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新華人壽保險股份有限公司

NEW CHINA LIFE INSURANCE COMPANY LTD.

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

(Stock Code: 1336)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

MANAGEMENT DISCUSSION AND ANALYSIS

As a major life insurance company in the PRC, New China Life Insurance Company Ltd. (the “**Company**”) is primarily engaged in provision of life insurance products and services to individuals and institutions through its national branch network. Meanwhile, the Company also manages and utilizes its insurance assets through its subsidiary New China Asset Management Co., Ltd..

Unless otherwise specified, the management discussion and analysis is based on the condensed consolidated interim financial information of the Company, and all the data is denominated in Renminbi (“**RMB**”).

I. KEY OPERATIONAL INDICATORS

Unit: RMB in millions

	January-June 2013	January-June 2012
Gross written premiums and policy fees	51,628	56,114
Total investment income ⁽¹⁾	10,616	7,301
Net profit attributable to shareholders of the Company	2,187	1,904
Value of first half year's new business ⁽²⁾	2,073	2,178
Market share ⁽³⁾	8.2%	9.8%
Persistency ratio		
Individual life insurance business 13-month persistency ratio ⁽⁴⁾	89.6%	90.6%
Individual life insurance business 25-month persistency ratio ⁽⁵⁾	86.4%	89.4%

	As of 30 June 2013	As of 31 December 2012
Total assets	531,048	493,693
Net assets	37,691	35,878
Investment assets ⁽⁶⁾	516,506	479,189
Equity attributable to shareholders of the Company	37,682	35,870
Embedded value	60,785	56,870
Amount of customers (<i>in thousands</i>)	28,918	27,766
of which: individual customers	28,858	27,707
of which: institutional customers	60	59

Notes:

1. Total investment income = interest income from cash and cash equivalents, term deposits, debt securities and other investment assets + dividend income from equity securities + realized gains/(losses) + unrealized gains/(losses) + impairment losses on financial assets+ share of results of associates. The comparative figures have been recalculated on the base line of this period.
2. Value of first half year's new business as of 30 June 2012 was recalculated based on the assumption as of 31 December 2012.
3. Market share: represents the data published by the China Insurance Regulatory Commission (the "CIRC").
4. 13-month persistency ratio: premiums under in-force regular premium life insurance policies 13 months after their issuance as a percentage of premiums under life insurance policies becoming in-force during the issuance.
5. 25-month persistency ratio: premiums under in-force regular premium life insurance policies 25 months after their issuance as a percentage of premiums under life insurance policies becoming in-force during the issuance.
6. The comparative figures have been recalculated on the base line of this period.

II. BUSINESS ANALYSIS

(I) Life Insurance Business

Since the beginning of this year, directed by "customer centric" strategy, the Company has formulated an overall concept and direction towards value-driven transformation by reforming the sales management system, establishing regional management system, and launching asset-oriented products, which brought opportunities for the overall business transformation. Through positive adjustment of aforesaid strategy, the Company has been able to maintain stable business growth and optimize its business structure, leading to the further improvement of the management system.

During the first half of this year, the Company has fully promoted value-driven transformation with the setting up and refining of the value-driven performance evaluation system. Through allocation of the value targets to its branches, the Company has maintained the balance between its scale, quality, investment and value, and has been focusing on the long-term development of the Company. Under the guidance of the value-driven performance evaluation system and the concept of value-driven transformation, both the branches and the teams have been focusing on the sales of protection-type products. The business structure of the Company

has been gradually improved and the premiums contributed by protection-type products have significantly increased. New business margin has also been increased steadily. Facing the external competition and the business decline during the transformation of the Company, the Company took active measures to maintain stability of its business platform and to further promote the growth of value on the premise of the overall concept of value transformation. On one hand, the Company has established seven regional management centers and delegated its business support and supervision functions to the lowest sales units in the organizational hierarchy in order to shorten the communication chain between the head office and its branches, as well as to strengthen the differentiated management for different branches. On the other hand, the timely launch of the “Selected” series asset-oriented universal insurance products helped to maintain sales branch outlets, boost the sales of master insurance products, enhance capabilities to expand sales channels, motivate the teams and strive to reverse the business declining trend of the business in the short term. Due to the above, the Company has secured a number of core clients, increased the quantity and improved the quality of new customers, and built a solid foundation for follow-up business development with existing customers and selling of high value products.

In the first half of this year, the Company’s gross written premiums (GWP) amounted to RMB51.344 billion, representing a decrease of 8.2% as compared to the same period of 2012. Our market share was 8.2%, representing a decrease of 1.6 percentage points as compared to the same period of 2012, which ranked the fourth in the PRC life insurance market. As of 30 June 2013, the Company had approximately 28.92 million life insurance customers, representing an increase of 1.15 million as compared to the end of 2012.

1. Analysis by Distribution Channels

Unit: RMB in millions

	January-June 2013	January-June 2012
Individual life insurance	50,423	55,045
Of which:		
Individual insurance agent channel	25,261	23,030
First year premiums	4,398	5,851
Regular premiums	3,697	5,198
Single premiums	701	653
Renewal premiums	20,863	17,179
Bancassurance channel	24,449	31,393
First year premiums	6,875	15,355
Regular premiums	1,863	3,236
Single premiums	5,012	12,119
Renewal premiums	17,574	16,038
Wealth management channel	713	622
First year premiums	344	412
Regular premiums	203	219
Single premiums	141	193
Renewal premiums	369	210
Group insurance	921	905
Total	51,344	55,950

(1) *Individual life insurance business*

① Individual insurance agent channel

In the first half of 2013, the GWP generated from the Company's individual insurance agent channel amounted to RMB25.261 billion, representing an increase of 9.7% as compared to the same period of last year. Among these GWP, the first year premiums amounted to RMB4.398 billion, representing a decrease of 24.8% as compared to the same period of last year, while renewed premiums amounted to RMB20.863 billion, representing an increase of 21.4% as compared to the same period of last year. During the first half of this year, individual insurance agents were able to enhance their sales skills for protection-type products, and the product structure for individual insurance agent channel as well as the new business margin were also significantly improved through the sales of high-value products, including whole life insurance products and health insurance products. The first year premiums contributed by traditional insurance and health insurance achieved 27%, representing an increase of 14 percentage points as compared to the same period of 2012. Premiums contributed by regular premium products with maturity of 20 years or above amounted to 1.97 billion, representing 53.3% of the first year regular premiums, which shows an increase of 8.4 percentage points as compared to the same period of last year. Meanwhile, the Company launched the Selected II Additional Endowment Insurance Product (Universal), and facilitated the sales of high-value master insurance products through product portfolio, gradually relieving the dual challenges of market competition and the pressure on transformation, thus improving the performance of the team. In the first half of the year, the total number of the Company's insurance agents remained stable at 192,000, among which 23,700 were high performing agents.^[1]

② Bancassurance channel

In the first half of 2013, the GWP contributed by the Company's bancassurance channel amounted to RMB24.449 billion, representing a decrease of 22.1% as compared to the same period of last year. The first year premiums amounted to RMB6.875 billion, representing a decrease of 55.2% as compared to the same period of last year, primarily due to the market environment and the increasing competition. In the second quarter, in order to decelerate the sharp decline of business generated from bancassurance channel, stabilize the channel and the teams, secure core customers, and bring opportunities to the development of regular premium business, the Company launched an asset-oriented product named Selected I Endowment Insurance Product (Universal). Driven by the introduction of the new product, the first year written premiums^[2] contributed by the Company's bancassurance channel grew significantly in the second quarter. The decrease of branch outlets generating insurance policies has slowed down dramatically, and the structure of customer portfolio has been improved.

[1] The number of high performing individual insurance agents for a reporting period is an average number calculated by dividing the sum of the monthly numbers of individual insurance agents in the reporting period who have sold at least one insurance policy by the number of months in the reporting period. The policy should not have been surrendered within one month of being underwritten, with a payment term of more than one year and accumulative first year commission of no less than RMB2,000 or RMB3,000 (depending on branch location).

[2] Written Premiums refers to all premiums received from the policies underwritten by the Company, which is prior to the significant insurance risk testing and unbundling of hybrid risk contracts.

③ Wealth management channel

Since its establishment, the wealth management channel has always adhered to its “double-high strategy”: high-value business and high-end customers. During the first half of 2013, through the enhancement in management and as driven by the sound performance, the management indicators were effectively improved. The sales channel has grown toward a favorable direction in a more balanced manner by taking advantage of product launch timing and actively modifying the strategy for the channel.

In the first half of 2013, the GWP contributed by the wealth management channel was RMB713 million, increased by 14.6% as compared to the same period of last year, among which the first year premiums amounted to RMB344 million, representing a decrease of 16.5% as compared to the same period of last year.

(2) Group insurance business

In the first half of 2013, the GWP contributed by the group insurance business of the Company was RMB921 million, increased by 1.8% as compared to the same period of last year.

2. Analysis by Types of Insurance Products

Unit: RMB in millions

	January-June 2013	January-June 2012
GWP	51,344	55,950
Traditional insurance	527	379
Participating insurance ⁽¹⁾	46,679	52,325
Universal insurance	19	18
Unit-linked insurance	0 ⁽²⁾	0 ⁽²⁾
Health insurance ⁽¹⁾	3,470	2,673
Accident insurance	648	555

Notes:

1. Participating health insurance is included in the participating insurance, and not included in the health insurance. The comparative figures have been recalculated on the base line of this period.
2. The amount for each period indicated was less than RMB500,000.
3. Numbers may not be additive due to rounding.

In the first half of 2013, the Company earned GWP of RMB51.344 billion. The structure of types of insurance was optimized as compared to the same period of last year. The proportion of health insurance and traditional insurance has increased dramatically. The GWP generated by participating insurance was RMB46.679 billion, showing a decrease of 10.8% as compared to the same period of last year, accounting for 90.9% of the GWP and representing a decrease of 2.6 percentage points as compared to the same period of last year. The GWP generated by health insurance was RMB3.47 billion, increased by 29.8% as compared to the same period of last year, accounting for 6.8% of the GWP and representing an increase of 2 percentage points as compared to the same period of last year. The GWP generated by traditional insurance was RMB527 million, increased by 39.1% as compared to the same period of last year, accounting for 1.0% of the GWP and representing a slight increase as compared to the same period of last year. The GWP generated by accident insurance was RMB648 million, increased by 16.8% as compared to the same period of last year, accounting for 1.3% of the GWP.

3. Analysis by Geographic Regions

Unit: RMB in millions

	January – June 2013	January – June 2012
GWP	51,344	55,950
Guangdong	4,891	5,054
Beijing	4,691	5,425
Shandong	3,582	3,761
Henan	3,532	4,245
Hubei	3,000	3,090
Shanghai	2,872	3,638
Sichuan	2,742	3,082
Jiangsu	2,302	2,653
Hunan	2,067	2,286
Shaanxi	1,918	1,942
Sub-total	31,597	35,176
Other regions	19,747	20,774
Total	51,344	55,950

In the first half of 2013, approximately 61.5% of the GWP of the Company were contributed by the regions of the PRC with relatively developed economy or dense population, such as Guangdong, Beijing, Shandong, Henan, Hubei, Shanghai, Sichuan, Jiangsu, Hunan and Shaanxi, etc.

(II) Asset Management Business

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

In 2013, based on the characteristics of liabilities of insurance business and fluctuation cycles of capital markets, the Company proactively improved the allocation of investment portfolio, and properly increased the proportion of fixed-income assets, in order to enhance net investment yield and total investment yield, and maintain stable and reliable investment income. As to the equity investment, the Company realized gains of RMB1.025 billion despite the continued downturn of the domestic capital market.

1. Investment Portfolio

Unit: RMB in millions

	As of 30 June 2013	As of 31 December 2012
Investment assets ⁽¹⁾	516,506	479,189
Classified by investment type		
Term deposits ⁽²⁾	173,280	171,853
Debt securities	261,683	234,130
Equity securities	42,554	32,793
– Funds	15,495	15,869
– Stocks	17,763	16,216
– Investments in associates	9,296	708
Cash and cash equivalents ⁽²⁾	21,409	25,066
Other investment assets ⁽³⁾	17,580	15,347
Classified by investment purpose		
Financial assets at fair value through income	5,666	4,755
Available-for-sale financial assets	97,239	84,335
Held-to-maturity securities	178,096	176,817
Loans and other receivables ⁽⁴⁾	226,209	212,574
Investments in associates	9,296	708

Notes:

1. The comparative figures have been recalculated on the base line of this period.
2. Cash and cash equivalents include term deposits with maturity of 3 months or less, while term deposits exclude those with maturity of 3 months or less.
3. Other investment assets mainly include statutory deposits, policy loans, financial assets purchased under agreements to resell and accrued investment income, etc.
4. Loans and other receivables mainly include term deposits, cash and cash equivalents, statutory deposits, policy loans, financial assets purchased under agreements to resell, accrued investment income and loans and receivables, etc.

As of the end of the reporting period, the Company had investment assets of RMB516,506 million, increased by 7.8% 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 33.5% of the total investment assets, representing a decrease of 2.4 percentage points as compared to the end of last year, mainly because the increase of the Company's term deposits was less than the growth in the scale of investment assets.

As of the end of the reporting period, debt securities accounted for 50.7% of the total investment assets, representing an increase of 1.8 percentage points as compared to the end of last year, which was mainly due to the Company's increase of investments in financial products, including asset funding plans and trust products, considering the prevailing market conditions.

As of the end of the reporting period, equity securities accounted for 8.2% of the total investment assets, representing an increase of 1.4 percentage points as compared to the end of last year, which was mainly due to the growth of the equity investment plan of equity securities.

As of the end of the reporting period, cash and cash equivalents accounted for 4.1% of total investment assets, representing a decrease of 1.1 percentage points as compared to the end of last year. Such decrease was mainly attributable to the requirements for investment assets allocation and liquidity management.

As of the end of the reporting period, other investment assets accounted for 3.5% of total investment assets, representing an increase of 0.3 percentage points as compared to the end of last year, mainly attributable to the increase in policy loans 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 were mainly comprised of loans and other receivables and held-to-maturity securities. Investments in loans and other receivables increased by 6.4% as compared to the end of last year, mainly due to the increase of asset funding plans.

2. Investment Income

Unit: RMB in millions

	January – June 2013	January – June 2012
Interest income from cash and cash equivalents	34	55
Interest income from term deposits	4,450	3,882
Interest income from debt securities	5,814	4,704
Dividend income from equity securities	645	386
Interest income from other investment assets ⁽¹⁾	161	145
Net investment income ⁽²⁾	<u>11,104</u>	<u>9,172</u>
Realized gains/(losses)	1,025	(126)
Unrealized gains/(losses)	(573)	272
Impairment losses on financial assets	(928)	(2,016)
Share of results of associates	(12)	(1)
Total investment income ⁽³⁾	<u>10,616</u>	<u>7,301</u>
Annualized net investment yield ⁽⁴⁾	4.5%	4.4%
Annualized total investment yield ⁽⁴⁾	<u>4.3%</u>	<u>3.5%</u>

Notes:

- Interest income from other investment assets includes interest income from statutory deposits, policy loans and financial assets purchased under agreements to resell.
- 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.
- Total investment income = net investment income + realized gains/(losses) + unrealized gains/(losses) + impairment losses on financial assets + share of results of associates. The comparative figures have been recalculated on the base line of this period.
- Annualized investment yield = investment income/[(investment assets at the beginning of the period + investment assets at the end of the period)/2]*2.

The Company achieved total investment income of RMB10,616 million for the reporting period, representing an increase of 45.4% as compared to the same period of last year; the annualized total investment yield was 4.3%, representing an increase of 0.8 percentage points as compared to the same period of last year.

The Company achieved a net investment income of RMB11,104 million, representing an increase of 21.1% as compared to the same period of last year; the annualized net investment yield was 4.5%, representing an increase of 0.1 percentage points as compared to the same period of last year. Such increase was mainly attributable to the 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 RMB476 million in aggregate, which turned better as compared to the loss of RMB1,870 million in aggregate as compared to the same period of last year, mainly because the Company had reasonable position control and made better use of band operation to turn losses into profits for realized gains on investment assets with a profit of RMB1,025 million.

3. External Equity Securities

(1) Securities investment

No.	Type of securities	Security code	Abbreviated security name	Initial investment costs (RMB in millions)	Number of securities held (in millions)	Carrying amount at the end of the period (RMB in millions)	As a percentage of total investments in securities at the end of the period (%)	Profits/losses for the reporting period (RMB in millions)
1	Convertible bond	110015	Sinopec CB	439.15	4.09	407.89	10.25%	-32.31
2	Convertible bond	110020	Nanshan CB	350.99	3.48	345.87	8.69%	4.29
3	Convertible bond	113001	BOC CB	345.64	3.37	337.58	8.48%	-4.75
4	Stock	600837	Haitong Securities	400.03	35.67	334.57	8.41%	-68.95
5	Stock	601998	CITIC Bank	357.92	76.00	281.96	7.09%	-75.44
6	Stock	600048	Poly Real Estate	235.26	19.21	190.33	4.78%	-40.53
7	Stock	600636	3F	244.65	16.80	167.35	4.21%	-75.50
8	Stock	600660	Fuyao Glass	203.23	21.89	157.38	3.95%	-22.51
9	Stock	600153	C&D	183.64	24.45	153.82	3.87%	-21.23
10	Stock	000024	China Merchants Property	147.25	5.49	133.34	3.35%	-3.24
Investments in other securities held at the end of the period				1,765.05	N/A	1,469.24	36.92%	-397.67
Profits/losses of investments in securities sold during the reporting period				N/A	N/A	N/A	N/A	-189.34
Total				4,672.81	N/A	3,979.33	100%	-737.84

Notes:

- Securities investments stated in this table represent investments such as stock, options and convertible bonds, etc, ordered in accordance with the carrying amount at the end of the period. Among them, only the parts of tradable financial assets attributable to the Company are presented for stock and convertible bonds.
- Investments in other securities represent investments in other securities apart from the top ten securities.
- Profits/losses for the reporting period are comprised of the realized investment gains/losses as well as the unrealized gains/losses.

(2) Shareholding in other listed companies

Security code	Abbreviated security name	Initial investment cost (RMB in millions)	As a percentage of equity interests in that company at the beginning of the period (%)	As a percentage of equity interests in that company at the end of the period (%)	Carrying amount at the end of the period (RMB in millions)	Profits/losses during the reporting period (RMB in millions)	Changes of Equity Ownership during the reporting period (RMB in millions)	Accounting classification	Source of securities
600887X	Yili Industrial (Limited)	599.72	0.00%	1.60%	1,013.47	9.07	413.75	Available for sale	Purchase
03328	Bank of Communications	698.94	0.27%	0.21%	621.15	57.02	-124.25	Available for sale	Purchase
601318	Ping An	730.08	0.11%	0.20%	541.83	-127.22	-28.95	Available for sale	Purchase
000002	Vanke A	545.50	0.00%	0.43%	468.99	11.87	-76.51	Available for sale	Purchase
601006	Daqin Railway	559.13	0.32%	0.49%	428.43	28.13	-89.45	Available for sale	Purchase
601601	CPIC	576.68	0.25%	0.26%	381.02	-96.90	-51.30	Available for sale	Purchase
601377X	Industrial Securities (Limited)	395.20	0.00%	1.54%	363.20	-	-32.00	Available for sale	Purchase
600970	Sinoma Int'l	440.79	1.44%	3.42%	343.63	9.09	-82.75	Available for sale	Purchase
600276	Hengrui Medicine	326.61	0.21%	0.85%	305.06	0.84	-22.62	Available for sale	Purchase
601111	Air China	678.02	0.52%	0.52%	289.92	-50.60	-69.75	Available for sale	Purchase
	Other securities held at the end of the period	12,565.48	N/A	N/A	10,118.03	187.48	-689.74	N/A	N/A
	Total	18,116.15	N/A	N/A	14,874.73	28.78	-853.57	N/A	N/A

Note:

1. The table presents the shareholding in other listed companies by the Company as classified under available-for-sale financial assets ordered in accordance with the carrying amount at the end of the reporting period.

(3) Shareholdings in unlisted financial institutions

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

(4) Trading of shares in other listed companies

	Shares purchased/ sold during the reporting period <i>(in millions)</i>	Amount of capital utilized <i>(RMB in millions)</i>	Investment gains incurred <i>(RMB in millions)</i>
Purchase	1,776.34	19,641.21	/
Sale	1,541.70	/	487.52

III. PRINCIPAL CONTENTS AND ANALYSIS OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(I) Analysis of Principal Components of the Balance Sheet

1. *Principal Assets*

Unit: RMB in millions

Component	As of 30 June 2013	As of 31 December 2012
Debt securities	261,683	234,130
– Held-to-maturity	178,096	176,817
– Available-for-sale	67,620	55,624
– At fair value through income	2,027	1,381
– Loans and receivables	13,940	308
Equity securities	33,258	32,085
– Available-for-sale	29,619	28,711
– At fair value through income	3,639	3,374
Term deposits	173,280	171,853
Statutory deposits	716	717
Policy loans	5,360	3,866
Financial assets purchased under agreements to resell	468	–
Accrued investment income	11,036	10,764
Premiums receivable	2,551	1,556
Deferred tax assets	906	863
Cash and cash equivalents	21,409	25,066
Investments in associates	9,296	708
Other assets not included in the above assets	11,085	12,085
	<hr/>	<hr/>
Total	531,048	493,693
	<hr/> <hr/>	<hr/> <hr/>

Debt securities

As of the end of the reporting period, debt securities increased by 11.8% as compared to the end of 2012, primarily due to the increase in asset funding plans in loans and receivables, as well as the increase in trust products in available-for-sale securities.

Equity securities

As of the end of the reporting period, equity securities increased by 3.7% as compared to the end of 2012, primarily due to the overall growth in the investment assets, which resulted in a corresponding increase in the equity securities.

Term deposits

As of the end of the reporting period, term deposits increased by 0.8% as compared to the end of 2012, primarily because the Company increased the proportion of negotiated deposits.

Premiums receivable

As of the end of the reporting period, premiums receivable increased by 63.9% as compared to the end of 2012, primarily due to the cumulative growth of insurance business of the Company.

Policy loans

As of the end of the reporting period, policy loans increased by 38.6% as compared to the end of 2012, primarily due to the 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 RMB468 million as compared to the end of 2012, primarily due to the requirements for liquidity management.

Investments in associates

As of the end of the reporting period, the investments in associates increased by 1,213.0% as compared to the end of 2012, primarily due to the investments in projects such as equity investment plans.

2. *Principal Liabilities*

	<i>Unit: RMB in millions</i>	
Component	As of 30 June 2013	As of 31 December 2012
Insurance contracts	394,132	362,272
Long-term insurance contracts liabilities	392,624	361,070
Short-term insurance contracts liabilities		
– Outstanding claims liabilities	462	452
– Unearned premiums liabilities	1,046	750
Investment contracts	25,795	18,988
Financial assets sold under agreements to repurchase	52,484	55,437
Premiums received in advance	176	518
Reinsurance liabilities	91	33
Current income tax liabilities	–	62
Other liabilities not included in the above liabilities	20,679	20,505
Total	493,357	457,815

Insurance contracts

As of the end of the reporting period, insurance contracts increased by 8.8% as compared to the end of 2012, primarily due to the cumulative growth of the Company's insurance business and the accumulation of the insurance obligations.

Investment contracts

As of the end of the reporting period, investment contracts increased by 35.8% as compared to the end of 2012, primarily due to the cumulative growth of the 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 decreased by 5.3% as compared to the end of 2012, primarily due to the requirements for investment asset allocation and liquidity management.

Premiums received in advance

As of the end of the reporting period, premiums received in advance decreased by 66.0% as compared to the end of 2012, primarily due to the timing of underwriting policies of the insurance business.

Reinsurance liabilities

As of the end of the reporting period, the reinsurance payables increased by 175.8% as compared to the end of 2012, primarily due to the impact of the reinsurance payables settlement cycle of reinsurance companies.

Current income tax liabilities

As of the end of the reporting period, the Company had no current income tax liabilities as compared to RMB62 million at the end of 2012, primarily because the Company has paid up the income tax for 2012.

3. Shareholders' Equity

As of the end of the reporting period, shareholders' equity attributable to the Company amounted to RMB37,682 million, representing an increase of 5.05% as compared to the end of 2012, primarily due to the growth of investment income and accumulated business.

(II) Analysis of Principal Components of the Income Statement

1. Revenues

Unit: RMB in millions

Component	January – June 2013	January – June 2012
Gross written premiums and policy fees	51,628	56,114
Less: premiums ceded out	(161)	40
Net written premiums and policy fees	51,467	56,154
Net change in unearned premiums liabilities	(242)	(227)
Net premiums earned and policy fees	51,225	55,927
Investment income	10,631	7,303
Other income	87	83
Total	<u>61,943</u>	<u>63,313</u>

Gross written premiums and policy fees

As of the end of the reporting period, gross written premiums and policy fees amounted to RMB51,628 million, representing a decrease of 8.0% as compared to the same period of last year, primarily due to the downward trend of the bancassurance channel business of the Company.

Premiums ceded out

During the reporting period, premiums ceded out amounted to RMB161 million as compared to negative RMB40 million during the same period of last year, primarily due to the growth of the business of premiums ceded out and the decrease in policy surrenders recovered from reinsurers.

Investment income

During the reporting period, investment income increased by 45.6% as compared to the same period of last year, primarily due to the increase in the interest income from debt securities, the increase in realized gains on investment assets and the decrease in impairment losses on available-for-sale financial assets.

2. *Insurance Business Expenditures and Other Expenses*

Unit: RMB in millions

Component	January – June 2013	January – June 2012
Insurance benefits and claims	(49,971)	(52,176)
Claims and net change in outstanding claims liabilities	(554)	(462)
Life insurance death and other benefits	(17,458)	(11,584)
Increase in long-term insurance contracts liabilities	(31,959)	(40,130)
Investment contracts benefits	(344)	(364)
Commission and brokerage expenses	(3,257)	(3,825)
Administrative expenses	(4,492)	(4,517)
Other expenses	(335)	(135)
Total	<u>(58,399)</u>	<u>(61,017)</u>

Insurance benefits and claims

During the reporting period, insurance benefits and claims decreased by 4.2% as compared to the same period of last year, primarily due to the decline of the increase in long-term insurance contracts liabilities recorded according to the accounting policy of the Company.

Increase in long-term insurance contracts liabilities

During the reporting period, the increase in long-term insurance contracts liabilities decreased by 20.4% as compared to the same period of last year, primarily due to the decline of insurance business to a certain extent and the increase in surrenders.

Life insurance death and other benefits

During the reporting period, life insurance death and other benefits increased by 50.7% as compared to the same period of last year, primarily due to the increase in surrenders.

Other expenses

During the reporting period, other expenses increased by 148.1% as compared to the same period of last year, primarily due to the effect of foreign exchange rate changes.

3. *Income Tax*

During the reporting period, income tax expenses amounted to RMB308 million as compared to income tax gains of RMB397 million for the same period of last year, mainly due to the impact of the amount of income tax payable and deferred income tax.

4. *Net Profit*

During the reporting period, the Company achieved net profit attributable to the Company amounting to RMB2,187 million, representing an increase of 14.9% as compared to the same period of last year, primarily due to the growth of investment income and the decrease in impairment losses on available-for-sale financial assets as compared to the same period of last year.

5. *Other Comprehensive Income*

During the reporting period, other comprehensive income amounted to a loss of RMB375 million as compared to an income of RMB1,946 million for the same period of last year, primarily due to an increase resulting from impairment losses on available-for-sale financial assets recognized in the same period of last year and a decrease resulting from the unrealized losses of available-for-sale financial assets in the current period.

(III) Analysis of Cash Flows

Unit: RMB in millions

Items	January – June	January – June
	2013	2012
Net cash flows from operating activities	31,056	33,046
Net cash flows from investing activities	(30,906)	(59,115)
Net cash flows from financing activities	(3,747)	35,843

1. *Net Cash Flows from Operating Activities*

Net cash flows from operating activities of the Company for the first half of 2013 and 2012 amounted to RMB31,056 million and RMB33,046 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 2013 and 2012 amounted to RMB49,978 million and RMB54,566 million, respectively.

Cash outflows from operating activities of the Company for the first half of 2013 and 2012 amounted to RMB26,736 million and RMB22,179 million, respectively. Cash outflows from operating activities of the Company were primarily comprised of claims and benefits expenses, commission and brokerage expenses, cash payments to or for employees, and other cash payments related to operating activities. Claims expenses from existing insurance contracts for the first half of 2013 and 2012 amounted to RMB18,032 million and RMB12,348 million, respectively. The above changes were primarily due to the Company's business growth and insurance payments.

2. *Net Cash Flows from Investing Activities*

Net cash flows from investing activities of the Company for the first half of 2013 and 2012 amounted to negative RMB30,906 million and negative RMB59,115 million, respectively. Cash inflows from investing activities of the Company for the first half of 2013 and 2012 amounted to RMB72,444 million and RMB45,128 million, respectively. Cash inflows from investing activities of the Company were primarily comprised of cash proceeds from investments sold, cash received from investment income and cash received from financial assets purchased under agreements to resell, etc.

Cash outflows from investing activities of the Company for the first half of 2013 and 2012 amounted to RMB103,350 million and RMB104,243 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 property, plant and equipment, intangible assets and other long-term assets, and cash paid for financial assets purchased under agreements to resell, etc.

3. *Net Cash Flows from Financing Activities*

Net cash flows from financing activities of the Company for the first half of 2013 and 2012 amounted to negative RMB3,747 million and RMB35,843 million, respectively. Cash inflows from financing activities of the Company for the first half of 2013 and 2012 amounted to RMB2,255,795 million and RMB2,241,340 million, respectively. Cash inflows from financing activities of the Company were primarily comprised of cash received from the sale of financial assets sold under agreements to repurchase, etc.

Cash outflows from financing activities of the Company for the first half of 2013 and 2012 amounted to RMB2,259,542 million and RMB2,205,497 million, respectively. Cash outflows from financing activities of the Company were primarily comprised of cash paid for financial assets sold under agreements to repurchase.

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 2013	As of 31 December 2012	Reason(s) of Change
Actual capital	35,252	35,764	Changes in fair value of financial assets and investment structure
Minimum capital	20,238	18,574	Growth in insurance business
Surplus	15,014	17,190	
Solvency margin ratio	174.19%	192.56%	

(II) Gearing Ratio

	As of 30 June 2013	As of 31 December 2012
Gearing ratio	<u>92.9%</u>	<u>92.7%</u>

Note: Gearing ratio = Total liabilities/Total assets.

(III) Reinsurance Business

The Company's reinsurance business currently includes business ceded through quota share, surplus and catastrophe reinsurance contracts. The current 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 first half of 2013, premiums ceded out of the Company were set out as follows:

Unit: RMB in millions

	January – June 2013	January – June 2012
China Life Reinsurance Company Ltd. ⁽¹⁾	33	(105)
Swiss Reinsurance Company Ltd., Beijing Branch	123	62
Others ⁽²⁾	<u>5</u>	<u>3</u>
Total	<u>161</u>	<u>(40)</u>

Notes:

1. Premiums ceded out were negative primarily because policy surrenders recovered from the reinsurer exceeded the premiums ceded out during the period.
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.

V. FUTURE PROSPECTS

In the second half of 2013, affected by the continuous downturn of global macro economy, uncertainties in trends of the domestic economy, and frequent volatility in financial market, the domestic life insurance sector is still facing severe external situation. From the perspective of the development trend of the industry, high-yield products which boost the growth of premiums have become a new driver for the growth of the industry. The key players of the industry have further enhanced their overall capabilities of controlling over their operation and management. However, as affected by external economic and financial environment and in view of the difficulties in rapidly improving the investment return of the industry in short term, the industry as whole still needs time to recover, in particular, the negative growth is anticipated to continue for bancassurance channel business which substantially contributes to the premiums. At the same time, insurance companies are confronting with great pressure on their cash flow due to the peak of surrenders and maturities in the entire insurance industry this year, coupled with continuous decrease in renewal dividends.

Facing the severe internal and external environments of the industry, the Company will continuously implement its “customer centric” development strategy and promote the Company’s strategic transformation following the demand of core customers. The Company will strive to deepen the reform of regional management by re-delegating resources to lower sales units, strengthen its capabilities of basic management, investment and innovation, and endeavor to improve its operation and management level. Meanwhile, the Company will enhance its abilities in utilization of insurance assets to the extent of controllable risk exposure by taking advantage of various favorable regulatory policies issued by regulators and expanding its investment channels.

In August 2013, the CIRC officially commenced the implementation of the commercialized reform on pricing rate in insurance industry, which means both an opportunity for growth for long term and challenge for short term. The pricing rate commercialization will cause the premium rate back to a reasonable level, increase consumers’ demand, and bring a new driver for the growth of the industry. However, profitability of insurance companies may assume short-term pressure. The Company will continue to strengthen its internal management, improve its capabilities of overall management, including innovation of product development, cost control and assets and liabilities management, and address the commercialization reform on pricing rate actively and prudently.

The Company plans to maintain a healthy and stable growth of business as well as its market share, boost the growth of our core business – individual insurance, keep its competitive strengths on regular premiums from bancassurance channel, and promote a balanced development of value and scale.

INTERIM RESULTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

Unit: RMB in millions

	Notes:	For the six months ended 30 June	
		2013 Unaudited	2012 Unaudited
REVENUES			
Gross written premiums and policy fees	1	51,628	56,114
Less: premiums ceded out		(161)	40
Net written premiums and policy fees		51,467	56,154
Net change in unearned premiums liabilities		(242)	(227)
Net premiums earned and policy fees		51,225	55,927
Investment income	2	10,631	7,303
Other income		87	83
Total revenues		61,943	63,313
BENEFITS, CLAIMS AND EXPENSES			
Insurance benefits and claims			
Claims and net change in outstanding claims liabilities		(554)	(462)
Life insurance death and other benefits		(17,458)	(11,584)
Increase in long-term insurance contracts liabilities		(31,959)	(40,130)
Investment contracts benefits		(344)	(364)
Commission and brokerage expenses		(3,257)	(3,825)
Administrative expenses	3	(4,492)	(4,517)
Other expenses		(335)	(135)
Total benefits, claims and expenses		(58,399)	(61,017)
Share of results of associates		(12)	(1)
Finance cost		(1,036)	(787)
Net profit before income tax		2,496	1,508
Income tax	4	(308)	397
Net profit for the period		2,188	1,905

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(CONTINUED)**

For the six months ended 30 June 2013

Unit: RMB in millions

	Notes:	For the six months ended 30 June	
		2013 Unaudited	2012 Unaudited
Net profit for the period attributable to:			
– Shareholders of the Company		2,187	1,904
– Non-controlling interests		1	1
		<u> </u>	<u> </u>
Earnings per share (RMB)			
Basic and diluted	5	<u>0.70</u>	<u>0.61</u>
Other comprehensive income/(losses)			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets			
Gains/(losses) arising from fair value changes		(767)	1,618
Reclassification adjustments for losses/(gains) included in profit or loss		(975)	372
Impairment charges reclassified to the statement of comprehensive income		928	2,016
Changes in liabilities for insurance and investment contracts arising from net unrealized gains/(losses)		315	(2,377)
Income tax relating to components of other comprehensive income		124	317
		<u> </u>	<u> </u>
Total other comprehensive income/(losses)		<u>(375)</u>	<u>1,946</u>
Total comprehensive income		<u><u>1,813</u></u>	<u><u>3,851</u></u>
Total comprehensive income for the period attributable to:			
– Shareholders of the Company		1,812	3,850
– Non-controlling interests		1	1
		<u> </u>	<u> </u>

NOTES:**1 GROSS WRITTEN PREMIUMS AND POLICY FEES**

	For the six months ended 30 June	
	2013	2012
	Unaudited	Unaudited
Gross written premiums		
– Long-term insurance contracts	49,867	54,715
– Short-term insurance contracts	1,477	1,235
	<hr/>	<hr/>
Subtotal	51,344	55,950
	<hr/>	<hr/>
Policy fees		
– Investment contracts	284	164
	<hr/>	<hr/>
Gross written premiums and policy fees	51,628	56,114
	<hr/> <hr/>	<hr/> <hr/>

2 INVESTMENT INCOME

	For the six months ended 30 June	
	2013	2012
	Unaudited	Unaudited
Held-to-maturity financial assets		
– Interest income	4,109	3,356
Available-for-sale financial assets		
– Interest income	1,471	1,320
– Dividend income	580	330
– Net realized gains	1,214	21
– Impairment losses on equity securities	(928)	(2,016)
Financial assets at fair value through income		
– Interest income	32	28
– Dividend income	65	56
– Net fair value gains/(losses)	(762)	125
Interest income from loans and receivables	202	–
Interest income from bank deposits	4,498	3,951
Interest income from policy loans	143	125
Interest income from financial assets purchased under agreements to resell	4	6
Others	3	1
	<hr/>	<hr/>
Total	10,631	7,303
	<hr/> <hr/>	<hr/> <hr/>

3 ADMINISTRATIVE EXPENSES

	For the six months ended 30 June	
	2013 Unaudited	2012 Unaudited
Employee benefit expenses (including directors' emoluments)	3,035	3,062
Operating lease expense	326	279
Travel and conference fees	183	241
Entertainment fees	174	159
Depreciation and amortization	164	139
Official fees	111	131
Insurance guarantee fund	100	94
Promotional printing cost	72	79
Advertising fees	58	65
Postal fees	51	54
Vehicle use fees	29	32
Electronic equipment operating costs	17	17
Auditors' remuneration	8	9
Others	164	156
Total	<u>4,492</u>	<u>4,517</u>

4 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	
	2013 Unaudited	2012 Unaudited
Current tax	227	234
Deferred tax	<u>81</u>	<u>(631)</u>
Total income tax	<u>308</u>	<u>(397)</u>

- (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	
	2013 Unaudited	2012 Unaudited
Profit before income tax	2,496	1,508
Tax computed at the statutory tax rate	624	377
Non-taxable income (i)	(347)	(255)
Expenses not deductible for tax purpose (i)	24	48
Effect on unrealized deferred tax assets arising from deductible temporary differences	7	(575)
Past due income tax paid	-	8
	<u>308</u>	<u>(397)</u>
Income taxes at effective tax rate	<u>308</u>	<u>(397)</u>

- (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.

- (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 2012	1,019	(1,005)	14
Charged to net profit	443	188	631
Charged to other comprehensive income	(275)	592	317
	<u>1,187</u>	<u>(225)</u>	<u>962</u>
As of 30 June 2012 (Unaudited)	<u>1,187</u>	<u>(225)</u>	<u>962</u>
As of 1 January 2013	(171)	1,034	863
Charged to net profit	143	(224)	(81)
Charged to other comprehensive income	204	(80)	124
	<u>176</u>	<u>730</u>	<u>906</u>
As of 30 June 2013 (Unaudited)	<u>176</u>	<u>730</u>	<u>906</u>

As of 30 June 2013, 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.

5 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	
	2013 Unaudited	2012 Unaudited
Net profit attributable to shareholders of the Company <i>(RMB in millions)</i>	2,187	1,904
Weighted average number of ordinary shares issued <i>(in millions)</i>	<u>3,120</u>	<u>3,119</u>
Basic earnings per share <i>(RMB)</i>	<u><u>0.70</u></u>	<u><u>0.61</u></u>

(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 2013 (for the six months ended 30 June 2012 (Unaudited): same).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 June 2013

Unit: RMB in millions

	As of 30 June 2013 Unaudited	As of 31 December 2012
ASSETS		
Property, plant and equipment	4,155	4,126
Investment properties	1,615	1,635
Intangible assets	102	102
Investments in associates	9,296	708
Financial assets		
Debt securities	261,683	234,130
– Held-to-maturity	178,096	176,817
– Available-for-sale	67,620	55,624
– At fair value through income	2,027	1,381
– Loans and receivables	13,940	308
Equity securities	33,258	32,085
– Available-for-sale	29,619	28,711
– At fair value through income	3,639	3,374
Term deposits	173,280	171,853
Statutory deposits	716	717
Policy loans	5,360	3,866
Financial assets purchased under agreements to resell	468	–
Accrued investment income	11,036	10,764
Premiums receivable	2,551	1,556
Deferred tax assets	906	863
Reinsurance assets	2,945	3,282
Other assets	2,268	2,940
Cash and cash equivalents	21,409	25,066
Total assets	531,048	493,693

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As of 30 June 2013**Unit: RMB in millions*

	As of 30 June 2013 Unaudited	As of 31 December 2012
LIABILITIES AND EQUITY		
Liabilities		
Insurance contracts		
Long-term insurance contracts liabilities	392,624	361,070
Short-term insurance contracts liabilities		
– Outstanding claims liabilities	462	452
– Unearned premiums liabilities	1,046	750
Financial liabilities		
Investment contracts	25,795	18,988
Borrowings	15,000	15,000
Financial assets sold under agreements to repurchase	52,484	55,437
Benefits, claims and surrenders payable	929	789
Premiums received in advance	176	518
Reinsurance liabilities	91	33
Provisions	458	458
Other liabilities	4,292	4,258
Current income tax liabilities	–	62
Total liabilities	493,357	457,815
Shareholders' equity		
Share capital	3,120	3,120
Reserves	25,592	25,967
Retained earnings	8,970	6,783
Total shareholders' equity	37,682	35,870
Non-controlling interests	9	8
Total equity	37,691	35,878
Total liabilities and equity	531,048	493,693

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

Unit: RMB in millions

	Attributable to shareholders of the Company			Total	Non- controlling Interests	Total Equity
	Share capital	Reserves	Retained earnings			
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	<u>3,120</u>	<u>24,470</u>	<u>7,344</u>	<u>34,934</u>	<u>8</u>	<u>34,942</u>
For the six months ended 30 June 2013 (Unaudited)						
As of 1 January 2013	3,120	25,967	6,783	35,870	8	35,878
Net profit for the period	–	–	2,187	2,187	1	2,188
Other comprehensive income	–	(375)	–	(375)	–	(375)
Total comprehensive income	–	(375)	2,187	1,812	1	1,813
As of 30 June 2013	<u>3,120</u>	<u>25,592</u>	<u>8,970</u>	<u>37,682</u>	<u>9</u>	<u>37,691</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

Unit: RMB in millions

	For the six months ended 30 June	
	2013 Unaudited	2012 Unaudited
Net cash flows from operating activities	31,056	33,046
Net cash flows from investing activities	(30,906)	(59,115)
Net cash flows from financing activities	(3,747)	35,843
Effect of foreign exchange rate changes	(60)	6
Net increase/(decrease) in cash and cash equivalents	(3,657)	9,780
Cash and cash equivalents		
Beginning of the period	25,066	21,095
End of the period	<u>21,409</u>	<u>30,875</u>
Analysis of balance of cash and cash equivalents		
Cash at bank and in hand	20,739	29,692
Short-term bank deposits	<u>670</u>	<u>1,183</u>

SEGMENT INFORMATION

The Group's operating segments for the six months ended 30 June 2013 are the same with the segments of the Group for the six months ended 30 June 2012 and the year ended 31 December 2012.

	For the six months ended 30 June 2013 (Unaudited)				
	Insurance		Others	Elimination	Total
	Individual	Group			
Revenues					
Gross written premiums and policy fees	50,696	932	-	-	51,628
Less: premiums ceded out	(46)	(115)	-	-	(161)
Net written premiums and policy fees	50,650	817	-	-	51,467
Net change in unearned premiums liabilities	(66)	(176)	-	-	(242)
Net premiums earned and policy fees	50,584	641	-	-	51,225
Investment income	10,359	255	17	-	10,631
Other income	70	9	128	(120)	87
Including: inter-segment revenue	2	-	118	(120)	-
Total revenues	61,013	905	145	(120)	61,943
Benefits, claims and expenses					
Insurance benefits and claims					
Claims and net change in outstanding claims liabilities	(230)	(324)	-	-	(554)
Life insurance death and other benefits	(17,253)	(205)	-	-	(17,458)
Increase in long-term insurance contracts liabilities	(32,053)	94	-	-	(31,959)
Investment contracts benefits	(330)	(14)	-	-	(344)
Commission and brokerage expenses	(3,087)	(171)	-	1	(3,257)
Including: inter-segment expenses	(1)	-	-	1	-
Administrative expenses	(4,008)	(487)	(116)	119	(4,492)
Including: inter-segment expenses	(104)	(13)	(2)	119	-
Other expenses	(212)	(50)	(73)	-	(335)
Total benefits, claims and expenses	(57,173)	(1,157)	(189)	120	(58,399)

For the six months ended 30 June 2013 (Unaudited)

	Insurance		Others	Elimination	Total
	Individual	Group			
Share of results of associates	-	-	(12)	-	(12)
Finance cost	(993)	(43)	-	-	(1,036)
Net profit before income tax	2,847	(295)	(56)	-	2,496
Income tax	-	-	(308)	-	(308)
Net profit for the period	<u>2,847</u>	<u>(295)</u>	<u>(364)</u>	<u>-</u>	<u>2,188</u>
Other segment information:					
Depreciation and amortization	142	18	4	-	164
Interest income	10,211	243	5	-	10,459
Impairment	(917)	(10)	-	-	(927)
Share of profit of associates under equity method	-	-	(12)	-	(12)

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)
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:					
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)

Segment assets and liabilities as of 30 June 2013 and 31 December 2012:

As of 30 June 2013	Insurance		Others	Elimination	Total
	Individual	Group			
Unaudited					
Segment assets	511,684	7,769	11,615	(20)	531,048
Segment liabilities	468,001	7,227	18,149	(20)	493,357
As of 31 December 2012	Insurance		Others	Elimination	Total
	Individual	Group			
Segment assets	473,386	7,720	12,610	(23)	493,693
Segment liabilities	432,516	7,141	18,181	(23)	457,815

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2013 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 2012, 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 2012, as described in those annual financial statements.

New accounting standards, amendments and interpretations pronouncements

(a) New standards and amendments adopted by the Group

The following new standards and amendments are mandatory for the first time for the financial year beginning on/after 1 July 2012.

Standard/Amendment	Content	Applicable for financial years beginning on/after
IAS 1 Amendment	Presentation of financial statements: Other Comprehensive Income	1 July 2012
IAS 19 Amendment	Employee benefits	1 January 2013
IAS 27 Revised	Separate Financial Statements	1 January 2013
IAS 28 Revised	Investments in Associates and Joint Ventures	1 January 2013
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
IFRS 7 Amendment	Financial instruments: Disclosure- offsetting financial assets and financial liabilities	1 January 2013

IAS 1 Amendment requires items presented in other comprehensive income be separated into two groups based on whether or not they may be recycled to profit or loss in the future.

IAS 19 Amendment eliminates the corridor approach and calculates finance costs on a net funding basis.

The five standards (IAS 27 Revised, IAS 28 Revised, IFRS 10, IFRS 11 and IFRS 12) establish new guidance for consolidation and joint arrangements and principally address:

- A revised definition of control for the purposes of determining which arrangements should be consolidated;

- A reduction in the types of joint arrangements to two: joint operations and joint ventures, and classification based on rights and obligations rather than legal structure;
- Elimination of the policy choice of proportionate consolidation for joint ventures; and
- New requirements to disclose significant judgments and assumptions in determining whether an entity controls, jointly controls or significantly influences its interests in other entities.

IFRS 13 defines and sets out in a single IFRS a framework for measuring fair value, and requires disclosures about fair value measurement.

IFRS 7 Amendment: Offsetting Financial Assets and Financial Liabilities is also amended to require disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognized financial assets and recognized financial liabilities, on the entity's financial position.

The adoption of the new standards and amendments did not have material impacts on the Group's condensed consolidated interim financial information.

(b) New standards and amendments have been issued but are not effective for the financial year beginning on/after 1 July 2012.

Standard/Amendment	Content	Applicable for financial years beginning on/after
IAS 32 (Amendment)	Financial instruments: Presentation-offsetting financial assets and financial liabilities	1 January 2014
IFRS 9, IFRS 9 Amendments and IFRS 7 Amendment	Financial Instruments and Financial Instruments: Disclosures	1 January 2015

IAS 32 Amendment provides additional application guidance to clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.

IFRS 9 and IFRS 9 Amendments replaced those parts of IAS 39 relating to the classification, measurement and de-recognition of financial assets and liabilities with key changes mainly related to the classification and measurement of financial assets and certain types of financial liabilities. Together with the amendments to IFRS 9, IFRS 7-Financial Instruments: Disclosures is also amended to require additional disclosures on transition from IAS 39 to IFRS 9.

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.

EMBEDDED VALUE

1. Key Assumptions

In determining the embedded value and the value of new business as at 30 June 2013, we have assumed that the Company continues to operate as a going concern under the current economic and regulatory environment, and the current method for determining solvency reserves and statutory minimum solvency margin levels remains unchanged. The operational assumptions are mainly based on the results of experience analyses, together with reference to the overall experience of the Chinese life insurance industry, as well as with regard to expected future operating experience. As such, these assumptions represent our best estimates of the future based on information currently available at the valuation date.

Risk Discount Rate

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

Investment Returns

The investment return assumptions as at 30 June 2013 are shown below for the different funds respectively.

Investment Return Assumptions for VIF and VNB as at 30 June 2013

	2013	2014	2015	2016+
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.

Expenses

Unit cost assumptions have been developed based on our actual experience in 2012 and expected future outlook. Future inflation of 2.0% p.a. has been assumed in respect of per policy expenses.

Commission and Handling Fees

The assumed level of commission and commission override 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% business tax has been applied to the gross premium of short-term accident business.

Cost of Holding Required Capital

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

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

Other Assumptions

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

Our current reinsurance arrangements have been assumed to remain unaltered.

2. Embedded Value Results

The table below shows our embedded value and value of new business as at 30 June 2013 and their corresponding results as at prior valuation date.

Unit: RMB in millions

Valuation Date	30 June 2013	31 December 2012
Adjusted Net Worth	26,795	25,458
Value of In-Force Business Before Cost of Capital	45,413	42,321
Cost of Capital	(11,424)	(10,909)
Value of In-Force Business After Cost of Capital	33,990	31,412
Embedded Value	60,785	56,870
 Value of One Year's New Business		
Value of One Year's New Business Before Cost of Capital	5,329	5,624
Cost of Capital	(1,259)	(1,452)
Value of One Year's New Business After Cost of Capital	4,070	4,172

Notes:

- Numbers may not be additive due to rounding.
- The first year premium used to calculate the Value of One Year's New Business as at 30 June 2013 and 30 June 2012 were RMB30,519 million and RMB33,057 million respectively.

Unit: RMB in millions

Valuation Date	30 June 2013	30 June 2012
Value of the First Half Year's New Business		
Value of the First Half Year's New Business Before Cost of Capital	2,732	3,035
Cost of Capital	(659)	(825)
Value of the First Half Year's New Business After Cost of Capital	2,073	2,178

Notes:

1. Numbers may not be additive due to rounding.
2. Value of the first half year's new business as at 30 June 2012 is re-calculated under the assumptions as at 31 December 2012.
3. The first year premium used to calculate the Value of the First Half Year's New Business as at 30 June 2013 and 30 June 2012 were RMB19,500 million and RMB22,090 million respectively.

3. Analysis of Change

The analysis of change in Embedded Value from 31 December 2012 to 30 June 2013, calculated at a risk discount rate of 11.5%, is shown below.

Unit: RMB in millions

Analysis of Change in EV from 31 December 2012 to 30 June 2013 at a Risk Discount Rate of 11.5%

1.	EV at the beginning of period	56,870
2.	Impact of Value of New Business	2,147
3.	Expected Return	2,835
4.	Operating Experience Variances	(169)
5.	Economic Experience Variances	(503)
6.	Operating Assumption Changes	–
7.	Economic Assumption Changes	–
8.	Capital Injection/Shareholder Dividend Payment	–
9.	Others	(407)
10.	Value Change Other Than Life Insurance Business	12
11.	EV at the end of period	<u>60,785</u>

Note: Numbers may not be additive due to rounding.

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

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

4. 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 summarized below.

Unit: RMB in millions

VIF and Value of One Year's New Business Sensitivity Results as at 30 June 2013

Scenarios	VIF after CoC	VNB after CoC
Base Scenario	33,990	4,070
Risk Discount Rate at 12%	32,189	3,803
Risk Discount Rate at 11%	35,909	4,357
Investment Return 0.5% higher	39,869	4,706
Investment Return 0.5% lower	28,098	3,433
Expenses 10% higher (110% of Base)	32,930	3,668
Expenses 10% lower (90% of Base)	35,050	4,472
Discontinuance Rates 10% higher (110% of Base)	33,591	3,930
Discontinuance Rates 10% lower (90% of Base)	34,399	4,214
Mortality 10% higher (110% of Base)	33,816	4,042
Mortality 10% lower (90% of Base)	34,165	4,098
Morbidity and Loss Ratio 10% higher (110% of Base)	33,186	3,895
Morbidity and Loss Ratio 10% lower (90% of Base)	34,796	4,245
Profit Sharing between Participating Policyholders and Shareholders is assumed to be 75%/25% instead of 70%/30%	29,317	3,664
Statutory Minimum Solvency Margin 50% higher (150% of Base)	33,196	3,440
Taxable Income Based on China Accounting Standards	32,517	3,737

CORPORATE GOVERNANCE

During the reporting period, eight non-executive directors (including three independent non-executive directors) did not attend the First Extraordinary General Meeting of 2013 of the Company held on 1 February 2013 due to other business commitments, seven non-executive directors (including one independent non-executive director) did not attend the Second Extraordinary General Meeting of 2013 of the Company held on 26 March 2013 due to other business commitments, and ten non-executive directors (including four independent non-executive directors) did not attend the Annual General Meeting of 2012 of the Company held on 25 June 2013 in person due to other business commitments. Except for the above, the Company complied with all the other principles and code provisions in the Corporate Governance Code contained in Appendix 14 to The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, and adopted most of the best practices set out therein.

PROFIT DISTRIBUTION

The Company will neither distribute profit nor increase shares with the use of capital reserve during the mid-term of 2013.

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.

REVIEW OF ACCOUNTS

The Audit Committee of the board of directors of the Company, in conjunction with the Company's external auditors, have reviewed the unaudited condensed consolidated interim financial information of the company for the six months ended 30 June 2013, including the accounting principles and practices.

PUBLICATION OF INTERIM REPORT

The Company's 2013 interim report will be published on the Company's website (www.newchinalife.com) and the HKExnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) in due course.

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

Beijing, China, 27 August 2013

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