2011
By market		
Inter-bank market	48,552	14,619
Stock exchange	19,984	17,862
Total	68,536	32,481

- (1) As of 30 June 2012, all financial assets sold under agreements to repurchase are collateralised by bonds, and maturity for financial assets sold under agreements to repurchase was all within 3 months (31 December 2011: same).
- (2) As of 30 June 2012, bonds with par value of RMB50,737 million (31 December 2011: RMB14,960 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 transaction.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

11 FINANCIAL ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE (CONTINUED)

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

As of 30 June 2012, the amount of securities deposited in the collateral pool was RMB32,659 million (31 December 2011: RMB28,221 million). The collateral is restricted during the period of the repurchase transaction. The Group can withdraw the exchange-traded bonds from collateral pool under the condition that the value of certain bonds is no less than the balance of related repurchase transactions.

12 PROVISIONS

	Lawsuits and disputes
As of 1 January 2012	458
Increase	–
Decrease	–
As of 30 June 2012 (Unaudited)	458
As of 1 January 2011	574
Increase	–
Decrease	(116)
As of 31 December 2011	458

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 consideration of specific circumstances and legal advice, the Group makes the best estimation according to the relevant accounting standards. The final payments of those lawsuits and disputes depends on the final investigation, judgement and settlement amount, thus it may differ from the current provision.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

13 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 of 30 June 2012 (Unaudited)	As of 31 December 2011
Number of shares registered, issued and fully paid at RMB1 per share (million)	3,120	3,117

In January 2012, the Company exercised the right of H share overallotment in the overseas markets, and issued 2,586,600 of H shares of overallotment shares. The par value per share is RMB1, and the issuance price was HKD28.5. Upon the approval from the CIRC (Baojianfagai [2012] No. 255), the Company recorded RMB3 million under "share capital", and RMB56 million as "share premium".

The Company received all fund from A share Initial Public Offering ("IPO"), H share IPO and overallotment. All fund was verified by PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd. in PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd. (2012) Capital Verification Report No. 111.

According to the regulations on the transfer of state shares, the state shareholders of the Company transferred 10% of shares to the National Social Insurance Fund Board in proportion with the shares held in the Company.

Upon the Company's A share offering, its shareholder, Central Huijin Investment Ltd. committed that it would not transfer nor entrust others, directly or indirectly its shares in the Company within 36 months since the date of the Company's A share listing. And, it would not let the Company buy back the shares held by Central Huijin Investment Ltd.. Central Huijin Investment Ltd. will strictly comply with the above commitment.

14 RESERVES

	As of 30 June 2012 (Unaudited)	As of 31 December 2011
Share premium	23,962	23,906
Other capital surplus		
Fair value change on available-for-sale securities	(3,681)	(7,687)
Liabilities of insurance and investment contracts relating to available-for-sale securities	2,414	4,791
Income tax relating to available-for-sale securities	317	–
Others	48	48
Surplus reserve	705	705
Reserve for general risk	705	705
Total	24,470	22,468

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

15 GROSS WRITTEN PREMIUMS AND POLICY FEES

	For the six months ended 30 June	
	2012 (Unaudited)	2011
Gross written premiums		
– Long-term insurance contracts	54,715	49,624
– Short-term insurance contracts	1,235	1,038
Subtotal	55,950	50,662
Policy fees		
– Investment contracts	164	181
Gross written premiums and policy fees	56,114	50,843

16 INVESTMENT INCOME

	For the six months ended 30 June	
	2012 (Unaudited)	2011
Held-to-maturity financial assets		
– Interest income	3,356	2,685
Available-for-sale financial assets		
– Interest income	1,320	823
– Dividend income	330	714
– Net realized gains	21	807
– Impairment losses on equity securities	(2,016)	(113)
Financial assets at fair value through income		
– Interest income	28	25
– Dividend income	56	37
– Net fair value gains/(losses)	125	(309)
Interest income from bank deposits	3,951	2,083
Interest income from policy loans	125	22
Interest income from financial assets purchased under agreements to resell	6	34
Others	1	5
Total	7,303	6,813

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

17 ADMINISTRATIVE EXPENSES

	For the six months ended 30 June	
	2012 (Unaudited)	2011
Employee benefit expenses (including directors' emoluments)	3,062	2,594
Operating lease expense	279	238
Travel and conference fees	241	262
Entertainment fees	159	105
Depreciation and amortization	139	125
Official fees	131	152
Insurance guarantee fund	94	89
Promotional printing cost	79	100
Advertising fees	65	96
Postal fees	54	44
Vehicle use fees	32	36
Electronic equipment operating costs	17	24
Auditors' remuneration	9	6
Others	156	127
Total	4,517	3,998

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

18 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 fiscal authority. All of income taxes shown below are taxes in the PRC and no provision for Hong Kong profits tax has been made for the period.

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

	For the six months ended 30 June	
	2012 (Unaudited)	2011
Current tax	234	7
Deferred tax	(631)	268
Total income tax	(397)	275

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

	For the six months ended 30 June	
	2012 (Unaudited)	2011
Profit before income tax	1,508	2,050
Tax computed at the statutory tax rate	377	513
Non-taxable income (i)	(255)	(406)
Expenses not deductible for tax purpose (i)	48	21
Cumulative tax losses utilized	-	(130)
Effect on unrealized deferred tax assets arising from deductible temporary differences	(575)	275
Past due income tax paid	8	2
Income taxes at effective tax rate	(397)	275

- (i) Non-taxable income mainly includes government bond interest income and dividend income. Expenses not deductible for tax purposes mainly include those expenses such as penalty, donation and hospitality expenses that do not meet the criteria for deduction set by relevant tax regulations.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

18 TAXATION (CONTINUED)

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

	Financial assets	Insurance and others	Total
As of 1 January 2011	(1,142)	1,156	14
Charged to net profit	112	(380)	(268)
Charged to other comprehensive income	1,196	(931)	265
As of 30 June 2011	166	(155)	11
As of 1 January 2012	1,019	(1,005)	14
Charged to net profit	443	188	631
Charged to other comprehensive income	(275)	592	317
As of 30 June 2012 (Unaudited)	1,187	(225)	962

As of 30 June 2012, the Company's management anticipates that the Group will have sufficient taxable profits to utilize deductible temporary differences, unused losses and unused tax credits in the future, therefore, the Group recognized deferred income tax assets to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

19 EARNINGS PER SHARE

(1) Basic

Basic earnings per share are 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	
	2012 (Unaudited)	2011
Net profit attributable to shareholders of the Company (RMB in millions)	1,904	1,775
Weighted average number of ordinary shares issued (in millions)	3,119	1,900
Basic earnings per share (RMB)	0.61	0.93

(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 2012 (2011: same).

20 DIVIDEND

As approved by the general meeting of shareholders on 20th June 2012, the Company declared a cash dividend of RMB0.09 per share (including tax) for 2011 with totally amount of RMB281 million.

No dividend has been paid or declared by the Company or the companies now comprising the Group during each of the six months ended 30 June 2011.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

21 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")	Partially owned subsidiary of the Company
New China Home Tanzhou (Beijing) Real Estate Development Co., Limited. ("New China Home Tanzhou Real Estate")	Partially owned subsidiary of the Company
Beijing MJ Health Screening Center Co., Ltd.	Associate of the Company
Beijing Zijin Century Real Estate Co., Ltd. ("Zijin Century")	Associate of the Company
Central Huijin Investment Ltd. ("Huijin")	Shareholders that has significant influence over the Company

(2) Transactions with significant related parties

The table set forth below summarises significant related parties' transactions

	For the six months ended 30 June	
	2012 (Unaudited)	2011
Transactions between the Company and other related parties		
– Interests from bonds issued by the Huijin (i)	6	6
Transactions between the Company and its subsidiaries		
– Investment management fee to New China Asset Management (ii)	102	107
– Rent earned from New China Asset Management (iii)	2	3

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

21 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Transactions with significant related parties (continued)

(i) *Bond interest from the Huijin*

Huijin became shareholder of the Company in 2009 and holds 31.23% of the Company's shares directly as of 30 June 2012. Huijin is a state-owned investment company approved by State Council. The function of Huijin is to hold specific equity investment on behalf of the State Council. Huijin exercises the obligation and rights of the specific bank and financial investor on behalf of the state. The Group and Company conduct transactions with other entities that are control by, under common controls or significant influence of Huijin in the business, including deposit, investment trust, sales agency of insurance products and re-insurance transactions, etc.

In 2010, the Company purchased bonds issued by Huijin at a par value of RMB300 million from inter-bank market. As of 30 June 2012, the carrying value of these bonds is RMB300 million (31 December 2011: RMB299 million). The recognised bond interests for the six months ended 30 June 2012 is RMB6 million (for the six months ended 30 June 2011: RMB6 million).

(ii) *Investment management service agreement*

The Company and New China Asset Management entered into an annual investment management service agreement for entrusted insurance funds in 2012 with one-year-duration. According to this agreement, New China Asset Management provides investment management services to the Company and independently makes investment decisions and transactions in accordance with investment guidance stipulated by the Company. The Company was entitled to all investment returns and bore all losses (subject to negotiation on a case by case basis) from the entrusted insurance funds. The Company pays the basic service fee, floating management fee and performance management fee to New China Asset Management.

(iii) *Office rental contracts*

The Company rented parts of New China Life Building to the New China Asset Management as its office space.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

21 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(3) Balance of related party transactions

Group

Balance of related party transactions	As of 30 June 2012 (Unaudited)	As of 31 December 2011
Interest receivables		
Receivable from investor that has significant influence on the Company		
Huijin	10	4

Company

	As of 30 June 2012 (Unaudited)	As of 31 December 2011
Receivables from subsidiaries		
New China Asset Management(i)	310	317
Payables to subsidiaries		
New China Asset Management	17	-

(i) Receivable from New China Asset Management

Receivable from New China Asset Management mainly comprises of planned capital injection. As of the issuance date of the condensed consolidated interim financial information, the capital injection is still pending for the CIRC's approval.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

21 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	
	2012 (Unaudited)	2011
Payroll and welfare	23	24
Total	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 relevant 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 of 30 June 2012 and 2011, most of bank deposits were with state-owned banks; the issuers of debt securities held by the Group were mainly state-owned enterprises; most investments were entrusted to state-owned enterprises. For the six months ended 30 June 2012 and 2011, a large portion of its group insurance business of the Group were with state-owned enterprises; the majority of bancassurance brokerage charges were paid to state-owned banks and postal office; almost all of the reinsurance agreements of the Group were entered into with a state-owned reinsurance company; most of bank deposit interest income were from state-owned banks.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

22 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.

23 COMMITMENTS

(1) Capital commitments

Capital commitments are for purchase of property plant and equipment and software, etc. Management confirms that the Group has sufficient future income or funding to fulfil these capital commitments.

	As of 30 June 2012 (Unaudited)	As of 31 December 2011
Contracted but not provided for	133	955

(2) Operating lease commitments

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

	As of 30 June 2012 (Unaudited)	As of 31 December 2011
Within 1 year (including 1 year)	323	296
Between 1 and 5 years (including 5 years)	369	370
More than 5 years	6	3
Total	698	669

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

24 INVESTMENT IN SUBSIDIARIES

For the period ended 30 June 2012, the Company's subsidiaries are as follow:

	Place of incorporation and operation	Principal activities	Registered capital	Group's interest %
New China Asset Management	Beijing, China	Asset management	RMB100 million	97%
Chongqing New China Insurance Agency Co., Ltd. ("Chongqing New China")(i)	Chongqing, China	Insurance agency	RMB5 million	100%
Yunnan New China Insurance Agency Co., Ltd.	Kunming, China	Insurance agency	RMB5 million	100%
New China Xiadu Technology Training (Beijing) Co., Ltd. ("New China Xiadu") (ii)	Beijing, China	Real estate property development and Training	RMB432 million	100%
New China Home Retirement Industry Management (Beijing) Co., Ltd. ("New China Home Retirement") (iii)	Beijing, China	Service	RMB15 million	100%
New China Home Tanzhou Real Estate (iii)	Beijing, China	Real estate property development	RMB10 million	95%
New China Home Shanggu (Beijing) Real Estate Development Co., Limited. ("New China Home Shanggu Real Estate") (iii)	Beijing, China	Real estate property development	RMB15 million	100%

(i) In 2011, the Company's shareholders' general meeting approved the application for dissolution of Chongqing New China. As of the issuance date of the condensed consolidated interim financial information, Chongqing New China has not been closed, and its liquidation has not commenced.

(ii) In 2012, the Company injected RMB431 million to New China Xiadu. The registered capital of New China Xiadu is RMB432 million after capital injection.

(iii) New China Home Retirement, New China Home Tanzhou Real Estate and New China Home Shanggu Real Estate are set up in 2012 and are incorporated into the scope for consolidation.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2012
(All amounts in RMB million unless otherwise stated)

25 SUBSEQUENT EVENTS

(1) Special Profit Distribution

The "Resolution on Specific Matters Relating to the Special Dividend Distribution and Public Investor Protection Mechanism of New China Life Insurance Company Ltd." was approved at the 47th meeting of the fourth session of the Board of the Company on 26 July 2012. The Special Dividend, as calculated and declared in RMB on the basis of the total number of shares of 3,119,546,600 currently issued by the Company, is RMB0.32056 (including tax) per share, totalling approximately RMB1 billion (including tax).

The Company's shareholders prior to its initial public offering have further undertaken that to provide protection to public investors, after the completion of the above special dividend distribution, they will deposit their share of the special dividend distribution into custodial bank accounts designated by the Company as a "Special Appropriation", to compensate the Company for any actual losses from the former chairman irregularities within 36 months from the listing date of the Company, and that are in excess of the impairments or provisions that which have been disclosed in the condensed consolidated interim financial information. Upon the expiration of the 36 month period, the funds remaining in such custodial bank accounts will be paid out to these shareholders.

(2) Issue of subordinated term debts

Upon the approval of the CIRC, the Company completed an offering of 10-year subordinated debt in an aggregated principal amount of RMB10,000 million, and with an interest rate 4.6% per annum in July 2012. 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, the interest rate will step up to 6.6% per annum beginning on the sixth year until the maturity date.

26 COMPARATIVE FIGURES

Certain comparative figures have been reclassified and restated to conform to the current period's presentation.

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