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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: 01336)

FIRST QUARTER REPORT 2018

This announcement is made by New China Life Insurance Company Ltd. (the “**Company**”) pursuant to the provisions regarding disclosure of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial data in the First Quarter Report 2018 of the Company have been prepared in accordance with the PRC Accounting Standards for Business Enterprises and are unaudited.

§1 IMPORTANT INFORMATION

- 1.1 The board of directors of the Company (the “**Board**”), the board of supervisors of the Company and the directors, supervisors, and members of senior management warrant the truthfulness, accuracy and completeness of the contents of this report, and that there are no false representations, misleading statements or material omissions in this report, and are legally liable for this report jointly and severally.
- 1.2 The First Quarter Report 2018 of the Company was considered and approved at the 22nd meeting of the sixth session of the Board on 26 April 2018, which 13 directors were required to attend and 13 of them attended in person.
- 1.3 The financial statements of the Company for the first quarter of 2018 have been prepared in accordance with the PRC Accounting Standards for Business Enterprises and are unaudited.
- 1.4 Mr. WAN Feng, the Chairman of the Company, Mr. YANG Zheng, the Chief Financial Officer (Financial Principal) of the Company, Mr. GONG Xingfeng, the Chief Actuary of the Company and Mr. ZHANG Tao, the officer in charge of the Accounting Department of the Company warrant the truthfulness, accuracy and completeness of the financial statements in the First Quarter Report 2018.

§2 BASIC INFORMATION OF THE COMPANY

2.1 Key accounting data and financial indicators

Unit: RMB million

	As at 31 March 2018	As at 31 December 2017	Change
Total assets	722,150	710,275	1.7%
Equity attributable to shareholders of the Company	65,492	63,715	2.8%
Net assets per share attributable to shareholders of the Company (RMB)	<u>20.99</u>	<u>20.42</u>	<u>2.8%</u>
	For the three months ended 31 March 2018	For the three months ended 31 March 2017	Change
Net cash flows from operating activities	(489)	(4,900)	-90.0%
Weighted average net cash flows per share from operating activities (RMB)	(0.16)	(1.57)	-89.8%
Operating revenue	46,159	44,595	3.5%
Net profit attributable to shareholders of the Company	2,609	1,837	42.0%
Net profit attributable to shareholders of the Company after deducting non-recurring items	2,624	1,899	38.2%
Basic/diluted earnings per share (RMB)	0.84	0.59	42.4%
Basic earnings per share after deducting non-recurring items (RMB)	0.84	0.61	37.7%
Weighted average return on equity	4.04%	3.04%	Increase by 1.00 percentage points
Weighted average return on equity after deducting non-recurring items	<u>4.06%</u>	<u>3.15%</u>	<u>Increase by 0.91 percentage points</u>

2.2 Deducting non-recurring items and amount

Unit: RMB million

	For the three months ended 31 March 2018
Non-recurring items	
Losses on disposal of fixed assets, intangible assets and other long-term investment assets	–
Other non-recurring items	(19)
Effect of income tax expenses of non-recurring items	4
Attribute to minority shareholders	–
Total	(15)

2.3 Other key indicators

Unit: RMB million

Indicators	As at 31 March 2018/ For the three months ended 31 March 2018	As at 31 December 2017/ For the three months ended 31 March 2017	Change
Investment assets ⁽¹⁾	695,015	688,315	1.0%
Premium income	39,434	37,251	5.9%
Premiums earned	38,619	36,705	5.2%
Growth rate of earned premiums	5.2%	-20.3%	Increase by 25.5 percentage points
Net claims expense	12,330	15,431	-20.1%
In: claims and death, invalid and medical benefits	1,739	1,293	34.5%
maturity benefits and annuity paid	10,747	14,308	-24.9%
Less: claims recoverable from reinsurers	(156)	(170)	-8.2%
Surrender rate ⁽²⁾	3.1%	2.9%	Increase by 0.2 percentage points

Notes:

- Investment assets of unit-linked contract accounts are included in investment assets.
- Surrender rate = Surrenders/(Balance of life insurance contract liabilities at the beginning of the period + Opening balance of long-term health insurance contract liabilities + Premium income of long-term insurance policies)

For the three months ended 31 March 2018, the annualized total investment yield was 4.3%, the annualized total investment yield = (Investment income + Fair value gains/(losses) – Impairment losses on investment assets – Interest expense of items sold under agreements to repurchase)/(Average monthly investment assets balance – Average monthly financial assets sold under agreements to repurchase balance – Average monthly interest receivables balance) ×365/90.

2.4 Quarterly business data

Unit: RMB million

For the three months ended 31 March	2018	2017	Change
Individual insurance channel	31,398	29,084	8.0%
First year premiums	5,250	9,903	-47.0%
First year regular premiums	4,632	9,173	-49.5%
Regular premiums with payment periods of ten years or longer	3,042	7,552	-59.7%
Single premiums	618	729	-15.2%
Renewal premiums	26,148	19,181	36.3%
Bancassurance channel	7,298	7,487	-2.5%
First year premiums	1,317	2,989	-55.9%
First year regular premiums	1,313	2,963	-55.7%
Regular premiums with payment periods of ten years or longer	39	89	-56.2%
Single premiums	4	26	-84.6%
Renewal premiums	5,981	4,498	33.0%
Group insurance	738	680	8.5%
Total	39,434	37,251	5.9%

Note:

- Numbers may not be additive due to rounding.

2.5 Solvency

The Company calculated and disclosed core capital, actual capital, minimum capital and solvency margin ratios according to *the Solvency Regulatory Rules (No. 1-17) for Insurance Companies*. As required by the China Banking and Insurance Regulatory Commission, solvency margin ratios of a domestic insurance company in the PRC must meet the prescribed thresholds.

Unit: RMB million

	As at 31 March 2018	As at 31 December 2017
Core capital	200,134	192,528
Actual capital	204,134	196,528
Minimum capital	73,448	69,773
Core solvency margin ratio	272.48%	275.93%
Comprehensive solvency margin ratio	277.93%	281.67%

Notes:

1. Core solvency margin ratio = core capital/minimum capital; comprehensive solvency margin ratio = actual capital/minimum capital.
2. For details of the solvency margin of the Company, please refer to the Company's website (www.newchinalife.com).

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

Unit: Share

Total number of shareholders	78,081 (including 77,797 A Share shareholders and 284 H Share shareholders)					
Shares held by top ten shareholders						
Names of the shareholders	Classes of the shares	Percentage of the shareholding	Total number of shares held	Number of shares held with selling restrictions	Number of shares pledged or frozen	Types of shares
HKSCC Nominees Limited ⁽²⁾	Overseas legal person shares	33.14%	1,033,884,356	-	-	H
Central Huijin Investment Ltd.	State-owned shares	31.34%	977,530,534	-	-	A
China Baowu Steel Group Corporation	State-owned legal person shares	12.09%	377,162,581	-	-	A
China Securities Finance Corporation Limited	State-owned legal person shares	3.00%	93,531,733	-	-	A
Central Huijin Asset Management Ltd.	State-owned legal person shares	0.91%	28,249,200	-	-	A
Beijing Taiji Huaqing Information System Co., Ltd.	Domestic legal person shares	0.58%	18,200,000	-	-	A
NSSF Portfolio 113	State-owned legal person shares	0.50%	15,649,758	-	-	A
NSSF Portfolio 111	State-owned legal person shares	0.29%	8,977,481	-	-	A
Bank of Communications Limited-Huaan Strategy Preferred Hybrid Securities Investment Fund	Others	0.25%	7,916,746	-	-	A
Hong Kong Securities Clearing Company Limited ⁽³⁾	Overseas legal person shares	0.25%	7,768,758	-	-	A
Description of related-party relations or concerted action among the aforesaid shareholders	Central Huijin Asset Management Ltd. is a wholly owned subsidiary of Central Huijin Investment Ltd. Save for the above, the Company is not aware of any related-party relationship among the shareholders or whether they are parties acting in concert.					

Notes:

- As at the end of the reporting period, none of the Company's A Shares or H Shares was subject to selling restrictions.
- 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 pledged or frozen.
- Hong Kong Securities Clearing Company Limited is the nominee for investors of Shanghai-Hong Kong Stock Connect programme.

§3 SIGNIFICANT EVENTS

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

Applicable Not applicable

Unit: RMB million

Items in the Balance sheet	As at 31 March 2018	As at 31 December 2017	Change	Main reasons for the changes
Cash and bank deposits	12,769	8,813	44.9%	Requirements for liquidity management
Interest receivables	9,555	7,164	33.4%	Increase of debt financial assets and the impact of timing of receiving interest
Premiums receivables	4,259	2,338	82.2%	Uneven distribution of insurance business among quarters and accumulative increase of insurance business
Other receivables	3,315	1,435	131.0%	Increase in investment clearing account receivables
Deferred tax assets	366	36	916.7%	Increase in deductible temporary differences
Premiums received in advance	148	1,941	-92.4%	The influence of different business development pace
Brokerage and commission payable	2,382	1,801	32.3%	Influenced by different business development pace, the amount for brokerage and commission payable in last December is relatively small
Taxes payable	2,388	1,551	54.0%	Increase in business income taxes payable
Financial assets sold under agreements to repurchase	25,929	19,925	30.1%	Allocation of investment assets and requirements for liquidity management
Salary and welfare payable	1,505	2,522	-40.3%	The payment of last year bonus
Unearned premiums liabilities	1,722	1,280	34.5%	Uneven distribution of short-term insurance business among quarters and increase of short-term insurance business
Other comprehensive income	785	1,597	-50.8%	Decrease in carrying amount of available-for-sale financial assets due to the downturn of the capital market

Items in the statement of income	For the three months ended 31 March 2018	For the three months ended 31 March 2017	Change	Main reasons for the changes
Fair value gains/(losses)	(111)	98	Not applicable	Decrease in carrying amount of financial assets measured at fair value through profit or loss due to the downturn of the capital market
Increase in insurance contracts reserve	(3,704)	201	Not applicable	Increase in premium income and decrease in claims expense
Impairment losses	(201)	(424)	-52.6%	Impairment losses recorded for available-for-sale financial assets decrease on a year-on-year basis due to the fluctuation in capital market
Other comprehensive income, net of tax	(812)	646	Not applicable	Decrease in carrying amount of available-for-sale financial assets due to the downturn of the capital market

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

Applicable Not applicable

3.3 Implementation of undertakings by the Company and its shareholders with over 5% shares

Applicable Not applicable

Controlling shareholder's commitment relating to avoidance of horizontal competition

For details of the commitment made by Central Huijin Investment Ltd., the controlling shareholder of the Company, to avoid horizontal competition, please refer to Announcement on the Conditions of None Fulfilled Commitments of the Company's Shareholders, Related Parties and the Company published on 13 February 2014 by the Company.

During the reporting period, the commitment relating to avoidance of horizontal competition is being fulfilled continuously and normally.

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

Applicable Not applicable

By order of the Board
New China Life Insurance Company Ltd.
WAN Feng
Chairman

Beijing, China, 26 April 2018

As at the date of this announcement, the executive directors of the Company are WAN Feng and LI Zongjian; the non-executive directors are LIU Xiangdong, XIONG Lianhua, WU Kunzong, HU Aimin, DACEY John Robert and PENG Yulong; and the independent non-executive directors are LI Xianglu, ZHENG Wei, CHENG Lie, NEOH Anthony Francis and GENG Jianxin.

§4 APPENDIX

Statement of Financial Position (unaudited)

31 March 2018

(All amounts in RMB million unless otherwise stated)

Assets	As at 31 March 2018 Group	As at 31 December 2017 Group	As at 31 March 2018 Company	As at 31 December 2017 Company
Assets				
Cash and bank deposits	12,769	8,813	12,112	8,245
Financial assets measured at fair value through profit or loss	6,572	6,322	5,519	5,374
Financial assets purchased under agreements to resell	2,555	2,870	2,519	2,658
Interest receivables	9,555	7,164	9,356	6,790
Premiums receivables	4,259	2,338	4,259	2,338
Receivables from reinsurers	83	198	83	198
Unearned premium reserves receivables from reinsurers	102	71	102	71
Claim reserves receivables from reinsurers	20	22	20	22
Reserves for life insurance receivables from reinsurers	1,322	1,292	1,322	1,292
Reserves for long-term health insurance receivables from reinsurance	673	612	673	612
Policy loans	28,064	27,000	28,064	27,000
Other receivables	3,315	1,435	3,303	1,681
Term deposits	53,640	41,809	53,120	41,369
Available-for-sale financial assets	308,887	320,385	302,804	314,195
Held-to-maturity investments	207,881	206,321	207,822	206,262
Investments classified as loans and receivables	58,945	61,600	38,825	41,500
Long-term equity investments	4,994	4,896	35,986	35,445
Statutory deposits	915	915	715	715
Investment properties	4,880	4,741	4,880	4,540
Fixed assets	6,171	5,954	4,432	4,429
Constructions in process	3,209	2,563	2,051	1,526
Intangible assets	1,841	1,831	1,596	1,633
Deferred tax assets	366	36	333	2
Other assets	918	857	869	1,039
Separate account assets	214	230	214	230
Total assets	<u>722,150</u>	<u>710,275</u>	<u>720,979</u>	<u>709,166</u>

WAN Feng
Chairman

YANG Zheng
Chief Financial Officer

GONG Xingfeng
Chief Actuary

ZHANG Tao
Head of Accounting Department

Statement of Financial Position (unaudited) (continued)

31 March 2018

(All amounts in RMB million unless otherwise stated)

	As at 31 March 2018 Group	As at 31 December 2017 Group	As at 31 March 2018 Company	As at 31 December 2017 Company
Liabilities and Equity				
Liabilities				
Financial liabilities measured at fair value				
through profit or loss	24	9	–	–
Financial assets sold under agreements to repurchase	25,929	19,925	25,910	19,925
Premiums received in advance	148	1,941	148	1,941
Brokerage and commission payable	2,382	1,801	2,382	1,801
Reinsurance payable	347	237	347	237
Salary and welfare payable	1,505	2,522	1,322	2,109
Taxes payable	2,388	1,551	2,363	1,479
Claims payable	3,732	3,176	3,732	3,176
Policyholder dividends payable	23	–	23	–
Other payables	1,587	1,972	1,405	2,018
Policyholder deposits	36,111	33,711	36,111	33,711
Unearned premiums liabilities	1,722	1,280	1,722	1,280
Outstanding claims liabilities	867	827	867	827
Reserves for life insurance	521,434	523,016	521,434	523,016
Reserves for long-term health insurance	53,947	50,154	53,947	50,154
Borrowings	4,000	4,000	4,000	4,000
Provisions	29	29	29	29
Deferred tax liabilities	54	54	–	–
Other liabilities	218	130	215	129
Separate account liabilities	202	217	202	217
Total liabilities	656,649	646,552	656,159	646,049
Shareholders' equity				
Share capital	3,120	3,120	3,120	3,120
Capital reserve	23,934	23,954	23,932	23,952
Other comprehensive income	785	1,597	779	1,584
Surplus reserve	3,922	3,922	3,922	3,922
General reserve	3,922	3,922	3,922	3,922
Retained earnings	29,809	27,200	29,145	26,617
Total equity attributable to shareholders of the company	65,492	63,715	64,820	63,117
Non-controlling interests	9	8	–	–
Total shareholders' equity	65,501	63,723	64,820	63,117
Total liabilities and shareholders' equity	722,150	710,275	720,979	709,166

WAN Feng
Chairman

YANG Zheng
Chief Financial Officer

GONG Xingfeng
Chief Actuary

ZHANG Tao
Head of Accounting Department

Statement of Income (unaudited)

For the three months ended 31 March 2018

(All amounts in RMB million unless otherwise stated)

	For the three months ended 31 March 2018 Group	For the three months ended 31 March 2017 Group	For the three months ended 31 March 2018 Company	For the three months ended 31 March 2017 Company
1. Operating Income	46,159	44,595	46,082	44,554
Premiums earned	38,619	36,705	38,619	36,705
Premium income	39,434	37,251	39,434	37,251
Less: Premiums ceded out	(404)	(303)	(404)	(303)
Net change in unearned premiums liabilities	(411)	(243)	(411)	(243)
Investment income	7,625	7,648	7,562	7,634
In: Share of profit of associates	87	15	87	15
Fair value gains/(losses)	(111)	98	(80)	99
Foreign exchange gains/(losses)	(125)	(19)	(125)	(19)
Other operating income	151	163	106	135
2. Operating expenses	(42,536)	(41,829)	(42,548)	(41,872)
Surrenders	(18,952)	(16,604)	(18,952)	(16,604)
Claims expense	(12,486)	(15,601)	(12,486)	(15,601)
Less: claims recoverable from reinsurers	156	170	156	170
Increase in insurance contracts reserve	(3,704)	201	(3,704)	201
Less: insurance reserves recoverable from reinsurers	89	50	89	50
Policyholder Dividends	(23)	–	(23)	–
Business tax and surcharges expenses	(25)	(17)	(22)	(15)
Commission and brokerage expenses	(4,149)	(5,175)	(4,149)	(5,175)
Administrative expenses	(2,634)	(3,682)	(2,661)	(3,733)
Less: expenses recoverable from reinsurers	59	48	59	48
Other operating expenses	(666)	(795)	(654)	(789)
Impairment losses	(201)	(424)	(201)	(424)
3. Operating profit	3,623	2,766	3,534	2,682
Add: Non-operating income	3	2	3	2
Less: Non-operating expenses	(22)	(84)	(22)	(84)

Statement of Income (unaudited) (continued)**For the three months ended 31 March 2018***(All amounts in RMB million unless otherwise stated)*

	For the three months ended 31 March 2018 Group	For the three months ended 31 March 2017 Group	For the three months ended 31 March 2018 Company	For the three months ended 31 March 2017 Company
4. Net profit before income tax expenses	3,604	2,684	3,515	2,600
Less: Income tax	<u>(994)</u>	<u>(847)</u>	<u>(987)</u>	<u>(841)</u>
5. Net profit	<u>2,610</u>	<u>1,837</u>	<u>2,528</u>	<u>1,759</u>
(1) Classification of net profit				
Net profit from continuing operation	2,610	1,837	2,528	1,759
Net profit from discontinued operation	–	–	–	–
(2) Attributable to:				
Shareholders of the Company	2,609	1,837		
Non-controlling interests	<u>1</u>	<u>–</u>		
6. Earnings per share				
Basic earnings per share	RMB0.84	RMB0.59		
Diluted earnings per share	<u>RMB0.84</u>	<u>RMB0.59</u>		
7. Other Comprehensive income, net of tax	<u>(812)</u>	<u>646</u>	<u>(805)</u>	<u>647</u>
8. Total Comprehensive income	<u>1,798</u>	<u>2,483</u>	<u>1,723</u>	<u>2,406</u>
Attributable to shareholders of the Company	1,797	2,483		
Attributable to non-controlling interests	1	–		
WAN Feng <i>Chairman</i>	YANG Zheng <i>Chief Financial Officer</i>	GONG Xingfeng <i>Chief Actuary</i>	ZHANG Tao <i>Head of Accounting Department</i>	

Statement of Cash Flows (unaudited)**For the three months ended 31 March 2018***(All amounts in RMB million unless otherwise stated)*

	For the three months ended 31 March 2018 Group	For the three months ended 31 March 2017 Group	For the three months ended 31 March 2018 Company	For the three months ended 31 March 2017 Company
1. Cash flows from operating activities				
Premium received	35,809	33,420	35,809	33,420
Net cash received from reinsurance business	34	–	34	–
Net increase in policyholder deposits	2,138	1,570	2,138	1,570
Cash received for taxes and surcharges	–	12	–	12
Cash received from other operating activities	194	208	124	455
Sub-total of cash inflows from operating activities	38,175	35,210	38,105	35,457
Cash paid for claims	(30,881)	(31,801)	(30,881)	(31,801)
Cash paid for brokerage and commission fees	(3,567)	(3,882)	(3,567)	(3,882)
Cash paid to and for employees	(2,999)	(3,333)	(2,709)	(3,156)
Cash paid for taxes and surcharges	(302)	(164)	(240)	(112)
Cash paid for other operating activities	(915)	(930)	(879)	(911)
Sub-total of cash outflows from operating activities	(38,664)	(40,110)	(38,276)	(39,862)
Net cash flows from operating activities	(489)	(4,900)	(171)	(4,405)
2. Cash flows from investing activities				
Cash received from sales and redemption of investments	54,826	69,410	53,333	69,141
Cash received from investment income	5,528	7,086	5,468	7,078
Cash received from financial assets purchased under agreements to resell	48,734	85,183	48,091	78,660
Net cash received from acquisition of subsidiaries	10	–	–	–
Sub-total of cash inflows from investing activities	109,098	161,679	106,892	154,879
Cash paid for investment	(58,349)	(68,665)	(56,858)	(68,597)
Net increase in policy loans	(1,062)	(233)	(1,062)	(233)
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(1,649)	(226)	(1,527)	(189)
Cash paid for financial assets purchased under agreements to resell	(47,686)	(85,286)	(47,219)	(78,488)
Cash paid for other investing activities	(2)	(3)	(256)	(207)
Sub-total of cash outflows from investing activities	(108,748)	(154,413)	(106,922)	(147,714)
Net cash flows from investing activities	350	7,266	(30)	7,165

Statement of Cash Flows (unaudited) (continued)**For the three months ended 31 March 2018***(All amounts in RMB million unless otherwise stated)*

	For the three months ended 31 March 2018 Group	For the three months ended 31 March 2017 Group	For the three months ended 31 March 2018 Company	For the three months ended 31 March 2017 Company
3. Cash flows from financing activities				
Received from investors	15	-	-	-
Cash received from financial assets sold under agreements to repurchase	<u>1,325,191</u>	<u>2,094,035</u>	<u>1,324,612</u>	<u>2,093,987</u>
Sub-total of cash inflows from financing activities	<u>1,325,206</u>	<u>2,094,035</u>	<u>1,324,612</u>	<u>2,093,987</u>
Cash paid for financial assets sold under agreements to repurchase	<u>(1,321,026)</u>	<u>(2,091,692)</u>	<u>(1,320,465)</u>	<u>(2,091,646)</u>
Sub-total of cash outflows from financing activities	<u>(1,321,026)</u>	<u>(2,091,692)</u>	<u>(1,320,465)</u>	<u>(2,091,646)</u>
Net cash flows from financing activities	<u>4,180</u>	<u>2,343</u>	<u>4,147</u>	<u>2,341</u>
4. Effect of foreign exchange rate changes	<u>(78)</u>	<u>(11)</u>	<u>(71)</u>	<u>(10)</u>
5. Net increase/(decrease) in cash and cash equivalents	<u>3,963</u>	<u>4,698</u>	<u>3,875</u>	<u>5,091</u>
Add: Opening balance of cash and cash equivalents	<u>8,812</u>	<u>14,230</u>	<u>8,263</u>	<u>12,732</u>
6. Closing balance of cash and cash equivalents	<u>12,775</u>	<u>18,928</u>	<u>12,138</u>	<u>17,823</u>

WAN Feng
Chairman

YANG Zheng
Chief Financial Officer

GONG Xingfeng
Chief Actuary

ZHANG Tao
Head of Accounting Department