New China Life Insurance Company Ltd.

新華人壽保險股份有限公司

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

Stock Code: 01336

INTERIM REPORT 2020

NCI 新华保险

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IMPORTANT INFORMATION

1. The board of directors (the "**Board**"), the board of supervisors and the directors, supervisors and members of senior management of the Company guarantee the correctness, accuracy and completeness of the contents of this report, and that there is no false representation, misleading statement or material omission in this report, and are legally liable for this report jointly and severally.

2. The Interim Report 2020 of the Company was considered and approved at the 13th meeting of the seventh session of the Board of the Company on 25 August 2020, which 13 directors were required to attend and 13 of them attended in person.

3. The 2020 interim condensed consolidated financial information of the Company is unaudited.

4. The Company neither distributed interim dividend with profit earned for the reporting period nor increased shares with capital reserve in the first half of 2020.

5. Mr. LIU Haoling, the chairman of the Board of the Company, Mr. LI Quan, the chief executive officer and president, Mr. YANG Zheng, the chief financial officer and the person in charge of finance 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 interim condensed consolidated financial information in the Interim Report 2020.

6. In addition to the facts stated herein, this report includes forward-looking statements and analysis, which may differ from the actual results of the Company in the future. The Company does not make any warranty or undertaking upon its future performance. Investors are advised to exercise caution.

7. There is no non-operating usage of funds by the controlling shareholder and its related parties for the Company.

8. There is no external guarantee provided by the Company which violates the decision-making procedures of the Company.

CONTENTS

SECTION 1
DEFINITIONS

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

the Company, New China Life, NCI	The general term of New China Life Insurance Company Ltd., its subsidiaries and its controlled structured entities
Asset Management Company	New China Asset Management Co., Ltd., a subsidiary of the Company
Asset Management Company (Hong Kong)	New China Asset Management (Hong Kong) Limited, a subsidiary of Asset Management Company
Foundation	New China Life Foundation
Huijin	Central Huijin Investment Ltd.
China Baowu	China Baowu Steel Group Corporation Limited
CBIRC	China Banking and Insurance Regulatory Commission
CSRC	China Securities Regulatory Commission
SSE	The Shanghai Stock Exchange
SZSE	Shenzhen Stock Exchange
Hong Kong Stock Exchange, HKSE	The Stock Exchange of Hong Kong Limited
RMB	Renminbi
pt	Percentage point(s)
P.R.C., China	People's Republic of China, for the purpose of this report only, excluding Hong Kong, Macau and Taiwan
P.R.C. GAAP	China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the P.R.C., and its application guide, interpretation and other related regulations issued thereafter
IFRS	International Financial Reporting Standards as promulgated by the International Accounting Standards Board
Articles of Association	Articles of Association of New China Life Insurance Company Ltd.
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code for Securities Transactions	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
Corporate Governance Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules
SFO	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

SECTION 2

CORPORATE INFORMATION

BASIC INFORMATION	
Legal Name in Chinese	新華人壽保險股份有限公司(簡稱「新華保險」)
Legal Name in English	NEW CHINA LIFE INSURANCE COMPANY LTD. (“NCI”)
Legal Representative	LIU Haoling
Registered Office	No. 16, East Hunan Road, Yanqing District, Beijing, P.R.C. (Zhongguancun Yanqing Park)
Postal Code	102100
Place of Business	NCI Tower, A12 Jianguomenwai Avenue, Chaoyang District, Beijing, P.R.C.
Postal Code	100022
Place of Business in Hong Kong	31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Website	http://www.newchinalife.com
Email	ir@newchinalife.com
Customer Service and Complaint Hotline	95567
CONTACT INFORMATION	
Board Secretary/Joint Company Secretary	GONG Xingfeng
Securities Representative	XU Xiu
Telephone	86-10-85213233
Fax	86-10-85213219
Email	ir@newchinalife.com
Address	13th Floor, NCI Tower, A12 Jianguomenwai Avenue, Chaoyang District, Beijing, P.R.C.
Joint Company Secretary	LEE Kwok Fai Kenneth
Telephone	852-28220158
Fax	852-35898359
Email	kenneth.lee@tmf-group.com
Address	31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
INFORMATION DISCLOSURE AND PLACE FOR OBTAINING THE REPORT	
Newspapers for Information Disclosure (A Share)	China Securities Journal, Shanghai Securities News
Website for Publishing Interim Report (A Share)	http://www.sse.com.cn
Website for Publishing Interim Report (H Share)	http://www.hkexnews.hk
Place where copies of interim reports are kept	Board of Directors Office of the Company

CORPORATE INFORMATION

STOCK INFORMATION

Stock Type	Stock Exchange	Stock Name	Stock Code
A Share	The Shanghai Stock Exchange	新華保險	601336
H Share	The Stock Exchange of Hong Kong Limited	NCI	01336

OTHER RELEVANT INFORMATION

A Share Registrar	China Securities Depository and Clearing Corporation Limited, Shanghai Branch
Address	China Insurance Building, 166 East Lujiazui Road, Pudong New District, Shanghai, P.R.C.
H Share Registrar	Computershare Hong Kong Investor Services Limited
Address	Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Domestic Auditor	Ernst & Young Hua Ming LLP
Address	Level 16, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang An Avenue, Dong Cheng District, Beijing, P.R.C.
Signing Certified Public Accountants	WU Zhiqiang and WANG Ziqing
International Auditor	Ernst & Young
Address	22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Domestic Legal Advisor	Commerce & Finance Law Offices
Address	6th Floor, NCI Tower, A12 Jianguomenwai Avenue, Chaoyang District, Beijing, P.R.C.
Hong Kong Legal Advisor	Clifford Chance LLP
Address	27th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong

SECTION 3

BUSINESS OVERVIEW

Founded in September 1996, New China Life is a large and nationwide life insurance company with its headquarters in Beijing. New China Life offers comprehensive life insurance products and services to individual customers and institutional customers through nationwide distributional networks and diversified marketing channels, manages and deploys the insurance funds through its subsidiaries, including Asset Management Company and Asset Management Company (Hong Kong). New China Life was simultaneously listed on the SSE and the HKSE in 2011.

Unit: RMB in millions

939,351
Total assets

91,165
Equity attributable to shareholders of the Company

118,660
Operating revenue

8,218
Net profit attributable to shareholders of the Company

5.1%
Annualized total investment yield

224,757
Embedded value

5,221
Value of the first half year's new business

281.78%
Comprehensive solvency margin ratio

ANALYSIS OF CORE COMPETITIVENESS

Facing the sudden challenges brought by COVID-19 in the first half of 2020, New China Life has been committed to both pandemic prevention and business growth. On the one hand, the Company has resolutely implemented all policies and plans made by the Party Central Committee and spared no effort to fight against the pandemic. On the other hand, the Company has pushed forward the development strategy of "1 + 2 + 1" with life insurance business as the main body, wealth management, old-age care and healthcare as two wings, and technology empowerment as the support, which is to lay a solid foundation for the Company's "second take-off".

Strategic guidance strengthened. The Company continued to integrate assets and liabilities through products, further explored the development mode of asset liability dual engines driving both volume and value growth, and put in place the development strategy.

Structure optimized. The Company integrated core marketing channels in headquarters to form a joint force and improve communication efficiency. By setting up regional management centers, the Company connected the headquarters and branches, strengthened execution and unleashed strong productivity.

Product enriched. Considering diversified insurance needs in market and its own business advantages, the Company developed main insurance products featuring better saving and wider coverage. The Company also focused on competitive riders to promote the sales of main insurance products.

Sales team expanded. The Company recruited new agents via both online and offline channels. Through strengthening marketing training, offering subsidies during the pandemic, and adjusting KPI evaluation policies, the Company achieved steady growth of the sales team.

Technology empowerment improved. With the help of artificial intelligence and internet technology, the Company innovated services to optimize customer experience, innovated operation technology to improve service efficiency and boost business growth.

Risk control enhanced. The Company continued to carry out the risk preference system, and "internalized external regulations" to build its own internal control system. Remarkable results have been achieved in risk prevention and control in key business areas and important timing.

SECTION 4

MANAGEMENT DISCUSSION AND ANALYSIS

I. FINANCIAL ANALYSIS

(I) Key accounting data and financial indicators

1. Key Accounting Data

Unit: RMB in millions

For the six months ended 30 June	**2020**	2019	Increase/ decrease over the corresponding period of last year
Total revenues	**116,076**	89,092	30.3%
Gross written premiums and policy fees	**96,903**	74,015	30.9%
Profit before income tax	**9,254**	9,892	-6.4%
Net profit attributable to shareholders of the Company	**8,218**	10,545	-22.1%
Net cash flows from operating activities	**42,750**	17,538	143.8%

	As at 30 June 2020	As at 31 December 2019	Increase/ decrease as compared to the end of last year
Total assets	**939,351**	878,970	6.9%
Total liabilities	**848,175**	794,509	6.8%
Equity attributable to shareholders of the Company	**91,165**	84,451	8.0%

2. *Key Financial Indicators*

For the six months ended 30 June	2020	2019	Increase/ decrease over the corresponding period of last year
Basic weighted average earnings per share attributable to shareholders of the Company (RMB)	**2.63**	3.38	-22.2%
Diluted weighted average earnings per share attributable to shareholders of the Company (RMB)	**2.63**	3.38	-22.2%
Weighted average return on equity attributable to shareholders of the Company	**9.13%**	14.59%	-5.46pt
Weighted average net cash flows from operating activities per share (RMB)	**13.70**	5.62	143.8%

	As at 30 June 2020	As at 31 December 2019	Increase/ decrease as compared to the end of last year
Net assets per share attributable to shareholders of the Company (RMB)	**29.22**	27.07	7.9%

(II) Other key financial and regulatory indicators

Unit: RMB in millions

Indicators	For the six months ended 30 June 2020/ As at 30 June 2020	For the six months ended 30 June 2019/ As at 31December 2019	Change
Investment assets	**900,317**	839,447	7.3%
Annualized total investment yield	**5.1%**	4.7%	0.4pt
Gross written premiums and policy fees	**96,903**	74,015	30.9%
Growth rate of gross written premiums and policy fees	**30.9%**	9.0%	21.9pt
Benefits, claims and expenses	**106,304**	79,030	34.5%
Surrender rate[1]	**0.7%**	1.0%	-0.3pt

Note:

1. Surrender rate = surrenders/(balance of life insurance and long-term health insurance contract liabilities at the beginning of the period + premium income of long-term insurance contracts).

(III) The discrepancy between the P.R.C. GAAP and the IFRS

There is no difference between the consolidated net profit of the Company for the six months ended 30 June 2020 and the consolidated equity of the Company as at 30 June 2020 as stated in the interim condensed consolidated financial statements prepared in accordance with the IFRS and the P.R.C. GAAP.

(IV) The main items and reasons of the change beyond 30% in the consolidated financial statements

Unit: RMB in millions

Balance Sheet	As at 30 June 2020	As at 31 December 2019	Change	Reason(s) of change
Term deposits	**95,540**	64,040	49.2%	Increase of the allocation of term deposits
Financial assets purchased under agreements to resell	**1,328**	5,685	-76.6%	The allocation of investment assets and the requirement of liquidity management
Premiums receivable	**4,794**	2,233	114.7%	Accumulated increase of insurance business and uneven distribution among quarters
Other assets	**2,160**	5,836	-63.0%	Decrease in investment clearing account receivables
Outstanding claims liabilities	**2,176**	1,611	35.1%	Delay of claims because certain customers failed to report the case promptly due to the pandemic
Unearned premiums liabilities	**2,789**	2,102	32.7%	Increase of short-term insurance business and uneven distribution among quarters
Borrowings	**10,000**	–	N/A	The issuance of capital supplementary bonds
Financial assets sold under agreements to repurchase	**44,794**	68,190	-34.3%	The allocation of investment assets and the requirement of liquidity management
Premiums received in advance	**248**	4,181	-94.1%	The impact of business development pace
Other liabilities	**17,201**	9,559	79.9%	Cash dividend payable recorded

Income Statement	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change	Reason(s) of change
Gross written premiums and policy fees	**96,903**	74,015	30.9%	Increase of insurance business
Increase in long-term insurance contract liabilities	**(54,824)**	(22,374)	145.0%	Increase of premiums and decrease of claims and surrenders
Finance costs	**(771)**	(348)	121.6%	Increase of interest expenses on financial assets sold under agreements to repurchase
Income tax expense	**(1,035)**	654	N/A	The impact of the adjustment of pre-tax deduction policy for the commission and brokerage expenses of insurance enterprises in the corresponding period of 2019

II. BUSINESS ANALYSIS

(I) Insurance Business

As COVID-19 swept across the country in the first half of 2020, the life insurance industry also suffered a lot. Under such circumstance, the Company has resolutely carried out the development mode of asset liability dual engines driving both volume and value growth. The whole Company made concerted efforts and took various measures to boost business growth against such circumstance.

First, gross written premiums (GWP) achieved rapid growth. In the first half of 2020, the Company realized GWP of RMB96,879 million through both long-term and short-term insurance business growth, increasing by 30.9% compared with the same period of last year. The first year premiums from long-term insurance business amounted to RMB29,862 million, growing by 155.0% compared with the same period of last year. The first year regular premiums from long-term insurance business realized RMB13,460 million, increasing by 15.1% compared with the same period of last year. The renewal premiums reached RMB62,695 million, rising by 7.4% compared with the same period of last year. The premiums from short-term insurance business totaled RMB4,322 million, increasing by 11.3% compared with the same period of last year.

Second, embedded value constantly increased. As of the end of June 2020, the embedded value of the Company reached RMB224,757 million, increasing by 9.6% compared with the end of last year. The value of the first half year's new business reached RMB5,221 million, decreasing by 11.4% compared with the same period of last year.

Third, business structure realized balanced development. In the first half of 2020, focusing on diversified needs of customers, the Company kept boosting the balanced development of first year premiums from long-term insurance business. The first year premiums from long-term insurance business accounted for 30.8% of GWP, increasing by 15.0 percentage points compared with the same period of last year. The renewal premiums accounted for 64.7% of GWP, which laid a solid foundation for the rapid growth of GWP. The first year premiums from long-term traditional insurance and long-term health insurance in aggregate accounted for 45.1% of the total first year premiums from long-term insurance business, while the first year premiums from long-term participating insurance accounted for 54.9%.

Fourth, business quality remained stable. In the first half of 2020, the 13-month persistency ratio and 25-month persistency ratio of individual life insurance business were 91.0% and 84.6% respectively, up by 0.9 percentage points and down by 1.9 percentage points compared with the same period of last year respectively. The surrender rate dropped to 0.7% in the first half of 2020, decreasing by 0.3 percentage points with surrender value down by 20.3% compared with the same period of last year.

Unit: RMB in millions

For the six months ended 30 June	2020	2019	Change
GWP	**96,879**	73,994	30.9%
First year premiums from long-term insurance business	**29,862**	11,712	155.0%
Single premiums	**16,402**	14	117,057.1%
Regular premiums	**13,460**	11,698	15.1%
Regular premiums with payment periods of ten years or more	**4,969**	6,002	-17.2%
Renewal premiums	**62,695**	58,399	7.4%
Premiums from short-term insurance business	**4,322**	3,883	11.3%

1. *Analysis by distribution channels*

Unit: RMB in millions

For the six months ended 30 June	2020	2019	Change
Individual insurance channel			
First year premiums from long-term insurance business	**10,329**	9,058	14.0%
Regular premiums	**9,800**	9,047	8.3%
Single premiums	**529**	11	4,709.1%
Renewal premiums	**53,099**	48,609	9.2%
Premiums from short-term insurance business	**2,830**	2,319	22.0%
Total	**66,258**	59,986	10.5%
Bancassurance channel			
First year premiums from long-term insurance business	**19,507**	2,653	635.3%
Regular premiums	**3,659**	2,651	38.0%
Single premiums	**15,848**	2	792,300.0%
Renewal premiums	**9,592**	9,786	-2.0%
Premiums from short-term insurance business	**44**	28	57.1%
Total	**29,143**	12,467	133.8%
Group insurance			
First year premiums from long-term insurance business	**26**	1	2,500.0%
Renewal premiums	**4**	4	–
Premiums from short-term insurance business	**1,448**	1,536	-5.7%
Total	**1,478**	1,541	-4.1%
GWP	**96,879**	73,994	30.9%

Note: Numbers may not be additive due to rounding.

(1) Individual life insurance business

① Individual insurance channel

Focusing on growing both business volume and value in the first half of 2020, the individual insurance channel continued to boost the growth of high-value business to consolidate the product structure of health insurance, annuity insurance and riders with NCI's characteristics. The individual insurance channel achieved premiums of RMB66,258 million, increasing by 10.5% compared with the same period of last year. The first year premiums from long-term insurance business amounted to RMB10,329 million, growing by 14.0% compared with the same period of last year. The first year regular premiums from long-term insurance business reached RMB9,800 million, increasing by 8.3% compared with the same period of last year. The renewal premiums reached RMB53,099 million, growing by 9.2% compared with the same period of last year. The premiums from short-term insurance business amounted to RMB2,830 million, growing by 22.0% compared with the same period of last year.

In the first half of 2020, the individual insurance channel stepped up efforts to build sales team and constantly promote the recruitment of new agents. As at 30 June 2020, agent headcounts hit a record high, totaled 526,000, up by 36.5% compared with the same period of last year. The pandemic posed greater challenges to marketing and reduced active agent headcounts. In the first half of 2020, the monthly average number of qualified agents(1) was 135,000, reducing by 3.5% compared with the same period of last year and the monthly average qualified rate(2) was 26.4%, decreasing by 12.4 percentage points compared with the same period of last year. The monthly average comprehensive productivity per capita(3) was RMB3,578, decreasing by 20.0% compared with the same period of last year.

Notes:

1. Monthly average number of qualified agents = (∑number of qualified agents in a month)/ the number of months in the reporting period, where monthly number of qualified agents refers to the number of agents who have issued one insurance policy or more (including card-type short-term accident insurance policy) which are not cancelled by policy holders in a month and whose first year commission in the month is equal to or greater than RMB800.

2. Monthly average qualified rate = monthly average number of qualified agents/monthly average number of agents*100%. Monthly average number of agents={∑ [(number of agents at start of the month + number of agents at end of the month)/2]}/the number of months in the reporting period.

3. Monthly average comprehensive productivity per capita = monthly average first year premiums/monthly average number of agents.

② Bancassurance channel

In the first half of 2020, bancassurance channel fully unleashed its potential and continued to put in place the strategy of boosting business volume and value growth. Bancassurance channel realized premiums of RMB29,143 million, increasing by 133.8% compared with the same period of last year. The first year premiums from long-term insurance business amounted to RMB19,507 million, growing by 635.3% compared with the same period of last year. The first year regular premiums from long-term insurance business amounted to RMB3,659 million, increasing by 38.0% compared with the same period of last year. Renewal premiums amounted to RMB9,592 million, remaining flat compared with the same period of last year.

(2) Group insurance business

In the first half of 2020, group insurance channel focused on stabilizing business growth and boosting business quality, kept pushing forward the all-around development of direct marketing, cross marketing, agent marketing and workplace marketing. In the first half of 2020, group insurance channel realized premiums of RMB1,478 million, decreasing by 4.1% compared with the same period of last year due to the pandemic. The Company realized premiums from policy-oriented health insurance of RMB245 million, serving 4,594 thousand customers.

2. *Analysis by types of insurance products*

Unit: RMB in millions

For the six months ended 30 June	2020	2019	Change
GWP	**96,879**	73,994	30.9%
Participating insurance[1]	**40,054**	25,684	55.9%
First year premiums from long-term insurance business	**16,395**	339	4,736.3%
Renewal premiums	**23,659**	25,345	-6.7%
Premiums from short-term insurance business	**–**	–	–
Health insurance	**32,021**	27,980	14.4%
First year premiums from long-term insurance business	**5,531**	6,522	-15.2%
Renewal premiums	**23,436**	18,858	24.3%
Premiums from short-term insurance business	**3,054**	2,600	17.5%
Traditional insurance	**23,581**	19,089	23.5%
First year premiums from long-term insurance business	**7,936**	4,851	63.6%
Renewal premiums	**15,579**	14,177	9.9%
Premiums from short-term insurance business	**66**	61	8.2%
Accident insurance	**1,202**	1,222	-1.6%
First year premiums from long-term insurance business	**–**	–	–
Renewal premiums	**–**	–	–
Premiums from short-term insurance business	**1,202**	1,222	-1.6%
Universal insurance[1]	**21**	19	10.5%
First year premiums from long-term insurance business	**–**	–	–
Renewal premiums	**21**	19	10.5%
Premiums from short-term insurance business	**–**	–	–
Unit-linked insurance	**–**	–	–
First year premiums from long-term insurance business	**–**	–	–
Renewal premiums	**–**	–	–
Premiums from short-term insurance business	**–**	–	–

Notes:

1. Participating health insurance is included in the participating insurance. Universal health insurance is included in the universal insurance.

2. Unless otherwise stated, "–" means less than RMB500,000.

In the first half of 2020, the Company achieved the first year premiums from long-term participating insurance of RMB16,395 million, rising by 4,736.3% compared with the same period of last year. The first year premiums from long-term traditional insurance amounted to RMB7,936 million, growing by 63.6% compared with the same period of last year. The first year premiums from long-term health insurance reached RMB5,531 million, decreasing by 15.2% compared with the same period of last year.

3. *Analysis by branches*

Unit: RMB in millions

For the six months ended 30 June	2020	2019	Change
GWP	**96,879**	73,994	30.9%
Shandong Branch	**9,274**	7,371	25.8%
Henan Branch	**7,581**	6,144	23.4%
Beijing Branch	**5,932**	5,370	10.5%
Guangdong Branch	**5,786**	4,487	29.0%
Shaanxi Branch	**5,045**	3,840	31.4%
Jiangsu Branch	**4,840**	3,323	45.7%
Hubei Branch	**4,814**	3,672	31.1%
Zhejiang Branch	**4,750**	3,679	29.1%
Inner Mongolia Branch	**4,181**	3,200	30.7%
Sichuan Branch	**3,829**	2,706	41.5%
Other Branches	**40,847**	30,202	35.2%

In the first half of 2020, about 57.8% of GWP of the Company were derived from the ten branches in populous areas or developed regions such as Shandong, Henan and Beijing.

4. *Business quality*

For the six months ended 30 June	2020	2019	Change
Persistency ratio of individual life insurance business			
13-month persistency ratio[1]	**91.0%**	90.1%	0.9pt
25-month persistency ratio[2]	**84.6%**	86.5%	-1.9pt

Notes:

1. 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.

2. 25-month persistency ratio = premiums under in-force regular premium life insurance policies 25 months after their issuance as a percentage of premiums under life insurance policies becoming in-force during the issuance.

5. *Analysis on claim and the interests of policyholders*

Unit: RMB in millions

For the six months ended 30 June	2020	2019	Change
Surrender value	**5,476**	6,873	-20.3%
Insurance benefits and claims	**29,606**	34,666	-14.6%
Claims	**1,292**	1,508	-14.3%
Annuity benefits	**6,260**	5,338	17.3%
Maturity and survival benefits	**18,727**	24,697	-24.2%
Casualty and medical benefits	**3,327**	3,123	6.5%
Claims recoverable	**(587)**	(466)	26.0%
Policy dividend	**190**	19	900.0%
Net change in insurance contract liabilities	**55,298**	22,352	147.4%
Total	**89,983**	63,444	41.8%

The net change in insurance contract liabilities increased by 147.4% compared with the same period of last year mainly due to the increase of premiums and decrease of surrenders and claims.

6. *Analysis on commission and brokerage expenses*

Unit: RMB in millions

For the six months ended 30 June	2020	2019	Change
Commission and brokerage expenses[1]	**9,617**	8,943	7.5%
Participating insurance[2]	**724**	411	76.2%
Health insurance	**7,283**	7,435	-2.0%
Traditional insurance	**1,279**	719	77.9%
Accident insurance	**331**	378	-12.4%
Universal insurance[2]	**–**	–	–

Notes:

1. Relevant item does not include the commission and brokerage expenses under non-insurance contracts.

2. Participating health insurance is included in the participating insurance. Universal health insurance is included in the universal insurance.

In the first half of 2020, the commission and brokerage expenses of insurance business increased by 7.5% compared with the same period of last year mainly due to the increase of the first year premiums from participating insurance and traditional insurance.

7. *Analysis on insurance contract liabilities*

Unit: RMB in millions

Components	As at 30 June 2020	As at 31 December 2019	Change
Unearned premiums liabilities	**2,789**	2,102	32.7%
Outstanding claims liabilities	**2,176**	1,611	35.1%
Life insurance liabilities	**611,618**	567,985	7.7%
Long-term health insurance liabilities	**100,948**	86,493	16.7%
Insurance contract liabilities in total	**717,531**	658,191	9.0%
Participating insurance[1]	**505,512**	481,522	5.0%
Health insurance	**88,047**	73,287	20.1%
Traditional insurance	**122,705**	102,259	20.0%
Accident insurance	**1,226**	1,068	14.8%
Universal insurance[1]	**41**	55	-25.5%
Insurance contract liabilities in total	**717,531**	658,191	9.0%
Including: Residual margin[2]	**223,004**	214,525	4.0%

Notes:

1. Participating health insurance is included in the participating insurance. Universal health insurance is included in the universal insurance.

2. The residual margin is the liabilities appropriated by the Company for not being recognized as "Day-one" gain at the inception of the contracts, and will be amortized over the life of the contracts.

The insurance contract liabilities as at 30 June 2020 increased by 9.0% compared with the end of 2019 mainly due to the increase of insurance business and the accumulation of insurance liabilities. As at the date of the balance sheet, all types of insurance contract liabilities of the Company have passed the adequacy test.

(II) Asset management business

As COVID-19 swept across the world in the first half of 2020, global capital market experienced huge volatility. China's economy also suffered a lot. Because of strict pandemic prevention and control measures, as well as the support of fiscal and monetary policies, China's economy gradually recovered. As prevention and control measures continue to be carried out in future, the economic situation is still complex and the unconventional monetary policy may continue. In face of the complex and severe market situations, the Company focused on absolute return in asset management, considered situations to implement accurate policies and effectively responded to fluctuations in the capital market.

The Company mostly invested in debt financial assets. In the first half of 2020, the Company seized opportunities during interest rate changes and gained earnings through swing trading. From the perspective of strategic investment, the Company continued to invest in interest rate bonds, including long-duration local government bonds and treasury bonds. Focusing on absolute return, the Company carried out intensive research on financial assets and projects and invested in high-quality assets with controllable risks. As at 30 June 2020, the debt financial assets of the Company amounted to RMB554,499 million, accounting for 61.6% of the total investment assets, a decrease of 4.0 percentage points compared with the end of last year.

In terms of equity financial assets, the Company adhered to value-oriented investment and pursued absolute return. The Company followed enterprises' profits to seize structural opportunities. Through stepping up research on strategic core assets, the Company carefully selected investment targets and abided by investment discipline. The Company also seized opportunities to invest strategically and to raise investment return and mitigate volatility. As at 30 June 2020, the equity financial assets of the Company amounted to RMB184,433 million, accounting for 20.5% of the total investment assets, an increase of 1.8 percentage points compared with the end of last year.

Meanwhile, the Company continued to strengthen research on long-term equity investment and domestic real estate investment and prudently made relevant investment to explore investment portfolio diversification.

1. Investment portfolio

Unit: RMB in millions

	As at 30 June 2020		As at 31 December 2019		Change
	Amount	**Proportion**	Amount	Proportion	
Investment assets	**900,317**	**100.0%**	839,447	100.0%	7.3%
Classified by investment type					
Term deposits[1]	**95,540**	**10.6%**	64,040	7.6%	49.2%
Debt financial assets	**554,499**	**61.6%**	550,539	65.6%	0.7%
– Bonds	**384,340**	**42.7%**	358,062	42.7%	7.3%
– Trust products	**94,501**	**10.5%**	77,266	9.2%	22.3%
– Debt plans[2]	**39,065**	**4.3%**	38,934	4.6%	0.3%
– Asset funding plans	**–**	**–**	10,000	1.2%	-100.0%
– Others[3]	**36,593**	**4.1%**	66,277	7.9%	-44.8%
Equity financial assets	**184,433**	**20.5%**	156,957	18.7%	17.5%
– Funds	**47,055**	**5.2%**	46,389	5.5%	1.4%
– Stocks[4]	**66,338**	**7.4%**	55,805	6.6%	18.9%
– Others[5]	**71,040**	**7.9%**	54,763	6.6%	29.7%
Investments in associates and joint ventures	**4,976**	**0.5%**	4,917	0.6%	1.2%
Cash and cash equivalents[1]	**11,775**	**1.3%**	11,765	1.4%	0.1%
Other investment assets[6]	**49,094**	**5.5%**	51,229	6.1%	-4.2%
Classified by investment purpose					
Financial assets at fair value through profit or loss	**31,224**	**3.5%**	24,554	2.9%	27.2%
Available-for-sale financial assets	**399,463**	**44.4%**	387,296	46.2%	3.1%
Held-to-maturity investments	**268,980**	**29.9%**	246,212	29.3%	9.2%
Loans and other receivables[7]	**195,674**	**21.7%**	176,468	21.0%	10.9%
Investment in associates and joint ventures	**4,976**	**0.5%**	4,917	0.6%	1.2%

Notes:

1. Term deposits exclude those with maturity of three months or less, and cash and cash equivalents include term deposits with maturity of three months or less.

2. Debt plans mainly consist of infrastructure and real estate funding projects.

3. Others include perpetual bonds, asset management products and wealth management products, etc.

4. Stocks include common stocks and preferred stocks.

5. Others include asset management products, private equity, equity plans, unlisted equity investments, wealth management products and perpetual bonds, etc.

6. Other investment assets mainly include statutory deposits, policy loans, financial assets purchased under agreements to resell, dividends receivable and interests receivable, etc.

7. Loans and other receivables mainly include term deposits, cash and cash equivalents, statutory deposits, policy loans, financial assets purchased under agreements to resell, dividends receivable, interests receivable, loans and receivables, etc.

2. *Investment income*

Unit: RMB in millions

For the six months ended 30 June	2020	2019	Change
Interest income from cash and cash equivalents	**84**	39	115.4%
Interest income from term deposits	**1,888**	1,609	17.3%
Interest income from debt financial assets	**13,449**	11,904	13.0%
Dividend income from equity financial assets	**2,815**	3,305	-14.8%
Interest income from other investment assets[1]	**895**	809	10.6%
Net investment income[2]	**19,131**	17,666	8.3%
Realized gains/(losses) on investment assets	**5,912**	(515)	N/A
Unrealized gains/(losses)	**(1,948)**	553	N/A
Impairment losses on investment assets	**(2,344)**	(1,020)	129.8%
Share of results of associates and joint ventures under equity method	**253**	178	42.1%
Total investment income[3]	**21,004**	16,862	24.6%
Annualized net investment yield[4]	**4.6%**	5.0%	-0.4pt
Annualized total investment yield[4]	**5.1%**	4.7%	0.4pt

Notes:

1. Interest income from other investment assets includes interest income from statutory deposits, policy loans and financial assets purchased under agreements to resell, etc.

2. Net investment income includes interest income from cash and cash equivalents, term deposits, debt financial assets and other investment assets and dividend income from equity financial assets.

3. Total investment income = net investment income + realized gains/(losses) on investment assets + unrealized gains/(losses) + impairment losses on investment assets + share of results of associates and joint ventures under equity method.

4. Annualized investment yield = (investment income – interest expenses of financial assets sold under agreements to repurchase)/(monthly average investment assets – monthly average financial assets sold under agreements to repurchase – monthly average interest receivables) *2.

3. *Investment in non-standard assets*

The overall credit risks of the non-standard assets that the Company currently holds are within control with most of the underlying assets being loans in institutional financing of non-banking sectors, real estate financing and infrastructure financing. The enterprises involved are industrial giants, large financial institutions, central enterprises and core government platforms in the first tier cities. As at 30 June 2020, the non-standard assets amounted to RMB239,281 million, decreasing by RMB7,313 million compared with the end of last year, accounting for 26.6% of the total investment assets, a decrease of 2.8 percentage points compared with the end of last year. The non-standard assets that the Company held had good credit enhancement measures. Apart from financing entities which are exempted from credit enhancement requirements by regulatory authorities, most of non-standard assets take the following credit enhancement measures, such as mortgage and pledge, joint guarantee, repurchase agreement, imbalance payment commitment, management of funds and co-managing assets, so the non-standard assets are with high quality and low risk.

(1) Ratings

After deducting wealth management products issued by commercial banks and equity financial products not requiring external ratings, the existing non-standard assets of the Company with AAA ratings accounted for 94.7% of total non-standard assets as at 30 June 2020. The overall credit risk was limited.

Ratings of Financial Products

Credit rating	Proportion
AAA	94.7%
AA+	3.8%
AA	1.5%
Total	**100.0%**

(2) Investment portfolio

Unit: RMB in millions

As at 30 June 2020	Amount	Proportion	Proportion change compared with the end of last year	Amount change compared with the end of last year
Non-standard debt investments	170,159	71.1%	-7.0pt	(22,318)
– Trust product	94,501	39.5%	8.2pt	17,235
– Debt plan	39,065	16.3%	0.5pt	131
– Project asset support plan	–	–	-4.1pt	(10,000)
– Wealth management product	31,548	13.2%	-11.7pt	(29,684)
– Perpetual Bond	5,000	2.1%	0.1pt	–
– Asset management plan	45	–	–	–
Non-standard equity investments	69,122	28.9%	7.0pt	15,005
– Asset management plan	39,044	16.3%	7.3pt	16,719
– Private equity	8,806	3.7%	0.8pt	1,752
– Unlisted equity	16,570	6.9%	-0.6pt	(2,094)
– Equity investment plan	4,700	2.0%	0.1pt	–
– Wealth management product	2	–	–	2
– Derivative financial asset	–	–	-0.6pt	(1,374)
Total	239,281	100.0%		(7,313)

(3) Major management institutions

Unit: RMB in millions

For the six months ended 30 June 2020	Paid Amount	Proportion
New China Asset Management Co., Ltd.	38,998	16.3%
Shanghai Pudong Development Bank Co., Ltd.	28,980	12.1%
CITIC Trust Co., Ltd.	15,833	6.6%
Zhongrong International Trust Co., Ltd.	14,043	5.9%
Everbright Xinglong Trust Co., Ltd	10,539	4.4%
Huaneng Guicheng Trust Co., Ltd.	9,800	4.1%
Beijing International Trust Co., Ltd.	8,195	3.4%
Generali China Asset Management Co., Ltd	6,389	2.7%
Bohai International Trust Co., Ltd.	5,438	2.3%
PICC Capital Investment Management Company Limited	5,070	2.1%
Total	143,285	59.9%

III. ANALYSIS BY COMPONENT

(I) Solvency

New China Life Insurance Company Ltd. calculated and disclosed core capital, actual capital, minimum capital, core solvency margin ratio and comprehensive solvency margin ratio according to the Solvency Regulatory Rules (No. 1-17) for Insurance Companies. As required by the CBIRC, solvency margin ratios of a domestic insurance company in P.R.C. must meet the prescribed thresholds.

Unit: RMB in millions

	As at 30 June 2020	As at 31 December 2019	Reason(s) of Change
Core capital	**272,078**	261,164	Profit earned for the reporting period, changes in fair value of available-for-sale financial assets and growth in insurance business
Actual capital	**282,078**	261,164	Reasons of core capital and the issuance of capital supplementary bonds in the amount of RMB10,000 million
Minimum capital	**100,107**	92,077	Growth and structural change in insurance and investment business
Core solvency margin ratio(1)	**271.79%**	283.64%	
Comprehensive solvency margin ratio(1)	**281.78%**	283.64%	

Note:

1. Core solvency margin ratio = core capital/minimum capital, comprehensive solvency margin ratio = actual capital/minimum capital.

(II) Liquidity Analysis

1. Gearing ratio

	As at 30 June 2020	As at 31 December 2019
Gearing ratio[1]	**90.3%**	90.4%

Note:

1. Gearing ratio = total liabilities/total assets.

2. Analysis of consolidated statement of cash flows

Unit: RMB in millions

For the six months ended 30 June	2020	2019	Change
Net cash flows from operating activities	**42,750**	17,538	143.8%
Net cash flows from investing activities	**(31,803)**	(42,483)	-25.1%
Net cash flows from financing activities	**(10,982)**	28,889	N/A

The net cash inflows from operating activities in the first half of 2020 increased by 143.8% compared with the same period of last year mainly due to the increase of premiums received.

The net cash outflows from investing activities in the first half of 2020 decreased by 25.1% compared with the same period of last year mainly due to the increase of cash received for investments.

The net cash flows from financing activities turned from net inflow of the corresponding period of last year to net outflow in the first half of 2020 mainly due to the increase of cash paid for financial assets sold under agreements to repurchase.

3. *Source and use of liquidity*

The principal cash inflows of the Company come from insurance premiums, income from non-insurance business, proceeds from sales of investment assets and maturity of investment assets and investment income. Liquidity risks with respect to these cash inflows primarily arose from surrenders of contract holders and policyholders, default by debtors, fluctuation of interest rate and other market volatility. The Company closely monitors and manages these risks.

The cash and bank deposits of the Company offer liquidity resources to satisfy the requirements of cash outflows. Substantially all of the Company's term deposits were available for utilization, subject to interest loss. In addition, the investment portfolio of the Company also provides liquidity resources to satisfy the demands of unexpected cash outflows. As of the end of the reporting period, cash and cash equivalents amounted to RMB11,775 million. The term deposits amounted to RMB95,540 million. The book value of debt financial assets amounted to RMB554,499 million, and the book value of equity financial assets amounted to RMB184,433 million.

The principal cash outflows of the Company are comprised of the payment of liabilities associated with various life insurance, annuity, accident and health insurance products, operating expenses, tax payment and dividends declared and payable to shareholders. Cash outflows arising from the insurance activities were primarily related to benefit payments of insurance products, as well as payments for policy surrenders and policy loans.

The Company is of the view that its sources of liquidity are sufficient to meet its current cash requirements.

(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 with risks and obligations. Reinsurers of the Company mainly include Swiss Reinsurance Company Ltd. Beijing Branch and China Life Reinsurance Company Ltd.,etc.

Premiums ceded out

Unit: RMB in millions

For the six months ended 30 June	2020	2019
Swiss Reinsurance Company Ltd. Beijing Branch	**863**	721
China Life Reinsurance Company Ltd.	**369**	319
Others[1]	**246**	208
Total	**1,478**	1,248

Note:

1. Others primarily included General Reinsurance AG Shanghai Branch, SCOR SE Beijing Branch, Hannover Rückversicherung AG Shanghai Branch and Munich Reinsurance Company Beijing Branch, etc.

IV. FUTURE PROSPECTS

Because of the outbreak of COVID-19 and the downward trend of long-term interest rates since 2020, the life insurance industry faces pressures in both liability and investment. In the second half of 2020, the demands for saving and protection are still the long-term force driving the growth of life insurance industry and the market will continue to recover as the pandemic is within control and macroeconomic situation gradually improves.

The Company will resolutely push forward the development strategy of "one body, two wings, and technology empowerment", accelerate transformation and upgrading, continue to return to the essence of insurance and promote high-quality development.

First, accelerate product innovation and promote industrial synergy. The Company will continue to explore the market-oriented mechanism to develop products, innovate product design and portfolio, to ensure product innovation and upgrading better support business growth, link healthcare industry and old-age care industry, and acquire, support and accumulate customers.

Second, control investment risks and seize investment opportunities. The Company will strengthen the awareness of investment risk control and compliance and optimize investment portfolio to forestall investment risks. Meanwhile, the Company shall seize the structural opportunities brought by the pandemic, give full play to the advantages of insurance assets, especially in serving the real economy and people's livelihoods in the medium and long-term run.

Third, strengthen application of innovation and promote technology empowerment. While comprehensively strengthening the digital and intelligent application in marketing support, customer service and operation, the Company will improve its R&D capability and efficiency. Through the implementation of key projects, the Company will step up efforts to make breakthroughs and accumulate experience to promote application.

Fourth, enhance compliance management and consolidate risk prevention and control. The Company will further improve the mechanism of risk monitoring, analysis and prevention, improve comprehensive risk management system, strengthen internal control and auditing in all aspects of business.

EMBEDDED VALUE

WILLIS TOWERS WATSON'S REVIEW OPINION REPORT ON EMBEDDED VALUE

To the Directors of New China Life Insurance Company Ltd.

New China Life Insurance Company Ltd. ("NCI") has prepared embedded value results for the first half year ended 30 June 2020 ("EV Results"). The disclosure of these EV Results, together with a description of the methodology and assumptions that have been used, are shown in the Embedded Value section.

Towers Watson Management (Shenzhen) Consulting Co. Ltd Beijing Branch ("WTW" or "we") has been engaged by NCI to review its EV Results as of 30 June 2020. This report is addressed solely to NCI in accordance with the terms of our engagement letter, and sets out the scope of our work and our conclusions. To the fullest extent permitted by applicable law, we do not accept or assume any responsibility, duty of care or liability to anyone other than NCI for or in connection with our review work, the opinions we have formed, or for any statement set forth in this report.

Scope of work

Our scope of work covered:

- A review of the methodology used to calculate the embedded value and the value of first half year's new business as at 30 June 2020, in the light of the requirements of the "CAA Standards of Actuarial Practice: Appraisal of Embedded Value" issued by the China Association of Actuaries ("CAA") in November 2016;

- A review of the economic and operating assumptions used to calculate the embedded value and the value of first half year's new business as at 30 June 2020; and

- A review of the results of NCI's calculation of the EV Results, comprising:

  – the embedded value and the value of first half year's new business as at 30 June 2020;

  – the sensitivity tests of the value of in-force business and value of first half year's new business as at 30 June 2020; and

  – the analysis of change of the embedded value from 31 December 2019 to 30 June 2020.

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

Opinion

Based on the scope of work above, we have concluded that:

- The embedded value methodology used by NCI is consistent with the requirements of the "CAA Standards of Actuarial Practice: Appraisal of Embedded Value" issued by the CAA. The methodology applied by NCI is a common methodology used to determine embedded values of life insurance companies in China at the current time;

- The economic assumptions used by NCI are internally consistent, have been set with regard to current economic conditions, and have made allowance for the Company's current and expected future asset mix and investment strategy;

- The operating assumptions used by NCI have been set with appropriate regard to past, current and expected future experience;

- The EV Results have been prepared, in all material respects, in accordance with the methodology and assumptions set out in the Embedded Value section.

WTW confirms that the results shown in the Embedded Value section of NCI's 2020 interim report are consistent with those reviewed by WTW.

For and on behalf of WTW

Lingde Hong, FSA, CCA

25 August 2020

1. BACKGROUND

In order to provide investors with an additional tool to understand our economic value and business results, we have prepared the Company's Embedded Value as at 30 June 2020 and have disclosed the relevant information in this section.

Embedded Value (EV) is an actuarially determined estimate of the economic value of the life insurance business of an insurance company based on a series of assumptions about future experience. But it does not incorporate the contribution of economic value from future new business. Value of New Business (VNB) represents an actuarially determined estimate of the economic value arising from new life insurance business issued during a certain period of time. Hence, the embedded value method can provide an alternative measure of the value and profitability of a life insurance company.

The reporting of embedded value and value of new business provides useful information to investors in two respects. First, Value of In-Force business (VIF) represents the total amount of after-tax shareholder distributable profits in present value terms, which can be expected to emerge over time, based on the assumptions used. Second, Value of New Business provides a metric to measure the value created for investors from new business activities and hence the potential growth of the company. However, the information on embedded value and value of new business should not be viewed as a substitute of financial measures under other relevant financial bases. Investors should not make investment decisions based solely on embedded value and value of new business information.

As standards for the disclosure of embedded value continue to develop internationally and in the PRC, the form and content of our presentation of embedded value may change. Hence, differences in definition, methodology, assumptions, accounting basis and disclosures may cause inconsistency when the results of different companies are compared. Also, embedded value calculations involve substantial technical complexity and estimates of value can vary materially as key assumptions are changed.

In November 2016, China Association of Actuaries (CAA) issued CAA [2016] No. 36 "CAA Standards of Actuarial Practice: Appraisal of Embedded Value" (hereafter referred to as "Appraisal of Embedded Value" standard). The embedded value and value of new business in this section are prepared by us in accordance with the "Appraisal of Embedded Value" standard. Willis Towers Watson, an international firm of consultants, performed a review of our embedded value. The review statement from Willis Towers Watson is contained in the "Willis Towers Watson's Review Opinion Report on Embedded Value" section.

2. DEFINITIONS OF EMBEDDED VALUE

Embedded value is the sum of the adjusted net worth and the value of in-force business allowing for the cost of required capital held by the company.

"Adjusted Net Worth" (ANW) is equal to the sum of:

- Net assets, defined as assets less policy liabilities valued under the "Appraisal of Embedded Value" standard; and

- Net-of-tax adjustments for relevant differences between the market value and the book value of assets, together with relevant net-of-tax adjustments for differences between China Accounting Value Standards reserves and reserves under the "Appraisal of Embedded Value" standard.

The market value of assets can fluctuate significantly over time due to the impact of the prevailing market environment. Hence, the adjusted net worth can fluctuate significantly between valuation dates.

The "value of in-force business" is the discounted value of the projected stream of future after-tax shareholder distributable profits for existing in-force business at the valuation date. The "value of first half year's new business" is the discounted value of the projected stream of future after-tax shareholder distributable profits for sales in the 6 months immediately preceding the valuation date. Shareholder distributable profits are determined based on policy liabilities, required capital in excess of policy liabilities, and minimum capital requirement quantification standards prescribed by the CBIRC.

The value of in-force business and the value of first half year's new business have been determined using a traditional deterministic discounted cash flow methodology. This methodology is consistent with the "Appraisal of Embedded Value" standard and is also commonly-used in determining EVs of life insurance companies in China at the current time. This methodology makes implicit allowance for all sources of risks, including the cost of investment guarantees and policyholder options, asset/liability mismatch risk, credit risk, the deviation of the actual experience from the projected and the economic cost of capital, through the use of a risk-adjusted discount rate.

3. KEY ASSUMPTIONS

In determining the value of in-force business and the value of first half year's new business as at 30 June 2020, we have assumed that the Company continues to operate as a going concern under the current economic and regulatory environment, and the relevant regulations for determining policy liabilities and required capital remain unchanged. The operational assumptions are mainly based on the results of experience analyses of the Company, 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.

(1) Risk Discount Rate

The risk discount rate used to calculate the value of in-force business and value of first half year's new business is 11% p.a.

(2) Investment Returns

The table below shows investment return assumptions for the main funds to calculate VIF and the Value of First Half Year's New Business.

	2020	2021	2022	2023+
Non-participating	4.50%	4.60%	4.80%	5.00%
Participating	4.50%	4.60%	4.80%	5.00%
Universal life	4.50%	4.70%	5.00%	5.10%
Unit-linked	7.60%	7.60%	7.80%	7.90%

Note: Investment return assumptions are applied to calendar year.

In addition, the Company set up the specific participating fund and the new non-participating fund before, the expected investment returns are different from those of the above funds, and 6.00% p.a. flat rate of return is adopted.

(3) Mortality

Mortality assumptions have been developed based on the Company's past mortality experience, expectations of current and future experience. Mortality assumptions are expressed as a percentage of the standard industry mortality tables: "China Life Tables (2010 to 2013)".

(4) Morbidity

Morbidity assumptions have been developed based on the Company's past morbidity experience, expectations of current and future experience, and taking into consideration future morbidity deterioration trend. Morbidity assumptions are expressed as a percentage of "China Life Insurance Experienced Critical Illness Table (2006 to 2010)".

(5) Discontinuance Rates

Assumptions have been developed based on the Company's 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.

(6) Expenses

Unit cost assumptions have been developed based on the Company's past actual expense experience, expectations of current and future experience. Future inflation of 2.0% p.a. has been assumed in respect of per policy expenses.

(7) Commission and Handling Fees

The assumed level of commission and commission override, as well as handling fees, have been set based on the levels currently being paid.

(8) 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.

(9) Tax

Tax has been assumed to be payable at 25% p.a. of profits with allowance for the exemption of certain investment income, including Chinese government bonds, and dividend income from equities and equity investment funds. In addition, taxes and surcharges for short-term health and accident business are based on related tax regulation.

(10) Cost of Required Capital

It is assumed that 100% of the minimum capital requirement prescribed by the CBIRC is to be held by the Company in the calculation of the value of in-force business and the value of first half year's new business.

The current solvency regulations have been assumed unaltered throughout the course of projection.

(11) Other Assumptions

The current methods for calculating surrender values have been assumed unaltered throughout the course of projection.

Our current reinsurance arrangements have been assumed to remain unaltered.

4. EMBEDDED VALUE RESULTS

The table below shows our embedded value and value of first half year's new business as at 30 June 2020 and their corresponding results as at prior valuation date.

Embedded Value Unit: RMB in millions

Valuation Date Risk Discount Rate	**30 June 2020** **11.0%**	31 December 2019 11.5%
Adjusted Net Worth	**132,841**	122,924
Value of In-Force Business Before Cost of Required Capital Held	**113,915**	102,908
Cost of Required Capital Held	**(21,999)**	(20,789)
Value of In-Force Business After Cost of Required Capital Held	**91,917**	82,119
Embedded Value	**224,757**	205,043

Notes:

1. Numbers may not be additive due to rounding.

2. The impact of major reinsurance contracts has been reflected in the embedded value.

Value of First Half Year's New Business Unit: RMB in millions

Valuation Date Risk Discount Rate	**30 June 2020** **11.0%**	30 June 2019 11.5%
Value of First Half Year's New Business Before Cost of Required Capital Held	**6,853**	7,146
Cost of Required Capital Held	**(1,632)**	(1,256)
Value of First Half Year's New Business After Cost of Required Capital Held	**5,221**	5,890

Notes:

1. Numbers may not be additive due to rounding.

2. The first year premiums used to calculate the value of first half year's new business as at 30 June 2020 and 30 June 2019 were RMB34,190 million and RMB15,538 million respectively.

3. The impact of major reinsurance contracts has been reflected in the value of first half year's new business.

Value of First Half Year's New Business by Channel

Unit: RMB in millions

Valuation Date Risk Discount Rate	**30 June 2020** **11.0%**	30 June 2019 11.5%
Individual insurance channel	**5,153**	5,767
Bancassurance channel	**200**	190
Group insurance channel	**(132)**	(68)
Total	**5,221**	5,890

Notes:

1. Numbers may not be additive due to rounding.

2. The first year premiums used to calculate the value of first half year's new business as at 30 June 2020 and 30 June 2019 were RMB34,190 million and RMB15,538 million respectively.

3. The impact of major reinsurance contracts has been reflected in the value of first half year's new business.

5. ANALYSIS OF CHANGE

The analysis of change in Embedded Value from 31 December 2019 to 30 June 2020 is shown below.

Unit: RMB in millions

Analysis of Change in EV from 31 December 2019 to 30 June 2020		
1.	EV at the beginning of period	205,043
2.	Impact of Value of New Business	5,221
3.	Expected Return	8,832
4.	Operating Experience Variances	3,107
5.	Economic Experience Variances	2,588
6.	Operating Assumption Changes	–
7.	Economic Assumption Changes	–
8.	Change of Risk Discount Rate	3,954
9.	Capital Injection/Shareholder Dividend Payment	(4,399)
10.	Others	311
11.	Value Change Other Than Life Insurance Business	100
12.	EV at the end of period	224,757

Note: Numbers may not be additive due to rounding.

Items 2 to 11 are explained below:

2. Value of new business as measured at the point of issuing.

3. Expected return on adjusted net worth 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, expenses, taxes and etc.) and the assumed at the beginning of the period.

5. Reflects the difference between actual and expected investment returns and market value adjustment in the period.

6. Reflects the change in operating assumptions between valuation dates.

7. Reflects the change in economic assumptions between valuation dates.

8. Reflects the change of risk discount rate from 11.5% to 11.0%.

9. Capital injection and other dividend payment to shareholders.

10. Other miscellaneous items.

11. Value change other than those arising from the life insurance business.

6. 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 First Half Year's New Business Sensitivity Results as at 30 June 2020	VIF after Cost of Required Capital Held	the Value of First Half Year's New Business after Cost of Required Capital Held
Scenarios		
Base Scenario	91,917	5,221
Risk Discount Rate at 11.5%	87,650	4,929
Risk Discount Rate at 10.5%	96,472	5,531
Investment Return 50bps higher	109,669	6,278
Investment Return 50bps lower	74,091	4,158
Expenses 10% higher (110% of Base)	90,243	4,476
Expenses 10% lower (90% of Base)	93,590	5,966
Discontinuance Rates 10% higher (110% of Base)	90,762	4,937
Discontinuance Rates 10% lower (90% of Base)	93,072	5,510
Mortality 10% higher (110% of Base)	91,067	5,178
Mortality 10% lower (90% of Base)	92,769	5,265
Morbidity and Loss Ratio 10% higher (110% of Base)	88,261	4,770
Morbidity and Loss Ratio 10% lower (90% of Base)	95,635	5,671
Profit Sharing between Participating Policyholders and Shareholders is assumed to be 75%/25% instead of 70%/30%	86,752	5,146

SIGNIFICANT EVENTS

I. CORPORATE GOVERNANCE

During the reporting period, the Company held one shareholders' general meeting, six meetings of the Board and five meetings of the board of supervisors in total. Announcements on resolutions of such meeting and relevant meeting documents have been published on the websites of the HKSE, the SSE and the Company as well as other relevant information disclosure media according to regulatory requirements. The shareholders' general meeting, the Board, the board of supervisors and the senior management all operated legally and independently in accordance with the Articles of Association and relevant rules and procedures of the Company, and effectively performed their respective duties.

Shareholders' General Meeting

Session	Date of Meeting	Media where resolutions were published	Date of Publication of Resolutions
Annual General Meeting of 2019	2020-6-23	http://www.hkexnews.hk	2020-6-23

During the reporting period, the Company complied with all the code provisions in the Corporate Governance Code and adopted most of the best practices set out therein.

The Company has formulated the Administrative Measures for Shareholding and Changes Thereof of Directors, Supervisors and Senior Management of New China Life Insurance Company Ltd. (《新華人壽保險股份有限公司董事、監事和高級管理人員所持公司股份及其變動管理辦法》) to regulate the securities transactions of directors, supervisors and senior management of the Company, the terms of which are no less exacting than that of the Model Code for Securities Transactions. After specific enquiries with all directors, supervisors and senior management, the Company confirmed that all the directors, supervisors and senior management have complied with the code of conduct specified in the Model Code for Securities Transactions and Administrative Measures for Shareholding and Changes Thereof of Directors, Supervisors and Senior Management of New China Life Insurance Company Ltd.

The Interim Report 2020 has been reviewed by the Audit and Related Party Transaction Control Committee of the Board.

II. IMPLEMENTATION OF PROFIT DISTRIBUTION PLAN DURING THE REPORTING PERIOD

According to the Proposal on the Profit Distribution Plan for the Year 2019 approved by the Annual General Meeting of 2019, with the appropriation to its discretionary surplus reserve of RMB1,346 million (10% of the net profit recorded in the financial statements of the parent company for 2019), the Company distributed a cash dividend of RMB1.41 (including tax) per share to all shareholders of the Company and completed the distribution of 2019 annual dividend on 7 August 2020.

III. CHANGES IN ACCOUNTING ESTIMATES

The Company determined actuarial assumptions which include, among other things, assumptions on the discount rates, mortality rates, morbidity rates, expenses, policyholder dividend, surrender rates and etc. based on current information available as at the date of the balance sheet. These assumptions were used to calculate the liabilities of insurance contracts as at the date of the balance sheet.

On 30 June 2020, the Company reviewed the above assumptions based on the information available. Movements in liabilities of insurance contracts arising from the changes in the above assumptions were recognised in the statement of profit or loss. The aforementioned changes in accounting estimates resulted in an increase in liabilities of life insurance contracts by RMB1,369 million, an increase in liabilities of long-term health insurance contracts by RMB1,112 million as at 30 June 2020 and a decrease in profit before tax by RMB2,481 million for the six months ended 30 June 2020.

IV. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

The Annual General Meeting of 2019 of the Company held on 23 June 2020 considered and approved the Proposal on the Appointment of Accounting Firms for the Year 2020, and resolved to appoint Ernst & Young Hua Ming LLP as the domestic auditor and Ernst & Young as the international auditor of the Company for the year 2020 respectively, to conduct auditing in 2020. For details, please refer to the Poll Results of the Annual General Meeting of 2019, and Distribution of 2019 Annual Dividend published by the Company on 23 June 2020.

V. CHARGE OF ASSETS

Details of charge of assets are set out in Note 12 to the interim condensed consolidated financial statements of this report.

VI. MAJOR EQUITY AND NON-EQUITY INVESTMENT

During the reporting period, the Company had no major equity or non-equity investment events.

VII. DISPOSALS OF MATERIAL ASSETS AND EQUITY

During the reporting period, the Company had no sales of material assets or equity.

VIII. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) During the reporting period, there were no such events as managing, contracting and leasing assets of other companies by the Company or managing, contracting and leasing the Company's assets by other companies that contributed more than 10% (inclusive) of the Company's total profit.

(II) During the reporting period, there was no external guarantee of the Company and its subsidiaries, and the Company and its subsidiaries did not provide any guarantee for its subsidiaries.

(III) The utilization of insurance funds of the Company is carried out mainly through entrusted management and the diversified entrusted investment management system in which the internal investment managers are main players and external investment managers are supplemental has taken shape. The internal investment managers include Asset Management Company and Asset Management Company (Hong Kong) and external investment managers constitute fund companies, asset management section of securities firms and other professional investment management institutions. The Company selects different investment management institutions according to the requirements of asset allocation, risk-return characteristics of different types of assets and the merits of each institution, so as to build diversified investment portfolios and improve the efficiency of insurance funds utilization. The Company enters into the entrusted investment management agreement with each manager, manages their investment activities through measures including investment guidance, asset custody, dynamic tracking and communication, assessment and evaluation, and takes targeted risk control measures according to the characteristics of different managers and investment targets.

(IV) Except this report may otherwise disclose, the Company had no other material contract during the reporting period.

IX. CREDIT OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER

During the reporting period, the Company and its controlling shareholder were not subject to large amount enforceable judgments of the court or had no outstanding due and payable debts.

X. PERFORMANCE OF THE COMMITMENTS OF THE COMPANY OR SHAREHOLDERS WITH OVER 5% SHAREHOLDING DURING THE REPORTING PERIOD OR UNTIL THE REPORTING PERIOD

For details of the commitments made by Huijin, the controlling shareholder of the Company, to avoid horizontal competition, please refer to Announcement on the Performance 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 above commitments relating to avoidance of horizontal competition were fulfilled continuously and normally.

XI. PENALTY AND RECTIFICATION OF THE COMPANY AND ITS DIRECTORS, SUPERVISORS, MEMBERS OF SENIOR MANAGEMENT AND CONTROLLING SHAREHOLDERS

During the reporting period, neither the Company, nor its directors, supervisors, members of senior management or controlling shareholder was subject to any investigations by the competent authorities, or any coercive measures by judicial authorities or disciplinary inspection departments, or sent to judicial authorities for criminal prosecution, or received investigation or administrative penalty by the CSRC, or banned market access, or considered inappropriate entity, or received major administrative penalty by environmental protection department, work safety department, tax department or other administrative departments or received public reprimand by stock exchanges.

During the reporting period, the Company was not subject to any administrative supervision and rectification by the CSRC and its dispatched institutions.

XII. SIGNIFICANT LITIGATION, ARBITRATION EVENTS AND GENERAL MEDIA DOUBTS

During the reporting period, the Company had no significant litigation, arbitration events and general media incredulity.

XIII. OTHER SIGNIFICANT EVENTS

Authorization of issuance of domestic and overseas debt financing instruments

To ensure the Company's sufficient solvency and to broaden the financing channels, the First Extraordinary General Meeting of 2017 held on 28 April 2017 approved to issue domestic debt financing instruments in the amount not exceeding RMB15,000 million and overseas debt financing instruments in the amount not exceeding USD2,000 million or equivalent amount of foreign currency according to the regulatory requirements. The general meeting agreed to authorize the Board and the Board can further delegate such authorization to senior management of the Company to handle all affairs related to issuance of domestic and overseas debt financing instruments after the approval of regulatory authority with reference to market situation. The authorization commenced from the approval date of the First Extraordinary General Meeting of 2017 and ended on the date of the closure of the Annual General Meeting of 2019. The fifth meeting of the seventh session of the Board held on 19 December 2019 considered and approved the Proposal on the Issuance of Domestic Capital Supplementary Bonds of the Company and agreed the Company to issue domestic capital supplementary bonds with the amount not exceeding RMB10,000 million. For details, please refer to the Announcement on the Resolutions of the Fifth Meeting of the Seventh Session of the Board of Directors published on 19 December 2019.

The Company received the Approval by CBIRC of the Issuance of Capital Supplementary Bonds by New China Life Insurance Company Ltd. (Yin Bao Jian Fu [2020] No. 30) and Decision of the People's Bank of China on Approval of Administrative License (Yin Shi Chang Xu Zhun Yu Zi [2020] No. 41) during the reporting period. As of the end of the reporting period, the Company has completed the issuance of capital supplementary bonds with the amount of RMB10,000 million. For details, please refer to the Announcement on Completion of Issuance of the Capital Supplementary Bonds published on 13 May 2020 by the Company.

XIV. ENVIRONMENT INFORMATION

The Company has always adhered to the operation mode of low-carbon and environmental protection, responded to climate change and promoted the ecological civilization. During the management of office decoration, the Company followed the principle of reasonable allocation, environmental protection and energy saving, and achieved the design goal of energy saving, high efficiency and low consumption through the optimization of design scheme, strict control of engineering technology and materials. During daily business operation, the Company encouraged to use mobile platform and mobile terminal to manage customers and orders and to reduce the paper consumption.

XV. POVERTY ALLEVIATION

In the first half of 2020, the Company continued to launch assistance programs in former revolutionary base areas, areas inhabited by minorities, remote and border areas and poor areas, especially in the impoverished areas like the "three regions and three prefectures". The Company focused on the poverty alleviation projects closely combined with insurance protection.

(I) Targeted Poverty Alleviation Overview and Progress

From January to July 2020, the Company continued to carry out "The Road to Prosperity in All Respects • New China Life Accompanying You" targeted poverty alleviation public welfare activity through Foundation. From 2017 to July 2020, over RMB5 million has been put in poverty alleviation through Foundation, and the poverty alleviation projects have been carried out in 34 impoverished areas in 11 provinces including Shaanxi, Yunnan and Guangxi, which mainly included 6 insurance poverty alleviation projects, 3 education projects, 3 industrial projects and 1 infrastructure project for the elderly.

(II) Targeted Poverty Alleviation Results

From January to July 2020, RMB401,600 has been put in poverty alleviation by the Company through Foundation and helped 458 poor people in need.

From 2017 to the end of July 2020, the Company helped more than 50,000 poor people with total donated sum assured over RMB5,000 million through Foundation.

(III) Follow-up Targeted Poverty Alleviation Program

In the second half of 2020, the Company will continue to focus on former revolutionary base areas, areas inhabited by minorities, remote and border areas and poor areas, especially in the impoverished areas like the"three regions and three prefectures" and choose to implement 1 to 3 assistance programs centering on poor households with registered cards and files under the requirements and methods of poverty alleviation advocated by the central government.

The Company explores efficient cooperation with China Investment Corporation and its subsidiaries in various targeted poverty alleviation projects, devotes to building a powerhouse for poverty alleviation, making joint efforts, finding a reproducible, scalable and sustainable road to poverty alleviation, and strives to build a long-term effective mechanism for targeted poverty alleviation to help the goal and task of poverty alleviation to be completed on schedule.

XVI. OTHER SOCIAL RESPONSIBILITIES

(I) Public Welfare Projects

1. *Sanitation Workers Project*

From January to July 2020, the Company continued to carry out the public welfare activity of "NCI Accompanies You in Building Beautiful Cities-Donating Insurance to Sanitation Workers Nationwide" through Foundation. More than 377,000 sanitation workers in 41 large and medium-sized cities across the country were provided with accidental injury insurance with the total sum assured of more than RMB37,700 million. Since 2017, this project has benefited over 750,000 sanitation workers in 102 large and medium-sized cities across the country with accumulative sum assured of more than RMB186,600 million.

By the end of July 2020, a total of 164 cases of sanitation workers' claims have been settled, with claim and payment of RMB14.765 million, including RMB14.165 million for death and RMB600,000 for injury and disability. This project has benefited 164 families of sanitation workers in 47 cities.

2. *Volunteer League*

In the first half of 2020, the Company organized a total number of 44,705 volunteers in 35 branches across the country, and conducted a total of 1,252 volunteer activities, including Fighting Pandemic, Caring for Sanitation Workers, Helping the Poor and Reducing Poverty, with a total of 53,656.8 hours of volunteer service activities.

(II) Donations for the Fight against COVID-19

1. *Insurance Donation*

From January to July 2020, in response to COVID-19, the Company donated insurance protection with sum assured of RMB300,000 each to nearly 200,000 medical staff in the fight against the pandemic in Wuhan through Foundation, with the total sum assured of about RMB60,000 million. By the end of July 2020, the Company had paid a total of RMB5.4 million to 18 medical staff who died in the fight against COVID-19.

Meantime, 15 branches of NCI donated insurance protection to medical staff, community cadres, media reporters and other frontline workers, and the total sum assured of insurance donations executed exceeded RMB11,700 million.

2. *Supplies Donation*

The Company donated RMB300,000 as special solatium to the family members of Zhang Jingjing, a deceased member of Shandong medical team, through Foundation in July 2020.

By the end of July 2020, the headquarters and 25 branches of NCI had donated a total amount of over RMB6.435 million to local organizations including Charity Federation and Red Cross Society. Meanwhile, 22 branches donated the pandemic prevention and control supplies and daily supplies to frontline personnel and units, which was equivalent to over RMB1.13 million.

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

I. CHANGES IN SHARE CAPITAL

During the reporting period, there was no change in the total number of shares and structure of the share capital of the Company.

Unit: share

	31 December 2019		Increase or decrease during the reporting period (+, -)					30 June 2020	
	Number	Percentage	New shares issued	Bonus shares	Transfer from reserve	Others	Sub-total	Number	Percentage
1. Shares with selling restrictions	-	-	-	-	-	-	-	-	-
2. Shares without selling restrictions									
(1) Ordinary shares denominated in RMB	2,085,439,340	66.85%	-	-	-	-	-	2,085,439,340	66.85%
(2) Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
(3) Overseas listed foreign shares (H Share)	1,034,107,260	33.15%	-	-	-	-	-	1,034,107,260	33.15%
(4) Others	-	-	-	-	-	-	-	-	-
Total	3,119,546,600	100.00%	-	-	-	-	-	3,119,546,600	100.00%
3. Total number of shares	3,119,546,600	100.00%	-	-	-	-	-	3,119,546,600	100.00%

II. ISSUE OF SECURITIES

During the reporting period, the Company did not issue securities.

III. PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the reporting period, the Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company.

IV. SHAREHOLDERS PROFILE

(I) Number of shareholders and their shareholdings

As of the end of the reporting period, there are 76,138 shareholders of the Company, including 75,851 A share shareholders and 287 H share shareholders.

Shares held by top ten shareholders

Unit: share

Name of the shareholders	Class of the shares	Percentage of the shareholding (%)	Total number of shares held	Increase or decrease of shareholding during the reporting period (+,-)	Number of shares held with selling restrictions[1]	Number of shares pledged or frozen	Type of shares
HKSCC Nominees Limited[2]	Overseas legal person shares	33.13	1,033,430,431	-390,805	–	unknown	H
Central Huijin Investment Ltd.	State-owned shares	31.34	977,530,534	–	–	–	A
China Baowu Steel Group Corporation Limited	State-owned legal person shares	12.09	377,162,581	–	–	–	A
China Securities Finance Corporation Limited	State-owned legal person shares	2.99	93,339,045	–	–	–	A
HKSCC[3]	Overseas legal person shares	1.32	41,303,784	+10,557,978	–	–	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 110 Portfolio	State-owned legal person shares	0.34	10,570,881	+7,939,645	–	–	A
Dacheng Fund-ABC-Dacheng China Securities Financial Asset Management Plan	Other	0.28	8,713,289	–	–	–	A
Abu Dhabi Investment Authority	Overseas legal person shares	0.27	8,555,741	+5,525,214	–	–	A
Description of related 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 relationship among the shareholders or whether they are parties acting in concert.						

Notes:

1. As of the end of the reporting period, none of the Company's A shares or H shares was subject to selling restrictions.

2. 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.

3. Hong Kong Securities Clearing Company Limited ("HKSCC") is a nominal holder of shares in the Shanghai-Hong Kong Stock Connect.

(II) Change of controlling shareholder and the de facto controller

During the reporting period, there was no change in the controlling shareholder of the Company. The Company had no *de facto* controller.

(III) Interests and short positions of substantial shareholders and other persons in the shares and underlying shares

So far as the directors of the Company are reasonably aware of, as at 30 June 2020, China Baowu held 377,162,581 A shares of the Company, which accounted for 12.09% of the total issued shares of the Company, and 18.09% of the total issued A shares of the Company.

In addition to the above, so far as the directors of the Company are reasonably aware of, as at 30 June 2020, the following persons (other than the directors, supervisors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which shall be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, and have been entered into the register maintained by the Company pursuant to Section 336 of the SFO:

	Name of substantial shareholders	Type of shares	Capacity	Number of shares	Percentage of the total shares issued %	Percentage of the A shares issued %	Percentage of the H shares issued %	Long Position/ Short Position/ Interest in a lending pool
1	Central Huijin Investment Ltd.	A share	Beneficial Owner	977,530,534	31.34	46.87	–	Long Position
			Interests of Controlled Corporation	28,249,200	0.91	1.35	–	Long Position
2	Swiss Re Ltd	H share	Interests of Controlled Corporation	77,857,800 (Note 3)	2.50	–	7.53	Long Position
3	Fosun International Holdings Ltd.	H share	Interests of Controlled Corporation	176,799,500 (Note 4)	5.67	–	17.10	Long Position
4	Fosun International Limited	H share	Interests of Controlled Corporation	145,697,600	4.67	–	14.09	Long Position
			Beneficial Owner	31,101,900 (Note 4)	1.00	–	3.01	Long Position
5	GUO Guangchang	H share	Interests of Controlled Corporation	176,799,500 (Note 4)	5.67	–	17.10	Long Position
6	Fidelidade – Companhia de Seguros, S.A.	H share	Beneficial Owner	62,126,100 (Note 4)	1.99	–	6.01	Long Position

Notes:

1 Data disclosed in the table above are based on the information provided on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

2. Pursuant to Section 336 of the SFO, the shareholders of the Company are required to file a disclosure of interests form when certain criteria are fulfilled. When a shareholding in the Company changes, it is not necessary for the shareholder to notify the Company and the Hong Kong Stock Exchange unless several criteria have been fulfilled, therefore a shareholder's latest shareholding in the Company may be different from the shareholding filed with the Hong Kong Stock Exchange.

3. Swiss Re Ltd holds equity interest in the shares of the Company through the companies controlled or indirectly controlled by it.

4. Mr. GUO Guangchang holds equity interest in the shares of the Company through Fosun International Holdings Ltd., Fosun Holdings Limited, Fosun International Limited, Fidelidade – Companhia de Seguros, S.A. and other companies controlled or indirectly controlled by them.

Save as disclosed above, as at 30 June 2020, the Company was not aware that there was any other person (other than the directors, supervisors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required, pursuant to Section 336 of the SFO, to be entered into the register maintained by the Company.

SECTION 8

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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

(I) Changes of Directors

1. *Details of the current and former directors of the Company*

Name	Position	Status	Gender
LIU Haoling	Chairman Non-Executive Director	In Office	Male
LI Quan	Executive Director	In Office	Male
YANG Yi	Non-Executive Director	In Office	Male
GUO Ruixiang	Non-Executive Director	In Office	Male
HU Aimin	Non-Executive Director	In Office	Male
LI Qiqiang	Non-Executive Director	In Office	Male
PENG Yulong	Non-Executive Director	In Office	Male
Edouard SCHMID	Non-Executive Director	In Office	Male
LI Xianglu	Independent Non-Executive Director	In Office	Male
ZHENG Wei	Independent Non-Executive Director	In Office	Male
CHENG Lie	Independent Non-Executive Director	In Office	Male
GENG Jianxin	Independent Non-Executive Director	In Office	Male
MA Yiu Tim	Independent Non-Executive Director	In Office	Male
LI Zongjian	Executive Director	Resigned	Male
XIONG Lianhua	Non-Executive Director	Resigned	Female

2. *Change of Directors' Information*

Name	Cessation of Office	Detail
LI Zongjian	Executive director, member of the strategy committee, member of the investment committee	Mr. LI Zongjian resigned from the positons as an executive director of the Company, a member of the strategy committee and a member of the investment committee under the Board of the Company due to his age on 30 April 2020.
XIONG Lianhua	Non-executive director, member of the strategy committee, member of the nomination and remuneration committee	Ms. XIONG Lianhua resigned from the positons as a non-executive director of the Company, a member of the strategy committee and a member of the nomination and remuneration committee under the Board of the Company due to work-related reasons on 3 August 2020.

Changes in Information of Directors	
1.	Mr. LI Quan, the executive director of the Company, has ceased to be the independent director of Masterwork Group Co., Ltd. (a company listed on SZSE, stock code: 300195) since May 2020.
2.	Mr. HU Aimin, the non-executive director of the Company, has worked as the supervisor of Xinjiang Tianshan Iron & Steel Co., Ltd. (新疆天山鋼鐵聯合有限公司) since March 2020, and the director of Baosteel Group Finance Co., Ltd since July 2020.
3.	Mr. LI Qiqiang, the non-executive director of the Company, has ceased to serve the director of Baosteel Group Finance Co., Ltd since November 2019. Nor has he worked as the director of China Pacific Insurance (Group) Co., Ltd. (a company listed on the SSE, stock code: 601601; the HKSE, stock code: 02601) since May 2020.
4.	Mr. GENG Jianxin, the independent non-executive director of the Company, has ceased to serve the vice president, a deputy director of the Academic Committee of China Audit Society since June 2020.

(II) Changes of Supervisors

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

(III) Changes of Members of Senior Management

Name	Cessation of Office	Detail
LI Zongjian	Vice president	The 10th meeting of the seventh session of the Board held on 11 May 2020 considered and approved Proposal on the Resignation of Vice President Mr. LI Zongjian. Mr. LI Zongjian resigned from the position as a vice president of the Company due to his age.

II. SHAREHOLDING OF DIRECTORS, SUPERVISORS AND MEMBERS OF SENIOR MANAGEMENT

(I) Shareholding of the Company's A shares by directors, supervisors and members of senior management

No directors, supervisors or members of senior management currently in office or resigned during the reporting period held any of the Company's A shares directly or indirectly.

(II) Interests and short positions of directors, supervisors and chief executive under Hong Kong laws, regulations and rules

As at 30 June 2020, according to the information available to the Company and as far as our directors are aware of, there is no interests or short positions (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) held by our directors, supervisors and chief executive in our shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will be required to be entered into the register maintained by the Company pursuant to Section 352 of the SFO or which shall be notified to the Company and the HKSE pursuant to the Model Code for Securities Transactions.

III. REMUNERATION POLICIES AND TRAINING PLAN FOR EMPLOYEES

As at 30 June 2020, there are a total of 36,058 employees who entered into employment contracts with the Company (including both the life insurance headquarter and 35 branches).

In accordance with characteristics of the business and demand of talent competition in the market, the Company provides employees with competitive remuneration with reference to the level of its counterparts in the industry. The remuneration of the contractual field sales personnel of the Company comprises basic remuneration and performance-based bonus. As required by the Chinese government, the Company provides employees with various social security and housing fund. At the same time, the Company established a variety of benefit plans for its employees, including corporate annuities to meet the diverse needs of different employee groups.

In the first half of 2020, under the requirements of pandemic prevention and control, the Company innovated training methods, made full use of NCI E-learning and other online training platforms, carried out online training and continuously optimized training system to help improve the quality of employees. New China Life Party School and New China Life Cadre Management College were established, and four sessions of online training of the spirit of Fourth Plenary Session of the 19th CPC Central Committee were held with 2,565 party members and leading cadres of the whole Company attended. Staff training combines the Party's innovation theory study with the Company's reform and development, which continuously transforms into corporate governance efficiency and development advantages.

INTERNATIONAL AUDITOR'S INDEPENDENT REVIEW REPORT

To the members of New China Life Insurance Company Ltd.
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements, set out on pages 50 to 120, which comprise the interim condensed consolidated statement of financial position of New China Life Insurance Company Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2020 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards, or accept liability to, any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
25 August 2020

Condensed Consolidated Statement of Financial Position

As at 30 June 2020 (All amounts in RMB million unless otherwise stated)

	Notes	**As at 30 June 2020 Unaudited**	As at 31 December 2019
ASSETS			
Property, plant and equipment		**14,815**	14,335
Investment properties		**8,933**	9,051
Right-of-use assets		**1,248**	1,152
Intangible assets		**3,624**	3,726
Investments in associates and joint ventures	*7*	**4,976**	4,917
Debt financial assets		**554,499**	550,539
– Held-to-maturity	*8(1)*	**268,980**	246,212
– Available-for-sale	*8(2)*	**239,088**	244,931
– At fair value through profit or loss	*8(3)*	**7,166**	9,962
– Loans and receivables	*8(4)*	**39,265**	49,434
Equity financial assets		**184,433**	156,957
– Available-for-sale	*8(2)*	**160,375**	142,365
– At fair value through profit or loss	*8(3)*	**24,058**	14,592
Term deposits	*8(5)*	**95,540**	64,040
Statutory deposits		**1,715**	1,715
Policy loans		**36,080**	35,148
Financial assets purchased under agreements to resell		**1,328**	5,685
Accrued investment income		**9,971**	8,681
Premiums receivable		**4,794**	2,233
Deferred tax assets	*19*	**192**	162
Reinsurance assets		**3,268**	3,028
Other assets		**2,160**	5,836
Cash and cash equivalents		**11,775**	11,765
Total assets		**939,351**	878,970

The notes attached form an integral part of the interim condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2020 (All amounts in RMB million unless otherwise stated)

	Notes	As at 30 June 2020 Unaudited	As at 31 December 2019
LIABILITIES AND EQUITY			
Liabilities			
Insurance contracts			
Long-term insurance contract liabilities	9	**712,566**	654,478
Short-term insurance contract liabilities			
– Outstanding claims liabilities	9	**2,176**	1,611
– Unearned premiums liabilities	9	**2,789**	2,102
Investment contracts	10	**49,528**	46,518
Policyholder dividends payable		**16**	–
Borrowings	11	**10,000**	–
Lease liabilities		**1,060**	961
Financial liabilities at fair value through profit or loss		**441**	501
Financial assets sold under agreements to repurchase	12	**44,794**	68,190
Benefits, claims and surrenders payable		**6,573**	5,704
Premiums received in advance		**248**	4,181
Reinsurance liabilities		**268**	220
Provisions	13	**29**	29
Other liabilities		**17,201**	9,559
Current income tax liabilities		**5**	157
Deferred tax liabilities	19	**481**	298
Total liabilities		**848,175**	794,509
Shareholders' equity			
Share capital	14	**3,120**	3,120
Reserves	15	**45,495**	41,254
Retained earnings		**42,550**	40,077
Equity attributable to owners of the parent		**91,165**	84,451
Non-controlling interests		**11**	10
Total equity		**91,176**	84,461
Total liabilities and equity		**939,351**	878,970

The notes attached form an integral part of the interim condensed consolidated financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

	Notes	For the six months ended 30 June **2020** **Unaudited**	2019 Unaudited
REVENUES			
Gross written premiums and policy fees	*16*	**96,903**	74,015
Less: premiums ceded out		**(1,478)**	(1,248)
Net written premiums and policy fees		**95,425**	72,767
Net change in unearned premiums liabilities		**(619)**	(708)
Net premiums earned and policy fees		**94,806**	72,059
Investment income	*17*	**20,751**	16,684
Other income		**519**	349
Total revenues		**116,076**	89,092
BENEFITS, CLAIMS AND EXPENSES			
Insurance benefits and claims			
Claims and net change in outstanding claims liabilities		**(1,289)**	(1,428)
Life insurance death and other benefits		**(33,680)**	(39,623)
Increase in long-term insurance contract liabilities		**(54,824)**	(22,374)
Policyholder dividends resulting from participation in profits		**(190)**	(19)
Investment contract benefits		**(988)**	(813)
Commission and brokerage expenses		**(9,617)**	(8,943)
Administrative expenses	*18*	**(5,320)**	(5,512)
Other expenses		**(396)**	(318)
Total benefits, claims and expenses		**(106,304)**	(79,030)
Share of profits and losses of associates and joint ventures		**253**	178
Finance costs		**(771)**	(348)
Profit before income tax		**9,254**	9,892
Income tax (expense)/credit	*19*	**(1,035)**	654
Net profit for the period		**8,219**	10,546
Net profit for the period attributable to:			
– Owners of the parent		**8,218**	10,545
– Non-controlling interests		**1**	1
Earnings per share (RMB)			
Basic	*20*	**2.63**	3.38
Diluted	*20*	**2.63**	3.38

The notes attached form an integral part of the interim condensed consolidated financial statements.

Condensed Consolidated Statement of Comprehensive Income (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

	For the six months ended 30 June	
	2020 Unaudited	2019 Unaudited
Net profit for the period	**8,219**	10,546
Other comprehensive income that may be reclassified to profit or loss in subsequent periods		
Available-for-sale financial assets		
Changes in fair value	**8,401**	7,524
Losses/(gains) transferred to profit or loss from other comprehensive income	**(3,735)**	385
Impairment transferred to profit or loss from other comprehensive income	**2,344**	1,020
Changes in liabilities for insurance and investment contracts arising from net unrealized gains	**(3,079)**	(5,087)
Currency translation differences	**6**	3
Share of other comprehensive income of associates and joint ventures under the equity method and the effect on liabilities for insurance and investment contracts	**(69)**	4
Income tax relating to components of other comprehensive income	**(966)**	(964)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**–**	–
Total other comprehensive income for the period, net of tax	**2,902**	2,885
Total comprehensive income for the period	**11,121**	13,431
Total comprehensive income for the period attributable to:		
– Owners of the parent	**11,120**	13,430
– Non-controlling interests	**1**	1

The notes attached form an integral part of the interim condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

	For the six months ended 30 June 2020 (Unaudited)					
	Attributable to owners of the parent					
	Share capital	Reserves	Retained earnings	Total	Non-controlling Interests	Total equity
As at 1 January 2020	3,120	41,254	40,077	84,451	10	84,461
Net profit for the period	–	–	8,218	8,218	1	8,219
Other comprehensive income	–	2,902	–	2,902	–	2,902
Total comprehensive income	–	2,902	8,218	11,120	1	11,121
Others	–	(7)	–	(7)	–	(7)
Dividends paid	–	–	(4,399)	(4,399)	–	(4,399)
Appropriation to reserves	–	1,346	(1,346)	–	–	–
Total transactions with owners	–	1,346	(5,745)	(4,399)	–	(4,399)
As at 30 June 2020	3,120	45,495	42,550	91,165	11	91,176

The notes attached form an integral part of the interim condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

	For the six months ended 30 June 2019 (Unaudited)					
	Attributable to owners of the parent					
	Share capital	Reserves	Retained earnings	Total	Non-controlling Interests	Total equity
As at 1 January 2019	3,120	31,056	31,411	65,587	9	65,596
Net profit for the period	–	–	10,545	10,545	1	10,546
Other comprehensive income	–	2,885	–	2,885	–	2,885
Total comprehensive income	–	2,885	10,545	13,430	1	13,431
Others	–	(25)	–	(25)	–	(25)
Dividends paid	–	–	(2,402)	(2,402)	–	(2,402)
Appropriation to reserves	–	785	(785)	–	–	–
Total transactions with owners	–	785	(3,187)	(2,402)	–	(2,402)
As at 30 June 2019	3,120	34,701	38,769	76,590	10	76,600

The notes attached form an integral part of the interim condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

	For the six months ended 30 June	
	2020 Unaudited	2019 Unaudited
Operating activities		
Cash generated from operating activities	**44,122**	18,461
Tax paid	**(1,372)**	(923)
Net cash inflow from operating activities	**42,750**	17,538
Investing activities		
Cash paid for investing activities, net	**(52,998)**	(60,008)
Acquisition of structured entities, net of cash acquired	**–**	63
Proceeds from disposal of structured entities	**(3,842)**	–
Proceeds from disposal of property, plant and equipment, intangible assets and other assets	**1**	2
Purchases of property, plant and equipment, intangible assets and other assets	**(1,005)**	(1,513)
Interest received	**19,400**	13,486
Dividends received	**2,208**	2,916
Financial assets purchased under agreements to resell, net	**4,433**	2,571
Net cash outflow from investing activities	**(31,803)**	(42,483)
Financing activities		
Capital injected into subsidiaries by non-controlling interests	**80**	41
Proceeds from issue of bonds	**10,000**	–
Dividends paid	**(18)**	–
Financial assets sold under agreements to repurchase, net	**(20,688)**	29,109
Payment of lease liabilities	**(299)**	(261)
Others	**(57)**	–
Net cash (outflow)/inflow from financing activities	**(10,982)**	28,889
Effects of exchange rate changes on cash and cash equivalents	**45**	–
Cash and cash equivalents at beginning of period	**11,765**	9,005
Cash and cash equivalents at end of period	**11,775**	12,949
Analysis of balances of cash and cash equivalents		
Cash at banks and in hand	**11,775**	12,949
Cash and cash equivalents at end of period	**11,775**	12,949

The notes attached form an integral part of the interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

1 BACKGROUND AND PRINCIPAL ACTIVITIES

New China Life Insurance Company Ltd. (the "Company") was established as a joint stock limited company in September 1996 in Beijing, the People's Republic of China (the "PRC") with the authorization of the State Council of the PRC (the "State Council") and the approval by the People's Bank of China. The Company's initial registered capital on the date of incorporation was Renminbi ("RMB") 500 million. The registered capital was increased to RMB1,200 million in December 2000 and further increased to RMB2,600 million in March 2011, with the approval of the former China Insurance Regulatory Commission (the "former CIRC"). In December 2011, the Company completed its initial public offering of 158,540,000 shares of A share in the Shanghai Stock Exchange and issued 358,420,000 shares of H share on the Hong Kong Stock Exchange. In January 2012, the Company exercised the right of H share overallotment in overseas markets and issued 2,586,600 shares of H shares of the overallotment shares. Upon the approval of the former CIRC, the Company's registered capital was increased to RMB3,120 million. The address of the Company's registered office is No.16 East Hunan Road (Zhongguancun Yanqing Park), Yanqing District, Beijing, the PRC. The Company is headquartered in Beijing.

The business scope of the Company is: life insurance in RMB and foreign currencies (including various life insurance, health insurance, and accident and casualty insurance); acting as an agent for domestic and foreign insurance institutions for insurance, verification and claim settlement; insurance consulting; and engaging in capital operations in accordance with relevant regulations. There has not been any major change of business scope of the Company during the reporting period.

As at 30 June 2020, the Company has equity interests in subsidiaries and consolidated structured entities as set out in Note 26. The Company, its subsidiaries and its consolidated structured entities are hereinafter collectively referred to as the "Group".

These interim condensed consolidated financial statements have been reviewed but not audited.

2 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board. The interim condensed consolidated financial information should be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The accounting policies applied are consistent with those of the consolidated annual financial statements for the year ended 31 December 2019, as described in those annual financial statements, except for the adoption of new accounting standards and amendments effective as at 1 January 2020.

All IFRSs that remain in effect which are relevant to the Group have been applied except for new accounting standards and amendments that are effective but temporary exemption is applied by the Group.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

2 BASIS OF PREPARATION (Continued)

(a) New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2020

Standards/Amendments	Content
IFRS 3 Amendments	*Definition of a Business*
IFRS 7, IFRS 9 and IAS 39 Amendments	*Interest Rate Benchmark Reform*
IAS 1 and IAS 8 Amendments	*Definition* of Material
IFRS 16 Amendments	*COVID-19-Related Rent Concessions (early adopted)*

IFRS 3 Amendments – Definition of a Business

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

IFRS 7, IFRS 9 and IAS 39 Amendments – Interest Rate Benchmark Reform

Amendments to IFRS 7, IFRS 9 and IAS 39 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

2 BASIS OF PREPARATION (Continued)

(a) New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2020 (Continued)

IAS 1 and IAS 8 Amendments – Definition of Material

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

IFRS 16 Amendments – COVID-19-Related Rent Concessions (early adopted)

In May 2020, the IASB issued the amendment to IFRS 16 Leases to provide an optional relief to lessees from applying IFRS 16's guidance on lease modification accounting for rent concessions arising as a direct consequence of COVID-19. The amendment does not apply to lessors. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met: (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The Group has early adopted the amendment on 1 January 2020. Because the Group was not provided with a significant amount of rent concessions arising as a direct consequence of COVID-19, the amendment did not have any significant impact on the Group's interim condensed consolidated financial statements.

(b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group

Standards/Amendments	Content
IFRS 9	*Financial Instruments*
IFRS 9 Amendments	*Prepayment Features with Negative Compensation*

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

2 BASIS OF PREPARATION (Continued)

(b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group (Continued)

IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, bringing together all phases of the financial instruments project to replace IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. According to the assessment performed by the Group, the Group reached the conclusion that its activities are predominantly connected with insurance. The Group has applied the temporary exemption from IFRS 9 and, therefore, continues to apply IAS 39 to its financial assets and liabilities in its reporting period starting on 1 January 2018. Based on the current assessment, the Group expects the adoption of IFRS 9 will have a material impact on the Group's interim condensed consolidated financial statements.

Classification and measurement

IFRS 9 requires that the Group classifies debt instruments based on the combined effect of application of a business model (hold to collect contractual cash flows, hold to collect contractual cash flow and sell financial assets or other business model) and contractual cash flow characteristics (sole payments of principal and interest on the principal amount outstanding or not). Debt instruments not giving rise to cash flows that are sole payments of principal and interest on the principal amount outstanding would be measured at fair value through profit or loss. Other debt instruments giving rise to cash flows that are sole payments of principal and interest on the principal amount outstanding would be measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"), based on their respective business models. The Group is in the process of analyzing the contractual cash flow characteristics of financial assets and assessing the application of the business model.

Equity instruments would generally be measured at fair value through profit or loss unless the Group elects to measure at FVOCI for certain equity investments not held for trading. This will result in unrealized gains and losses on equity instruments currently classified as available-for-sale securities being recorded in income going forward. Currently, these unrealized gains and losses are recognised in other comprehensive income ("OCI"). Should the Group elect to record equity investments at FVOCI, gains and losses would never be recognised in income except for the received dividends not representing a recovery of part of the investment cost.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

2 BASIS OF PREPARATION (Continued)

(b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group (Continued)

IFRS 9 – Financial Instruments (Continued)

Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group is in the process of developing and testing the key models required under IFRS 9 and analyzing the impact.

Hedge accounting

The Group does not apply the hedge accounting currently, so the new hedge accounting model under IFRS 9 has no impact on the Group's interim condensed consolidated financial statements.

The additional disclosures about the temporary exemption from IFRS 9

Amendments to IFRS 4 address issues arising from the different effective dates of IFRS 9 and IFRS 17. The amendments introduce two options for entities issuing contracts within the scope of IFRS 4 upon the adoption of IFRS 9, notably a temporary exemption and an overlay approach. The temporary exemption enables entities whose activities are predominantly connected with insurance to defer the implementation date of IFRS 9 until the earlier of the effective date of the new insurance contracts standard and annual reporting periods beginning on or after 1 January 2023. The overlay approach allows entities applying IFRS 9 from 2018 onwards to remove from profit or loss the effects arising from the adoption of IFRS 9 and reclassify the amounts to other comprehensive income for designated financial assets. An entity can apply the temporary exemption from IFRS 9 for annual periods beginning on or after 1 January 2018 or apply the overlay approach when it applies IFRS 9 for the first time.

The Group performed an assessment of the amendments, reached the conclusion that its activities are predominantly connected with insurance as at 31 December 2015, for the reasons that:

(i) the carrying amount of its liabilities arising from contracts within the scope of IFRS 4, which includes any deposit components or embedded derivatives unbundled from insurance contracts is significant compared to the total carrying amount of all its liabilities;

(ii) the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

2 BASIS OF PREPARATION (Continued)

(b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group (Continued)

IFRS 9 – Financial Instruments (Continued)

The additional disclosures about the temporary exemption from IFRS 9 (Continued)

Since 31 December 2015, there had been no significant change in the activities of the Group that requires reassessment. The Group has applied the temporary exemption from IFRS 9 and, therefore, continues to apply IAS 39 to its financial assets and liabilities since 1 January 2018.

The associates of the Group, China Jinmao Holdings Group Limited ("China Jinmao") and New China Capital International Management Limited ("New China Capital International") adopted Hong Kong Financial Reporting Standards 9 Financial Instruments or IFRS 9 Financial instruments for the financial year beginning on 1 January 2018. The Group elected not to make adjustments for the consistency with accounting policies when using the equity method.

The additional disclosures about the temporary exemption from IFRS 9 are as follows:

(i) *Fair value of financial assets*

The table below presents the fair value of the following groups of financial assets (Note) under IFRS 9 as at 30 June 2020 and 31 December 2019:

	Fair value as at 30 June 2020 Unaudited	Fair value as at 31 December 2019
Held for trading financial assets (A)	**31,224**	23,180
Financial assets that are managed and whose performance are evaluated on a fair value basis (B)	**–**	1,374
Non-Class-A and Non-Class-B financial assets		
– Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") (C)	**498,911**	455,930
– Financial assets with contractual terms that do not meet SPPI terms (D)	**232,501**	246,302
Total	**762,636**	726,786

Note: Only including financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets and loans and receivables. All other financial assets held by the Group are financial assets that meet SPPI terms.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

2 BASIS OF PREPARATION (Continued)

(b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group (Continued)

IFRS 9 – Financial Instruments (Continued)

The additional disclosures about the temporary exemption from IFRS 9 (Continued)

(i) Fair value of financial assets (Continued)

The table below presents the fair value changes for the six months ended 30 June 2020 and 2019:

	Fair value changes for the six months ended 30 June	
	2020 Unaudited	2019 Unaudited
Held for trading financial assets (A)	**718**	431
Financial assets that are managed and whose performance are evaluated on a fair value basis (B)	**(504)**	–
Non-Class-A and Non-Class-B financial assets		
– Financial assets with contractual terms that meet SPPI terms (C)	**6,276**	(107)
– Financial assets with contractual terms that do not meet SPPI terms (D)	**4,148**	6,978
Total	**10,638**	7,302

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

2 BASIS OF PREPARATION (Continued)

(b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group (Continued)

IFRS 9 – Financial Instruments (Continued)

The additional disclosures about the temporary exemption from IFRS 9 (Continued)

(ii) *Credit risk exposure*

For the financial assets that meet SPPI criterion classified as C, the credit rating of financial assets is assessed by qualified rating agencies in the PRC except for overseas bonds. The credit risk exposure is listed below:

Credit rating of financial assets that meet SPPI criterion	**Carrying amount as at 30 June 2020 Unaudited**	Carrying amount as at 31 December 2019
AAA	**474,428**	435,321
AA+	**4,506**	3,872
AA	**2,100**	2,100
Total	**481,034**	441,293

For the overseas bonds that meet SPPI criterion classified as C, Moody's credit rating is used, since there is no domestic rating. The credit risk exposure is listed below:

Credit rating of financial assets that meet SPPI criterion	**Carrying amount as at 30 June 2020 Unaudited**	Carrying amount as at 31 December 2019
Baa1	**24**	16
Baa2	**820**	763
Baa3	**106**	106
Total	**950**	885

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

2 BASIS OF PREPARATION (Continued)

(b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group (Continued)

IFRS 9 – Financial Instruments (Continued)

The additional disclosures about the temporary exemption from IFRS 9 (Continued)

(ii) Credit risk exposure (Continued)

	As at 30 June 2020 (Unaudited)	
	Carrying amount	**Fair value**
Financial assets that do not have low credit risk (Note)	**6,606**	**6,606**

	As at 31 December 2019	
	Carrying amount	Fair value
Financial assets that do not have low credit risk (Note)	5,972	5,989

Note: Financial assets that do not have low credit risk refer to financial assets with either credit rating below AAA or Moody's credit rating below Baa3.

IFRS 9 Amendments – Prepayment Features with Negative Compensation

Amendments to IFRS 9 allow financial assets with prepayment features that permit or require either the borrower or the lender to pay or receive reasonable compensation for the early termination of a contract to be measured at amortised cost or at fair value through other comprehensive income, rather than at fair value through profit of loss. The amendments clarify that a financial asset passes the "solely payments of principal and interest on the principal amount outstanding" criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for that early termination. The amendments do not apply to the Group as the Group does not have any debt instruments with prepayment features along with compensation for early termination. In addition, as clarified in the amendments to the basis for conclusions on IFRS 9, the gain or loss arising on modification of a financial liability that does not result in derecognition (calculated by discounting the change in contractual cash flows at the original effective rate) is immediately recognised in profit or loss. IFRS 9 Amendments are effective for the annual periods beginning on or after 1 January 2019. According to the assessment performed by the Group, the Group reached the conclusion that its activities are predominantly connected with insurance. The Group has applied the temporary exemption from IFRS 9 and, therefore, continues to apply IAS 39 to its financial assets and liabilities in its reporting period starting on 1 January 2018.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

2 BASIS OF PREPARATION (Continued)

(c) New accounting standards and amendments issued but are not effective for the financial year beginning on 1 January 2020

Standards/Amendments	Content	Effective for annual periods beginning on or after
IAS 16 Amendments	*Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
IAS 37 Amendments	*Onerous Contracts – Costs of Fulfilling a Contract*	1 January 2022
Annual Improvements *2018-2020 Cycle*	*Amendments to IFRS 1, IFRS 9, IAS 41 and Illustrative Examples accompanying IFRS 16*	1 January 2022
IAS 1 Amendments	*Classification of Liabilities as Current or Non-current*	1 January 2023
IFRS 17	*Insurance Contracts*	1 January 2023/Note 1
IFRS 10 and IAS 28 Amendments	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Note 2

Note 1: In June 2020, the IASB issued the amendments to IFRS 17 which include a deferral of the effective date of IFRS 17 to annual reporting periods beginning on or after 1 January 2023. Insurers qualifying for the deferral of IFRS 9 can apply both IFRS 17 and IFRS 9 for the first time to annual reporting periods beginning on or after 1 January 2023.

Note 2: In December 2015, the IASB postponed the effective date of this amendment pending the outcome of its research on the equity method of accounting.

Except for IFRS16 Amendments, the Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments, estimates and assumptions made by the Group during the preparation of the interim condensed consolidated financial information would affect the reported amounts and disclosures of assets and liabilities, and the disclosure of contingent liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including reasonable expectation and judgment of future events based on objective circumstantial evidences. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Significant judgments

(1) Unbundling and classification of hybrid contracts

The Group makes significant judgments on whether a written policy contains both an insurance component and a deposit component and whether the insurance component and deposit component are distinct and separately measurable. The result of such judgment affects the unbundling of insurance contracts.

In addition, the Group makes significant judgments on whether the contract transfers insurance risk, whether transfer of insurance risk has commercial substance, and whether the transferred insurance risk is significant when performing significant insurance risk tests. The result of such judgment affects the classification of insurance contracts. Whether to unbundle a contract and different contract classifications would affect the accounting treatment and the Group's financial position and operating results.

(2) Testing the significance of insurance risk

When determining whether the contracts (or policies) transfer significant insurance risk, the Group considers: (I) annuity contracts that transfer longevity risk are treated as insurance contracts; (ii) for non-annuity contracts, if the insurance risk ratio is greater than or equal to 5% at certain points of time during the duration of the contracts, they are treated as insurance contracts; the insurance risk ratio is the percentage of the benefits to be paid when the insured event occurs divided by the amounts to be paid when the insured event does not occur minus 100%.

When determining whether reinsurance policies transfer significant insurance risk, the Group considers thoroughly the commercial substance and other relevant contracts and agreements, and if the insurance risk ratio of reinsurance policies is greater than 1%, they are treated as reinsurance contracts. The insurance risk ratio of reinsurance policies is obtained by comparing the present value of the probability-weighted expected loss with the present value of expected reinsurance premiums. If the reinsurance policies obviously transfer significant insurance risk, the Group directly recognises them as reinsurance contracts.

For the purpose of testing the significance of insurance risk, contracts of a similar nature are grouped together. Through considering the risk distribution and characteristics, the Group selects sufficient representative samples to test the significance of insurance risk. If most samples transfer significant insurance risk, all contracts in the group are treated as insurance contracts.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Significant judgments (Continued)

(3) Property lease classification – Group as lessor

The Group has entered into commercial property leases on part of its properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

(4) Determination of control over investee

The Group applies its judgement to determine whether the control indicators indicate that the Group controls structured entities such as trust products and asset management products.

The Group issues certain structured entities (e.g. asset management products), and acts as a manager for such entities according to the contracts. In addition, the Group may be exposed to variability of returns as a result of holding shares of the structured entities. Determining whether the Group controls such structured entities usually focuses on the assessment of the aggregate economic interests of the Group in the entities (including any carried interests and expected management fees) and the decision-making rights on the entity. As at 30 June 2020, the Group has consolidated certain asset management products issued and managed by the Company's subsidiary, New China Asset Management Co., Ltd. ("Asset Management Company"), certain trust products issued and managed by third parties in the condensed consolidated financial statements. Please refer to Note 26 for the details.

Estimation uncertainty

(1) Estimate of future benefit payments and premiums arising from long-term insurance contracts

The determination of liabilities under long-term insurance contracts is based on estimates of future benefit payments, premiums and relevant expenses made by the Group, and the risk margins. Assumptions about mortality rates, morbidity rates, lapse rates, discount rates, policy dividends and expenses are made based on the most recent historical analysis and current and future economic conditions. The liability uncertainty arising from uncertain future benefits payments, premiums and relevant expenses is reflected in the risk margin.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Estimation uncertainty (Continued)

(1) Estimate of future benefit payments and premiums arising from long-term insurance contracts (Continued)

The residual margin relating to the long-term insurance contracts is amortized over the expected life of the contracts, based on the assumptions (mortality rates, morbidity rates, lapse rates, discount rates, policy dividend and expenses assumptions) that are determined at inception of the contracts and remain unchanged for the duration of the contracts.

The judgments exercised in the valuation of insurance contract liabilities (including contracts with discretionary participating feature ("DPF")) affect the amounts recognised in the interim condensed consolidated financial information as insurance contract benefits and insurance contract liabilities. The impacts of the various assumptions are described in Note 9.

(2) Fair value of financial assets

The Group's principal investments are debt financial assets, equity financial assets and term deposits. The significant judgments and estimates are those associated with the determination of fair value.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal (or most advantageous) market at the measurement date under current market conditions. The methods and assumptions used by the Group in estimating the fair value of financial assets and liabilities are:

- Debt financial assets: Fair values are generally based on quoted market bid prices. If quoted market bid prices are not available, fair values are estimated using either prices observed in latest transactions or from current bid prices of comparable investments, or through valuation techniques when there is no active market. The fair value of the Group's debt financial assets is based on the closing price of the last trading day of the period released by the Securities Exchange and national inter-bank bond market or the price released by China Central Depository & Clearing Co., Ltd.

- Equity financial assets: Fair values are generally based on quoted market bid prices. If quoted market bid prices are not available, fair values are estimated using an appropriate price earnings ratio, or a modified price or cash flow ratio reflecting the specific circumstances of the issuer. The fair value of the Group's equity financial assets is based on the closing price of the last trading day of the period released by the Securities Exchange and funding companies or the net asset value of the last trading day of the period.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Estimation uncertainty (Continued)

(2) Fair value of financial assets (Continued)

- Term deposits, statutory deposits, financial assets purchased under agreements to resell, financial assets sold under agreements to repurchase, policy loans, etc.: Fair values approximate to their carrying amounts.
- Other financial assets: The fair values of other financial assets, including investment clearing account and litigation deposit, approximate to their carrying amounts.

(3) Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale and recognises movements of their fair values in equity. When the fair value declines, management makes judgements about the decline in value to determine whether there is an impairment that should be recognised in profit or loss.

(4) Deferred income tax assets

Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. Significant judgment is required to estimate the amount and timing of future taxable profit so as to determine, together with the tax planning strategies, the amount of deferred income tax assets to be recognised.

(5) Contingencies and provisions

In the ordinary course of business, the Group may be involved in some contingencies including lawsuits and disputes. The adverse effects of the contingencies mainly include claims from insurance policies and other operations, including but not limited to the following: Former Chairman Mr. GUAN Guoliang Irregularities as described in Note 3(7) below; and pending lawsuits and disputes (Note 13). Provisions have been made on those claims when losses are probable and can be reasonably estimated taking into consideration legal advice. No provision has been made for events whose outcome cannot be reasonably estimated or contingencies that are unlikely to happen. Because contingency events develop over time, provisions recognised currently may be significantly different from final settlement amounts actually paid.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Estimation uncertainty (Continued)

(6) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(7) Former Chairman Mr. GUAN Guoliang Irregularities

The former chairman Mr. GUAN Guoliang of the Company, who served as the Chairman from 1998 to 2006 (the "Former Chairman Mr. GUAN Guoliang"), was allegedly involved in the misuse of insurance funds and other violations of regulations (the "Former Chairman Mr. GUAN Guoliang Irregularities") and was sentenced by the Court for these irregularities. The Company is proactively engaged in the recovery actions in connection with these irregularities. This financial information is prepared based on the information available to and the best estimates made by the Company as well as the following important assumptions, developments and judgments.

The Former Chairman, Mr. GUAN Guoliang, without proper authorization, pledged the Company's bonds and conducted repurchase transactions ("Off-balance Sheet Repurchase Transactions"). Funds were misappropriated through bank accounts which were not reflected in the Company's financial records (the "Off-balance Sheet Accounts") and used for unauthorized lending. The Company was informed of these Off-balance Sheet Repurchase Transactions after the regulator's investigation. In addition, the Company paid in aggregate RMB2,910 million to settle these transactions as they became due.

In 2007, the Company received funds of RMB1,455 million from the Insurance Security Fund. According to the Insurance Security Fund, certain former shareholders of the Company transferred their equity interests in the Company to the Insurance Security Fund. The relevant amounts relating to these share transfers were paid to the Company to partially settle the amounts owed to the Company. In addition, in March 2011, the Company received approximately RMB354 million from New Industry Investment Co., Ltd. ("New Industry"). The Company considered that the receipt was received as part of the settlement of Off-balance Sheet Repurchase Transactions.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Estimation uncertainty (Continued)

(7) Former Chairman Mr. GUAN Guoliang Irregularities (Continued)

In 2015, the Company received RMB170 million plus additional interest accrued during the settlement period from New Industry. The amount was related to the 170 million shares of China Minzu Securities Co., Ltd. which were entrusted by New Industry in 2001 and 2002. According to the information available to the Company, the Company believed that the amounts received from New Industry should form part of the receivables of the Former Chairman Mr. GUAN Guoliang Irregularities.

To settle fund transactions and clarify the debtor-creditor relationship between the Company and Beijing Tianhuan Real Estate Development Co., Ltd. ("Tianhuan Real Estate") during the term of office of Former Chairman Mr. GUAN Guoliang, the Company filed a lawsuit with Chongqing Municipal Higher People's Court against Tianhuan Real Estate and New China Trust Co., Ltd. ("New China Trust") on 18 March 2013. On 25 December 2013, Chongqing Municipal Higher People's Court ruled that Tianhuan Real Estate should repay the principal of RMB575 million and related interest to the Company while New China Trust was not held responsible. Tianhuan Real Estate refused to accept the first-instance ruling and has appealed to the Supreme People's Court.

On 13 May 2014, the Supreme People's Court rejected Tianhuan Real Estate's appeal and upheld the verdict. On 8 July 2014, Chongqing Municipal Higher People's Court issued final order to Tianhuan Real Estate for payment. On 24 November 2015, Beijing No.2 Intermediate People's Court deducted RMB16 million attributable to Tianhuan Real Estate from the bankruptcy of Shenzhen Huirun Co., Ltd. ("Shenzhen Huirun") and issued a plan. On 25 May 2016, the Company received RMB16 million. On 7 August 2018, Beijing No.2 Intermediate People's Court deducted RMB42 million attributable to Tianhuan Real Estate from the bankruptcy of Shenzhen Huirun and issued a plan. According to the plan, the Company should receive RMB41 million. On 21 August 2018, the Company received RMB41 million.

The Company does not have complete information regarding these Off-balance Sheet Repurchase Transactions or cash flows to or from those Off-balance Sheet Accounts. The Company is not able to assess the nature of these transactions, or clearly identify receivable or payable balances between the Company and those aforementioned former shareholders. The Company recorded funds received and paid described above as a net amount of RMB874 million as receivable from Off-balance Sheet Repurchase Transactions under "Other Assets". The Company has been in the process of recovering the abovementioned amounts through legal actions. The Company's management anticipated that there has been significant uncertainty in recovering the balance and a provision of RMB874 million was made as at 30 June 2020 (as at 31 December 2019: RMB874 million).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Estimation uncertainty (Continued)

(8) Taxation

The Group pays value added tax, corporate income tax and related surcharges in various localities. Due to the uncertainty of final tax treatment for various transactions during the normal course of business, the Group needs to exercise significant judgment when determining tax expenses. The Group recognises tax liabilities based on estimates of whether there will be additional tax payments resulting from tax inspection. If there is any difference between the final result and previously recorded amounts, the difference will impact current tax and deferred tax.

4 CHANGE OF SIGNIFICANT ACCOUNTING ESTIMATES

Insurance contract liabilities are calculated using various actuarial assumptions, including assumptions on the discount rates, mortality rates, morbidity rates, expenses assumption, policy dividend and lapse rates. These assumptions are determined by the Group on the basis of information obtained at the end of the reporting period. The Group resets these assumptions, when necessary, based on current information available at the end of the reporting period. Variations of related insurance contract reserves due to changes in these assumptions are recognised in the condensed consolidated statement of comprehensive income. The abovementioned changes in accounting estimates resulted in an increase in long-term insurance contract liabilities by RMB2,481 million as at 30 June 2020, and a decrease in profit before income tax by RMB2,481 million for the six months ended 30 June 2020.

The above change in accounting estimates has been approved by the Board of Directors of the Company on 25 August 2020.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT

The interim condensed consolidated financial information does not include all risk management information and disclosures required in the consolidated annual financial statements; they should be read in conjunction with the Group's consolidated annual financial statements for the year ended 31 December 2019. There have been no changes in the Group's risk management process or in relevant risk management policies since 31 December 2019.

(1) Insurance risk

(a) Types of insurance risk

The risk under any one insurance contract is the possibility that an insured event occurs and there is uncertainty about the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This occurs when the frequency or severity of claims and benefits exceeds the estimates. Insured events are random, and the actual number of claims and the amount of benefits paid will vary each year from estimates established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the more dispersive the risk will be, and the smaller the relative variability about the expected outcome will be. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of policies to reduce the variability of the expected outcome.

The Group offers long-term life insurance, critical illness insurance, annuity, accident and short-term health insurance products. Social and economic development, widespread changes in lifestyle, epidemics and medical technology development could have significant influence on the Group's insurance business. Insurance risk is also affected by policyholders' rights to terminate the contract, reduce premiums, refuse to pay premiums or exercise annuity conversion rights, etc. Thus, insurance risk is also subject to policyholders' behaviors and decisions.

The Group manages insurance risks through underwriting strategy, reinsurance agreements and claim management. The Group's reinsurance agreements include ceding on quota share basis, surplus basis or catastrophe excess of loss. The reinsurance agreements cover most of the products with risk responsibilities. These reinsurance agreements spread insured risk and stabilize financial results of the Group. However, the Group's responsibilities for direct insurance to policyholders are not relieved because of credit risk associated with the failure of reinsurance companies to fulfil their responsibilities.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (Continued)

(1) Insurance risk (Continued)

(b) Concentration of insurance risk

Currently, the Group's businesses are all in the PRC and insurance risk at each area has insignificant differences.

(2) Financial risk

The Group's key financial risk is that proceeds from the sale of financial assets will not be sufficient to fund obligations arising from the Group's insurance and investment contracts. The most important components of financial risk are market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. Risk management department, investment management department, accounting department and actuarial department are in close cooperation to identify, evaluate and avoid financial risks.

The Group manages financial risk by holding an appropriately diversified investment portfolio as permitted by laws and regulations designed to reduce the risk of concentration in any specific industry or issuer. The structure of the main investment portfolio held by the Group is disclosed in Note 8.

(a) Market risk

(I) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's financial assets impacted greatly by interest rate risk are principally comprised of term deposits and debt financial assets. Changes in the level of interest rates can have a significant impact on the Group's overall investment return. Many of the Group's insurance policies offer guaranteed returns to policyholders. These guarantees expose the Group to interest rate risk. The Group tests and manages interest rate risk through adjustments to portfolio asset allocation, and, to the extent possible, by monitoring the mean duration of its assets and liabilities.

(ii) Price risk

Price risk arises mainly from the price volatility of equity financial assets held by the Group. Prices of equity financial assets are determined by market forces. Most of the equity financial assets of the Group are in Chinese capital markets. The Group is subject to increased price risk largely because the PRC's stock markets are relatively volatile.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (Continued)

(2) Financial risk (Continued)

(a) Market risk (Continued)

(ii) Price risk (Continued)

The Group manages price risk by holding an appropriately diversified investment portfolio as permitted by laws and regulations designed to reduce the risk of concentration in any specific industry or issuer.

(iii) Currency risk

Currency risk arises from the volatility of fair values or future cash flows of financial instruments resulting from changes in foreign currency exchange rates. The Group's currency risk exposure mainly arises from cash and cash equivalents, debt investments and equity investments denominated in currencies other than the functional ones, such as the United States dollar or the Hong Kong dollar, or European dollar.

(b) Credit risk

Credit risk is the risk that one party in a financial transaction or the issuer of a financial instrument will fail to discharge an obligation and cause another party to incur a financial loss. In terms of investment vehicles, a significant portion of the portfolio of the Group is government bonds, government agency bonds, corporate bonds guaranteed by state-owned commercial banks and large industrial groups and bank deposits with state-owned or other national commercial banks, trust products, bank wealth investments products, asset management products and debt investment plans. In term of credit risk, the Group mainly uses credit concentration as a monitoring measure in order to ensure that the whole credit risk exposure is manageable.

In response to counterparties' credit risk, the Group mainly took the following measures: (1) Internal rating system was strictly implemented, and credit investment varieties were strictly controlled. (2) Accounting classification of investment varieties was clearly defined in the investment guidelines and assets with high credit risk were prevented from being classified as held-to-maturity. (3) The bond market value was monitored, and the possible credit defaults were analyzed and evaluated in order to enhance the predictability. In terms of counterparties, the majority of the Group's counterparties are state policy-related banks, state-owned banks, other national commercial banks or stated-owned asset management companies. Therefore, the Group's overall exposure to credit risk is relatively low.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (Continued)

(2) Financial risk (Continued)

(b) Credit risk (Continued)

Credit risk exposure

The carrying amount of financial assets on the Group's interim condensed consolidated statement of financial position represents the maximum credit exposure without taking into account any collateral held or other credit enhancements attached.

Collateral and other credit enhancements

Financial assets purchased under agreements to resell are pledged by counterparts' debt financial assets of which the Group could take the ownership should the owner of the collateral defaults. Policy loans are pledged by their policies' cash value as collateral according to the terms and conditions of policy loan contracts and policy contracts signed between the Group and policyholders. The majority of debt investment plans, asset management products and trust products are guaranteed by third parties or use the budgeted financial income of the central government as the source of funding for repayment.

Credit quality

The Group's debt financial assets include government bonds, central bank bills, financial bonds issued by state policy-related banks, financial institution bonds, corporate bonds, subordinated bonds, trust products, bank wealth investments products, asset management products and debt investment plans. The credit rating of debt financial assets is assessed by qualified rating agencies in the PRC at the time of their issuance. Most of the Group's bank deposits are with the four largest state-owned commercial banks and other national commercial banks in the PRC. The majority of the Group's reinsurance agreements are with state-owned reinsurance companies or large international reinsurance companies. The Group believes these commercial banks and reinsurance companies have high credit quality. The trustees of trust products or the asset managers of bank wealth investments products, asset management products and debt investment plans are well-known trust companies, asset management companies and large joint-stock commercial banks in the PRC.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not have access to sufficient funds to meet its liabilities as they become due. In the normal course of business, the Group attempts to match investment assets to insurance liabilities through asset-liability management to reduce liquidity risk (Note 5(2)(e)).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (Continued)

(2) Financial risk (Continued)

(d) Disclosures about interest in unconsolidated structured entities

The Group's interests in the unconsolidated structured entities are recorded as financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables. These structured entities typically raise funds by issuing securities or other beneficiary certificates. The purpose of these structured entities is primarily to generate management service fees or provide finance to public and private infrastructure construction. Refer to Note 3 Significant judgments (4) for the determined factors of control over investee of the Group.

These structured entities that the Group has interests in either guaranteed by third parties with higher credit ratings, by pledging, by the revenue within the finance budget as the payment source or dealing with the borrowers which with higher credit ratings.

The Group has not provided any guarantee or financing support for the structured entities that the Group has interests in or sponsored.

The Group believes that the maximum risk exposure approximates the carrying amount of interest in these unconsolidated structured entities.

The unconsolidated structured entities that the Group sponsored but had no interest were mainly funds, special asset management plans, pension products and annuity products, etc.. The unconsolidated structured entities were sponsored by the Group for collecting management service fees, which were recorded as other income. The Group has not transferred any assets to these structured entities.

(e) Matching risk of assets and liabilities

The Group uses asset-liability management techniques to manage assets and liabilities. The techniques used include scenario analysis method, cash flow matching method and immunity method. The Group uses the above techniques, through multi-angles, to understand the existing risk and the complex relationship, considering the timing and amount of future cash outflow and attributes of liabilities, to comprehensively and dynamically manage the Group's assets and liabilities and its solvency. The Group takes measures to enhance its solvency, including capital contribution by shareholders, issuing capital supplementary bonds, arranging reinsurance, improving the performance of branches, optimizing business structure, and establishing a competitive cost structure.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (Continued)

(3) Capital management

The Company's objectives for managing capital, which is actual capital calculated as the difference between admitted assets and admitted liabilities as defined by the China Bank Insurance Regulatory Commission (the "CBIRC"), are to comply with the insurance capital requirements of the CBIRC to meet the minimum capital and safeguard the Company's ability to continue as a going concern from current and future capital management so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital requirements by assessing shortfalls, if any, between actual capital and minimum capital on a regular basis. The Company continuously and proactively monitors the business structure, and the asset quality and allocation so as to enhance the profitability in relation to solvency margin.

The table below summarises the core solvency margin ratio, comprehensive solvency margin ratio, core capital, actual capital and minimum capital of the Company:

	As at 30 June 2020 Unaudited	As at 31 December 2019
Core capital	**272,078**	261,164
Actual capital	**282,078**	261,164
Minimum capital	**100,107**	92,077
Core solvency margin ratio	**271.79%**	283.64%
Comprehensive solvency margin ratio	**281.78%**	283.64%

According to the results of the solvency ratios mentioned above, and the unquantifiable evaluation results of operational risk, strategic risk, reputational risk and liquidity risk, the CBIRC evaluates the comprehensive solvency of insurance companies and supervises insurance companies in four categories:

(I) Category A: solvency ratios meet the requirements, and the operational risk, strategic risk, reputational risk and liquidity risk are low;

(ii) Category B: solvency ratios meet the requirements, and the operational risk, strategic risk, reputational risk and liquidity risk are relatively low;

(iii) Category C: solvency ratios do not meet the requirements or solvency ratios meet the requirements but one or several risks in operation, strategy, reputation and liquidity are high;

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (Continued)

(3) Capital management (Continued)

(iv) Category D: solvency ratios do not meet the requirements or solvency ratios meet the requirements but one or several risks in operation, strategy, reputation and liquidity are severe.

According to CBIRC C-ROSS Supervision Information System, the comprehensive risk assessment result of the Company in the first quarter of 2020 is A.

(4) Fair value hierarchy

Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. When an active market exists, such as an authorized securities exchange, the market value is the best reflection of the fair values of financial instruments. For financial instruments where there is no active market, fair value is determined using valuation techniques.

The Group's financial assets mainly include cash and cash equivalents, financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments, loans and receivables, term deposits, statutory deposits, policy loans and financial assets purchased under agreements to resell.

The Group's financial liabilities mainly include financial assets sold under agreements to repurchase, borrowings, investment contracts and lease liabilities.

Level 1 fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can obtain at the measurement date.

Level 2 fair value is based on valuation techniques using significant inputs, other than Level 1 quoted prices, that are observable for the asset being measured, either directly or indirectly, for substantially the full term of the assets through corroboration with observable market data. Observable inputs generally used to measure the fair value of financial assets classified as Level 2 include quoted market prices for similar assets in active markets; quoted market prices in markets that are not active for identical or similar assets and other market observable inputs. This level includes the debt financial assets for which quotations are available from pricing service providers. Fair values provided by pricing service providers are subject to a number of validation procedures by management. These procedures include a review of the valuation models utilized and the results of these models, as well as the recalculation of prices obtained from pricing service providers at the end of each reporting period.

Under certain conditions, the Group may not receive any price from independent third-party pricing service providers. In this instance, the Group may choose to apply internally developed values to the assets being measured. In such cases, the valuations are generally classified as Level 3. Key inputs involved in internal valuation are not based on observable market data, and reflect assumptions made by management based on judgments and experience.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (Continued)

(4) Fair value hierarchy (Continued)

Level 3 fair value is based on the Group's valuation models, such as discounted cash flows. The Group also considers the original transaction price, recent transactions of the same or similar instruments and completed third-party transactions in comparable instruments. It adjusts the model as deemed necessary for factors such as extension, early redemption, liquidity, default risk and changes in market, economic or company specific conditions.

As at 30 June 2020, financial assets measured at fair value and classified as level 3 in the fair value hierarchy are valued using unobservable significant inputs, such as discount rate, but the fair value is not significantly sensitive to the reasonable changes of the unobservable significant inputs.

	Fair value	Valuation technique	Significant unobservable inputs	Range	Relationship between unobservable inputs and fair value
Equity financial assets					
Available-for-sale – Preferred stock	3,727	Discounted cash flow method	Discount rate	4.5% – 5.5%	The higher the discount rate, the lower the fair value.
Debt financial assets					
Available-for-sale – Trust products	94,301	Discounted cash flow method	Discount rate	4.81% – 10%	The higher the discount rate, the lower the fair value.
Available-for-sale – Wealth investment products	31,548	Discounted cash flow method	Discount rate	2.8% – 5.4%	The higher the discount rate, the lower the fair value.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (CONTINUED)

(4) Fair value hierarchy (Continued)

(a) Assets and liabilities measured at fair value

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities measured at fair value as at 30 June 2020 and 31 December 2019:

	Inputs to fair value measurement			
As at 30 June 2020 (Unaudited)	**Quoted prices in active markets Level 1**	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**	**Total**
Assets				
Available-for-sale financial assets				
– Equity financial assets	**96,247**	**30,296**	**3,756**	**130,299**
– Debt financial assets	**2,337**	**105,857**	**125,894**	**234,088**
Financial assets at fair value through profit or loss				
Held for trading				
– Equity financial assets	**9,037**	**15,021**	**–**	**24,058**
– Debt financial assets	**1,256**	**5,910**	**–**	**7,166**
Total	**108,877**	**157,084**	**129,650**	**395,611**
Liabilities				
Financial liabilities at fair value through profit or loss	**–**	**441**	**–**	**441**
Unit-linked contracts	**–**	**154**	**–**	**154**
Total	**–**	**595**	**–**	**595**

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (CONTINUED)

(4) Fair value hierarchy (Continued)

(a) Assets and liabilities measured at fair value (Continued)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities measured at fair value as at 30 June 2020 and 31 December 2019 (Continued):

	Inputs to fair value measurement			
As at 31 December 2019	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
Assets				
Available-for-sale financial assets				
– Equity financial assets	90,684	17,505	5,852	114,041
– Debt financial assets	639	100,749	138,543	239,931
Financial assets at fair value through profit or loss				
Held for trading				
– Equity financial assets	6,771	6,447	–	13,218
– Debt financial assets	2,240	7,722	–	9,962
Designated as at fair value through profit or loss				
– Equity financial assets	–	–	1,374	1,374
Total	100,334	132,423	145,769	378,526
Liabilities				
Financial liabilities at fair value through profit or loss	–	501	–	501
Unit-linked contracts	–	152	–	152
Total	–	653	–	653

The Group recognised the transfers between each level at the time when transfers occurred.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (CONTINUED)

(4) Fair value hierarchy (Continued)

(a) Assets and liabilities measured at fair value (Continued)

The following table presents the transfers between Level 1 and Level 2 for the six months ended 30 June 2020 and 2019:

For the six months ended 30 June 2020 (Unaudited)	**Level 1**	**Level 2**
Available-for-sale financial assets		
Debt financial assets		
– Transfer in	**9**	**381**
– Transfer out	**(381)**	**(9)**
Financial assets at fair value through profit or loss		
Held for trading		
Debt financial assets		
– Transfer in	**–**	**306**
– Transfer out	**(306)**	**–**

For the six months ended 30 June 2019 (Unaudited)	Level 1	Level 2
Available-for-sale financial assets		
Equity financial assets		
– Transfer in	276	–
– Transfer out	–	(276)
Debt financial assets		
– Transfer in	323	686
– Transfer out	(686)	(323)
Financial assets at fair value through profit or loss		
Held for trading		
Debt financial assets		
– Transfer in	–	937
– Transfer out	(937)	–

The above transfers are mainly caused by changes of market conditions that affect whether the Group could obtain quoted prices (unadjusted) in active markets.

There were no transfers into or out of Level 3 for the six months ended 30 June 2020 and 2019.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (CONTINUED)

(4) Fair value hierarchy (Continued)

(a) Assets and liabilities measured at fair value (Continued)

The changes in Level 3 financial assets are analyzed below:

	Available-for-sale			At fair value through profit or loss	
	Equity financial assets	Debt financial assets	Subtotal	Designated as at fair value through profit or loss	Total
1 January 2019	616	130,580	131,196	–	131,196
Purchase	7	12,251	12,258	–	12,258
Maturity	(116)	(12,163)	(12,279)	–	(12,279)
30 June 2019 (Unaudited)	507	130,668	131,175	–	131,175
1 January 2020	**5,852**	**138,543**	**144,395**	**1,374**	**145,769**
Purchase	**2**	**27,548**	**27,550**	**–**	**27,550**
Recognised in profit or loss	**–**	**–**	**–**	**(504)**	**(504)**
Recognised in other comprehensive income	**(4)**	**–**	**(4)**	**–**	**(4)**
Disposals/(exercise the option)	**(2,094)**	**–**	**(2,094)**	**(870)**	**(2,964)**
Maturity	**–**	**(40,197)**	**(40,197)**	**–**	**(40,197)**
30 June 2020 (Unaudited)	**3,756**	**125,894**	**129,650**	**–**	**129,650**

The assets and liabilities whose fair value measurements are classified under Level 3 above do not have material impact on the profit or loss of the Group.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (CONTINUED)

(4) Fair value hierarchy (Continued)

(b) Assets and liabilities for which fair values are disclosed

The Group's financial assets and liabilities disclosed but not measured at fair value include term deposits, statutory deposits, policy loans, cash and cash equivalents, financial assets purchased under agreements to resell, held-to-maturity investments, loans and receivables, financial assets sold under agreements to repurchase, lease liabilities and borrowings.

The carrying amounts of financial assets and liabilities not measured at fair value approximate to their fair values, except for held-to-maturity investments, loans and receivables and borrowings, which are all categorized in Level 3.

The following tables provide the Group's assets and liabilities not measured at fair value as at 30 June 2020 and 31 December 2019:

	As at 30 June 2020 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Held-to-maturity	**23,298**	**262,608**	**–**	**285,906**
Loans and receivables	**–**	**–**	**39,265**	**39,265**
Total	**23,298**	**262,608**	**39,265**	**325,171**
Liabilities				
Borrowings	**–**	**(9,729)**	**–**	**(9,729)**
Total	**–**	**(9,729)**	**–**	**(9,729)**

	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets				
Held-to-maturity	20,577	240,013	–	260,590
Loans and receivables	–	–	49,434	49,434
Investment properties	–	–	11,525	11,525
Total	20,577	240,013	60,959	321,549

The Group has not disclosed fair values for certain investment contract liabilities with DPF because fair values or fair value ranges for the DPF cannot be reliably estimated. There is no active market for these instruments which will be settled with policyholders in the normal course of business.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

6 SEGMENT INFORMATION

The Group's operating segments for the six months ended 30 June 2020 are the same with the segments of the Group for the six months ended 30 June 2019 and the year ended 31 December 2019.

	For the six months ended 30 June 2020 (Unaudited)				
	Insurance		Others	Elimination	Total
	Individual	Group			
Revenues					
Gross written premiums and policy fees	95,097	1,806	–	–	96,903
Less: premiums ceded out	(1,399)	(79)	–	–	(1,478)
Net written premiums and policy fees	93,698	1,727	–	–	95,425
Net change in unearned premiums liabilities	(143)	(476)	–	–	(619)
Net premiums earned and policy fees	93,555	1,251	–	–	94,806
Investment income	20,361	196	194	–	20,751
Other income	312	7	523	(323)	519
Including: inter-segment transaction	10	–	313	(323)	–
Total revenues	114,228	1,454	717	(323)	116,076
Benefits, claims and expenses					
Insurance benefits and claims					
Claims and net change in outstanding claims liabilities	(632)	(657)	–	–	(1,289)
Life insurance death and other benefits	(33,500)	(180)	–	–	(33,680)
Increase in long-term insurance contract liabilities	(54,828)	4	–	–	(54,824)
Policyholder dividends resulting from participation in profits	(190)	–	–	–	(190)
Investment contract benefits	(966)	(22)	–	–	(988)
Commission and brokerage expenses	(9,319)	(298)	–	–	(9,617)
Administrative expenses	(4,630)	(608)	(402)	320	(5,320)
Including: inter-segment transaction	(276)	(34)	(10)	320	–
Other expenses	(191)	(4)	(204)	3	(396)
Including: inter-segment transaction	(3)	–	–	3	–
Total benefits, claims and expenses	(104,256)	(1,765)	(606)	323	(106,304)
Share of profits and losses of associates and joint ventures	274	3	(24)	–	253
Finance costs	(754)	(17)	–	–	(771)
Net profit before income tax	9,492	(325)	87	–	9,254
Other segment information:					
Depreciation and amortization	(670)	(81)	(56)	–	(807)
Interest income	16,032	164	120	–	16,316
Impairment	(2,338)	(41)	–	–	(2,379)
Share of profits and losses of associates and joint ventures	274	3	(24)	–	253
Capital expenditure	–	–	1,005	–	1,005

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

6 SEGMENT INFORMATION (CONTINUED)

	For the six months ended 30 June 2019 (Unaudited)				
	Insurance		Others	Elimination	Total
	Individual	Group			
Revenues					
Gross written premiums and policy fees	72,313	1,702	–	–	74,015
Less: premiums ceded out	(1,234)	(14)	–	–	(1,248)
Net written premiums and policy fees	71,079	1,688	–	–	72,767
Net change in unearned premiums liabilities	(200)	(508)	–	–	(708)
Net premiums earned and policy fees	70,879	1,180	–	–	72,059
Investment income	16,219	176	322	(33)	16,684
Including: inter-segment transaction	33	–	–	(33)	–
Other income	187	5	438	(281)	349
Including: inter-segment transaction	12	1	268	(281)	–
Total revenues	87,285	1,361	760	(314)	89,092
Benefits, claims and expenses					
Insurance benefits and claims					
Claims and net change in outstanding claims liabilities	(737)	(691)	–	–	(1,428)
Life insurance death and other benefits	(39,548)	(75)	–	–	(39,623)
Increase in long-term insurance contract liabilities	(22,344)	(30)	–	–	(22,374)
Policyholder dividends resulting from participation in profits	(19)	–	–	–	(19)
Investment contract benefits	(793)	(20)	–	–	(813)
Commission and brokerage expenses	(8,656)	(287)	–	–	(8,943)
Administrative expenses	(4,641)	(785)	(355)	269	(5,512)
Including: inter-segment transaction	(226)	(36)	(7)	269	–
Other expenses	(129)	(3)	(197)	11	(318)
Including: inter-segment transaction	–	–	(11)	11	–
Total benefits, claims and expenses	(76,867)	(1,891)	(552)	280	(79,030)
Share of profits and losses of associates and joint ventures	177	1	–	–	178
Finance costs	(340)	(8)	–	–	(348)
Net profit before income tax	10,255	(537)	208	(34)	9,892
Other segment information:					
Depreciation and amortization	(534)	(84)	(38)	–	(656)
Interest income	14,021	151	189	–	14,361
Impairment	(1,011)	(9)	–	–	(1,020)
Share of profits and losses of associates and joint ventures	177	1	–	–	178
Capital expenditure	–	–	1,513	–	1,513

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

6 SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities as at 30 June 2020 and 31 December 2019:

	Insurance		Others	Elimination	Total
As at 30 June 2020 (Unaudited)	**Individual**	**Group**			
Segment assets	**889,054**	**9,137**	**41,216**	**(56)**	**939,351**
Segment liabilities	**820,233**	**6,843**	**21,155**	**(56)**	**848,175**

	Insurance		Others	Elimination	Total
As at 31 December 2019	Individual	Group			
Segment assets	826,545	8,418	44,280	(273)	878,970
Segment liabilities	780,976	6,686	7,120	(273)	794,509

7 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Details of investments in associates and joint ventures are as follows:

	As at 30 June 2020 Unaudited	As at 31 December 2019
Associates		
China Jinmao	**3,309**	3,215
Beijing Zijin Century Real Estate Co., Ltd. ("Zijin Century") (i)	**744**	750
Nanjing Weiyuanzhou Real Estate Co., Ltd. ("Weiyuanzhou") (ii)	**146**	153
New China Capital International	**147**	138
Beijing MJ Health Screening Center Co., Ltd. ("MJ Health")	**6**	11
Joint venture		
New China Life Excellent Health Investment Management Co., Ltd. ("New China Health")	**624**	650
Total	**4,976**	4,917

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

7 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

(i) As approved by shareholders in the fifth extraordinary general meeting on 23 August 2011, the Group plans to sell its shareholdings of 24% of Zijin Century. As of the approval date of the interim condensed consolidated financial statements, the Company has not signed any sales agreement.

(ii) On 10 May 2019, the eleventh meeting of the Executive Committee of the Company considered and approved the proposal of "The Progress and Latest Plan of Stock Transfer on Weiyuanzhou". In accordance with the investment agreement between the Company, Weiyuanzhou and China Resources Land Holdings Co., Ltd. ("China Resources Land"), China Resources Land paid the first increased capital of RMB570 million to Weiyuanzhou in November 2019 which reduced the Company's shareholdings to 20.14%. Upon the completion of all increased capital, the Company's shareholdings will be reduced to 19.6%. As of the approval date of the interim condensed consolidated financial statements, China Resources Land has not paid the residual increased capital to Weiyuanzhou. On 18 August 2020, the Company's shareholdings of Weiyuanzhou listed on the Beijing Financial Assets Exchange for sale.

There are no contingent liabilities relating to the Group's interests in the associates and joint ventures.

Except for China Jinmao, the above investments in associates and joint ventures are non-public entities, and there is no quoted market price available. As at the last trading day for the six months ended 30 June 2020, the stock price of China Jinmao was HKD5.45 per share.

Except for China Jinmao and New China Capital International, the English names of the associates and joint ventures represent the best effort made by the management of the Group in translating their Chinese names as they do not have official English names.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

8 FINANCIAL ASSETS

(1) Held-to-maturity investments

	As at 30 June 2020 Unaudited	As at 31 December 2019
Debt financial assets		
Government bonds	**161,147**	132,516
Financial bonds	**28,428**	32,244
Corporate bonds	**38,983**	40,291
Subordinated bonds	**40,422**	41,161
Total	**268,980**	246,212
Debt financial assets		
Listed	**123,840**	111,349
Unlisted	**145,140**	134,863
Total	**268,980**	246,212

The unlisted debt financial assets refer to debt financial assets not traded on stock exchanges and include both debt financial assets traded on the interbank market and debt financial assets not publicly traded.

The due dates of debt financial assets which are classified as held-to-maturity investments are as follows:

Maturity	**As at 30 June 2020 Unaudited**	As at 31 December 2019
Within 1 year (including 1 year)	**4,950**	7,352
After 1 year but within 3 years (including 3 years)	**42,937**	41,459
After 3 years but within 5 years (including 5 years)	**18,276**	21,311
After 5 years	**202,817**	176,090
Total	**268,980**	246,212

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

8 FINANCIAL ASSETS (CONTINUED)

(2) Available-for-sale financial assets

	As at 30 June 2020 Unaudited	As at 31 December 2019
Debt financial assets		
Government bonds	**56,696**	50,770
Financial bonds	**20,827**	20,466
Corporate bonds	**14,438**	13,411
Subordinated bonds	**16,233**	16,741
Perpetual bonds	**5,000**	5,000
Trust products	**94,301**	77,266
Wealth investment products	**31,548**	61,232
Asset management products	**45**	45
Subtotal	**239,088**	244,931
Equity financial assets		
Funds	**42,884**	42,576
Stock	**56,680**	48,290
Preferred stock	**4,790**	4,555
Asset management plans	**24,331**	16,181
Private equity	**8,806**	7,054
Equity investment plans	**4,700**	4,700
Other unlisted equity investments	**16,570**	18,664
Perpetual Bonds	**1,181**	204
Other equity investment	**433**	141
Subtotal	**160,375**	142,365
Total	**399,463**	387,296
Debt financial assets		
Listed	**35,169**	27,544
Unlisted	**203,919**	217,387
Subtotal	**239,088**	244,931
Equity financial assets		
Listed	**63,481**	54,776
Unlisted	**96,894**	87,589
Subtotal	**160,375**	142,365
Total	**399,463**	387,296

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

8 FINANCIAL ASSETS (CONTINUED)

(2) Available-for-sale financial assets (Continued)

The due dates of debt financial assets which are classified as available-for-sale financial assets are as follows:

Maturity	As at 30 June 2020 Unaudited	As at 31 December 2019
Within 1 year (including 1 year)	**48,033**	58,551
After 1 year but within 3 years (including 3 years)	**69,435**	77,980
After 3 years but within 5 years (including 5 years)	**33,016**	24,102
After 5 years	**88,604**	84,298
Total	**239,088**	244,931

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

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

8 FINANCIAL ASSETS (CONTINUED)

(3) Financial assets at fair value through profit or loss

	As at 30 June 2020 Unaudited	As at 31 December 2019
Held for trading		
Debt financial assets		
Government bonds	**10**	–
Financial bonds	**81**	22
Corporate bonds	**5,883**	9,429
Subordinated bonds	**1,192**	511
Debt financial assets subtotal	**7,166**	9,962
Equity financial assets		
Funds	**4,171**	3,813
Stocks	**4,868**	2,960
Asset management products	**14,713**	6,144
Perpetual bonds	**306**	301
Equity financial assets subtotal	**24,058**	13,218
Subtotal	**31,224**	23,180
Designated as at fair value through profit or loss		
Equity financial assets		
Derivative financial assets	**–**	1,374
Equity financial assets subtotal	**–**	1,374
Subtotal	**–**	1,374
Total	**31,224**	24,554
Debt financial assets		
Listed	**5,480**	9,057
Unlisted	**1,686**	905
Subtotal	**7,166**	9,962
Equity financial assets		
Listed	**5,275**	5,100
Unlisted	**18,783**	9,492
Subtotal	**24,058**	14,592
Total	**31,224**	24,554

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

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

8 FINANCIAL ASSETS (CONTINUED)

(4) Loans and receivables

	As at 30 June 2020 Unaudited	As at 31 December 2019
Asset funding plans (i)	**–**	10,000
Debt investment plans (ii)	**39,065**	38,934
Trust products	**200**	–
Subordinated debt	**–**	500
Total	**39,265**	49,434

(i) Asset funding plans represent New China Life – Orient No.1 Asset Funding Plan ("Orient No.1 Funding Plan").

Orient No.1 Funding Plan stipulates that China Eastern asset management company (hereinafter referred to as "Oriental Asset") will repay the principal and interest when the plan matures. The term of the plan is 10 years, and Oriental Asset has the right to redeem the creditor's rights at the end of the seventh year. Oriental Asset manages the asset ownership certificate legally held by it and approved by the plan manager, so as to provide credit enhancement guarantee for the repayment of the principal and interest of the project assets on schedule. Orient No.1 Funding Plan was fully redeemed on 18 April 2020.

(ii) Debt investment plans mainly consist of infrastructure and property, plant and equipment funding projects. All projects are with fixed terms, and most of them are usually with a period of 3 years to 10 years.

(5) Term deposits

The due dates of the term deposits are as follows:

Maturity	**As at 30 June 2020 Unaudited**	As at 31 December 2019
Within 1 year (including 1 year)	**12,100**	4,100
After 1 year but within 3 years (including 3 years)	**60,290**	30,500
After 3 years but within 5 years (including 5 years)	**23,150**	27,940
More than 5 years	**–**	1,500
Total	**95,540**	64,040

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

9 INSURANCE CONTRACT LIABILITIES

(1) Process used to determine assumptions

Assumptions listed below are reasonable estimates (risk margin excluded).

(a) Discount rate assumption

For long-term insurance contracts whose future insurance benefits are affected by investment yields of corresponding investment portfolios, investment return assumptions are applied as discount rates to assess the time value impacts on the computation of liabilities.

In developing discount rate assumptions, the Group considers investment experience, current and future investment portfolios and the trend of the yield curve. The discount rate reflects the future economic outlook as well as the Group's investment strategy. The expected discount rates with risk margins of the Group as at 30 June 2020 and 31 December 2019 are as follows:

	Discount rate assumption
30 June 2020 (Unaudited)	4.50%~5.00%
31 December 2019	4.50%~5.00%

The Group set up a new exclusive participating account in October 2019 to management of the new product, Wendeying endowment insurance (Participating). Considering the yield curve of the corresponding future investment portfolios is different from other participating insurance products and a stabilization investment return assumption of 6% is used, the expected discount rate of this product as at 30 June 2020 is 6% (as at 31 December 2019: 6%).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

9 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(1) Process used to determine assumptions (Continued)

(a) Discount rate assumption (Continued)

For life insurance contracts whose future insurance benefits are not affected by investment yields of corresponding investment portfolios, the Group uses the discount rate assumption to assess the time value impacts based on the "yield curve of liability computation benchmark for insurance contracts", published on the "China Bond" website, in combination with comprehensive premium, with consideration of liquidity spreads, taxation impacts and other relevant factors. The expected spot discount rates of the Group as at 30 June 2020 and 31 December 2019 are as follows:

	Discount rate assumption
30 June 2020 (Unaudited)	3.21%~4.70%
31 December 2019	3.42%~4.70%

The discount rate assumption is affected by certain factors, such as future macro-economy, currency and foreign exchange policies, capital market and availability of investment channel of insurance funds, with significant uncertainty exists. The Group determines the discount rate assumption based on the information obtained at the end of each reporting period.

(b) Mortality and morbidity assumption

The Group bases its mortality assumption on the China Life Insurance Life Mortality Table (2010-2013), adjusted where appropriate to reflect the Group's historical mortality rate. The main source of uncertainty with life insurance contracts is epidemics, such as bird flu, AIDS and SARS, and wide-ranging lifestyle changes could result in deterioration in the future mortality rate, thus leading to an inadequate liability provision. Similarly, continuous advancements in medical care and social welfare could result in improvements in longevity that exceed the assumption used in the estimates to determine the liabilities for contracts where the Group is exposed to longevity risk.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

9 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(1) Process used to determine assumptions (Continued)

(b) Mortality and morbidity assumption (Continued)

The Group bases its morbidity assumptions on the China Life Insurance Major Diseases Experience Morbidity Rate Table (2006-2010) for critical illness products on analysis of historical experience and expectations of future developments. There are two main sources of uncertainty. First, wide-ranging lifestyle changes could result in future deterioration in the morbidity rate. Second, future development of medical technologies and improved availability of medical facilities to policyholders may lead to early diagnosis of critical illnesses, which demands earlier payment of the critical illness benefits. Both could ultimately result in an inadequate liability provision if current morbidity assumptions do not properly reflect such secular trends.

Mortality and morbidity vary with the age of insured and types of contracts. Risk margin is considered in the Group's mortality and morbidity assumptions.

(c) Expenses assumption

The Group's expenses assumptions are determined based on actual experience analysis, with consideration of future inflation, including assumptions of acquisition costs and maintenance costs. The Group's expenses assumptions are affected by certain factors, such as inflation and market competition. The Group determines expenses assumptions based on the information obtained at the end of each reporting period with the consideration of risk margin.

(d) Policy dividend assumption

Policy dividend assumption is determined based upon contract terms, the investment yields of the participating account, dividends policy enacted by the Group, reasonable expectation of policyholders and other factors. Pursuant to relevant contract terms, the Group is obligated to pay to the policyholders of participating contracts at least 70% of distributable surplus.

(e) Lapse rate and other assumptions

The lapse rate and other assumptions are affected by certain factors, such as future macro-economy, availability of financial substitutions, and market competition. The lapse rate and other assumptions are determined based on past experience, current conditions, future expectations and other information obtained at the end of each reporting period with consideration of risk margin.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

9 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(2) Net liabilities of insurance contracts

	As at 30 June 2020 Unaudited	As at 31 December 2019
Gross		
Long-term insurance contract liabilities	**712,566**	654,478
Short-term insurance contract liabilities		
– Outstanding claims liabilities	**2,176**	1,611
– Unearned premiums liabilities	**2,789**	2,102
Total, gross	**717,531**	658,191
Recoverable from reinsurers		
Long-term insurance contracts	**(2,817)**	(2,611)
Short-term insurance contracts		
– Outstanding claims liabilities	**(135)**	(44)
– Unearned premiums liabilities	**(253)**	(185)
Total, ceded	**(3,205)**	(2,840)
Net		
Long-term insurance contract liabilities	**709,749**	651,867
Short-term insurance contract liabilities		
– Outstanding claims liabilities	**2,041**	1,567
– Unearned premiums liabilities	**2,536**	1,917
Total, net	**714,326**	655,351

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

10 LIABILITIES OF INVESTMENT CONTRACTS

	As at 30 June 2020 Unaudited	As at 31 December 2019
Investment contracts excluding unit-linked contracts	49,374	46,366
Unit-linked contracts	154	152
Total	49,528	46,518

11 BORROWINGS

Upon the approval of CBIRC and the People's Bank of China, on 11 May 2020, the Company issued 10-year capital supplementary bonds in the inter-bank market, and completed the issuance on 13 May 2020, which were in an aggregate principal amount of RMB10,000 million, and with an interest rate of 3.3% per annum for the first five years. The Company has the right to redeem the bonds partially or wholly at the end of the fifth year. If the Company does not exercise the redemption right or partially exercise the redemption right, the interest rate will step up to 4.3% per annum beginning in the sixth year until the maturity date.

12 FINANCIAL ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

	As at 30 June 2020 Unaudited	As at 31 December 2019
By market		
Inter-bank market	4,100	12,650
Stock exchange	40,694	55,540
Total	44,794	68,190
By collateral		
Bonds	44,794	68,190

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

12 FINANCIAL ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE (CONTINUED)

Maturity	**As at 30 June 2020 Unaudited**	As at 31 December 2019
Within 3 months (including 3 months)	**44,794**	68,190

As at 30 June 2020, bonds with par value of RMB4,822 million (as at 31 December 2019: RMB13,277 million) were pledged as collateral for financial assets sold under agreements to repurchase resulting from repurchase transactions entered into by the Group in the inter-bank market. The collateral is restricted from trading during the period of the repurchase transactions.

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

As at 30 June 2020, the amount of financial assets deposited in the collateral pool amounted to RMB144,070 million (as at 31 December 2019: RMB99,166 million). The collateral is restricted from trading during the period of the repurchase transaction. The Group can withdraw the exchange-traded bonds from the collateral pool in a short period of time under the condition that the value of certain bonds is no less than the balance of the related repurchase transactions.

13 PROVISIONS

	Lawsuits and disputes
As at 1 January 2020	29
Increase	–
Decrease	–
As at 30 June 2020 (Unaudited)	29

When future cash outflow is probable and can be reasonably measured, provision should be made based on the projected payment of current lawsuits and disputes. After taking into consideration specific former circumstances and legal advice, the Group makes the best estimation according to the relevant accounting standards. The final payments of those lawsuits and disputes depend on the final investigation, judgment and settlement amounts, thus they may differ from the current provision.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

14 SHARE CAPITAL

All shares of the Company issued are fully paid common shares. The par value per share is RMB1.

The Company's number of shares is as follows:

	As at 30 June 2020 Unaudited	As at 31 December 2019
Number of shares registered, issued and fully paid at RMB1 per share (in million)	**3,120**	3,120

15 RESERVES

	As at 30 June 2020 Unaudited	As at 31 December 2019
Share premium	**23,964**	23,964
Other reserve	**(101)**	(94)
Unrealized income	**6,862**	3,960
Surplus reserve	**8,703**	7,357
Reserve for general risk	**6,067**	6,067
Total	**45,495**	41,254

Pursuant to a resolution passed at the shareholders' general meeting on 23 June 2020, the Company appropriated a discretionary surplus reserve of RMB1,346 million, equalling to 10% of the net profit in 2019.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

16 GROSS WRITTEN PREMIUMS AND POLICY FEES

	For the six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
Gross written premiums		
– Insurance contracts	**96,879**	73,994
Policy fees		
– Investment contracts	**24**	21
Gross written premiums and policy fees	**96,903**	74,015

17 INVESTMENT INCOME

	For the six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
Interest income from bank deposits	**2,009**	1,684
Held-to-maturity investments		
– Interest income	**5,599**	4,893
Available-for-sale financial assets		
– Interest income	**6,419**	5,462
– Dividend income	**2,642**	3,225
– Net realized gains/(losses)	**3,728**	(394)
– Impairment losses on equity financial assets	**(2,344)**	(1,020)
Interest income from loans and receivables	**1,308**	1,476
Interest income from policy loans	**826**	749
Financial assets at fair value through profit or loss		
– Interest income	**123**	73
– Fair value gains/(losses)	**(1,953)**	563
– Dividend income	**173**	80
– Net realized gains/(losses)	**2,184**	(121)
Financial liabilities at fair value through profit or loss		
– Fair value gains/(losses)	**5**	(10)
Interest income from financial assets purchased under agreements to resell	**32**	24
Total	**20,751**	16,684

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

18 ADMINISTRATIVE EXPENSES

	For the six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
Employee benefit expenses (including directors' emoluments)	**4,051**	4,230
Depreciation and amortization	**685**	556
Insurance guarantee fund	**178**	141
Operating lease expense	**147**	196
Entertainment fees	**114**	148
Official fees	**100**	109
Promotional printing costs	**48**	51
Travel and conference fees	**46**	105
Electronic equipment operating costs	**45**	43
Postal fees	**40**	47
Advertising fees	**36**	38
Vehicle use fees	**8**	11
Auditors' remuneration fees	**7**	8
Less: Expenses recoverable from reinsurers	**(368)**	(339)
Others	**183**	168
Total	**5,320**	5,512

19 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 relates to the same tax authority. Most of income taxes shown below are taxes incurred in the PRC.

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

	For the six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
Current tax	**1,844**	(562)
Deferred tax	**(809)**	(92)
Total income tax	**1,035**	(654)

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

19 TAXATION (CONTINUED)

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

	For the six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
Profit before income tax	**9,254**	9,892
Tax computed at the statutory tax rate in China	**2,314**	2,473
Non-taxable income (i)	**(1,300)**	(1,240)
Expenses not deductible for tax purposes (i)	**28**	28
Effect of unrecognized deferred tax assets arising from deductible loss	**14**	19
Use of deductible tax losses of prior years	**(2)**	–
Adjustments in respect of current tax of previous periods	**(17)**	(1,932)
Effect of different tax rates used by subsidiaries	**(2)**	(2)
Income tax computed at effective tax rate	**1,035**	(654)

(i) Non-taxable income mainly includes interest income from government bonds, and dividend income from applicable equity financial assets, etc. Expenses not deductible for tax purposes mainly include those expenses such as supplementary medical insurance, penalties, donations and entertainment expenses that do not meet the criteria for deduction under relevant tax regulations issued by the tax authority.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

19 TAXATION (CONTINUED)

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

	Financial assets	Insurance liability and others	Total
Net deferred tax assets			
As at 1 January 2019	2,141	(364)	1,777
(Charged)/credited to net profit	(105)	192	87
(Charged)/credited to other comprehensive income	(2,235)	1,271	(964)
Credited to other reserve	–	7	7
As at 30 June 2019 (Unaudited)	(199)	1,106	907
As at 1 January 2020	**(696)**	**858**	**162**
Credited to net profit	**2**	**27**	**29**
Credited to other comprehensive income	**1**	**–**	**1**
As at 30 June 2020 (Unaudited)	**(693)**	**885**	**192**
Net deferred tax liabilities			
As at 1 January 2019	1	(60)	(59)
(Charged)/credited to net profit	(1)	6	5
(Charged)/credited to other comprehensive income	–	–	–
As at 30 June 2019 (Unaudited)	–	(54)	(54)
As at 1 January 2020	**(2,332)**	**2,034**	**(298)**
Credited to net profit	**649**	**131**	**780**
(Charged)/credited to other comprehensive income	**(1,754)**	**787**	**(967)**
Charged to other reserve	**–**	**4**	**4**
As at 30 June 2020 (Unaudited)	**(3,437)**	**2,956**	**(481)**

As at 30 June 2020, the Group recognised deferred income tax assets to the extent that it was probable that future taxable profits would be available against which the temporary differences could be utilized.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

19 TAXATION (CONTINUED)

(4) Deferred income tax assets are recognised for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable income is probable. The amount of unused tax losses for which no deferred tax asset is recognised is as follows:

	As at 30 June 2020 Unaudited	As at 31 December 2019
Deductible losses	**548**	593

20 EARNINGS PER SHARE

(1) Basic

Basic earnings per share is 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	
	2020 Unaudited	2019 Unaudited
Net profit attributable to shareholders of the Company (RMB in million)	**8,218**	10,545
Weighted average number of ordinary shares issued (in million)	**3,120**	3,120
Basic earnings per share (RMB)	**2.63**	3.38

(2) Diluted

The Company has no dilutive potential ordinary shares. Diluted earnings per share was the same as basic earnings per share for the six months ended 30 June 2020 (for the six months ended 30 June 2019 (unaudited): same).

21 DIVIDENDS

Pursuant to a resolution approved at the shareholders' general meeting on 23 June 2020, a final dividend of RMB1.41 per ordinary share (inclusive of tax) totalling RMB4,399 million was declared.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS

(1) Related parties

The table set forth below summarises the significant related parties of the Company:

Significant related parties	Relationships
Asset Management Company	Subsidiary of the Company
New China Asset Management (Hong Kong) Co., Ltd. ("Asset Management Company (Hong Kong)")	Subsidiary of the Company
New China Village Health Technology (Beijing) Co., Ltd. ("Health Technology")	Subsidiary of the Company
Xinhua Village Seniors Service (Beijing) Co., Ltd. ("Xinhua Seniors Service")	Subsidiary of the Company
Xinhua Village Shanggu (Beijing) Real Estate Co., Ltd. ("Shanggu Real Estate")	Subsidiary of the Company
New China Electronic Commerce Co., Ltd. ("Electronic Commerce")	Subsidiary of the Company
Hefei New China Life Supporting Construction Operation Management Co., Ltd. ("Hefei Supporting Operation")	Subsidiary of the Company
New China Pension Co., Ltd. ("New China Pension")	Subsidiary of the Company
Xinhua Village Seniors Investment Management (Hainan) Co., Ltd. ("Hainan Seniors")	Subsidiary of the Company
Guangzhou Yuerong Project Construction Management Co., Ltd. ("Guangzhou Yuerong")	Subsidiary of the Company
Xinhua Haoran Architecture Science and Technology Co., Ltd. ("Xinhua Haoran")	Subsidiary of the Company
New China Excellent Rehabilitation Hospital Co., Ltd. ("Rehabilitation Hospital")	Subsidiary of the Company
New China Asset – Mingde No.1 Asset Management Product ("Mingde No.1")	Controlled structured entity of the Company
New China Asset Management – Mingren No.3 Asset Management Product ("Mingren No.3")	Controlled structured entity of the Company
New China Asset Management – Mingren No.4 Asset Management Product ("Mingren No.4")	Controlled structured entity of the Company
New China Asset Management – Mingren No.6 Asset Management Product ("Mingren No.6")	Controlled structured entity of the Company
New China Asset Management – Mingzhi No.2 Asset Management Product ("Mingzhi No.2")	Controlled structured entity of the Company
New China Asset Management – Mingzhi No.3 Asset Management Product ("Mingzhi No.3")	Controlled structured entity of the Company
New China Asset Management – Mingzhi No.5 Asset Management Product ("Mingzhi No.5")	Controlled structured entity of the Company
New China Asset Management – Jingxing Series Special Products (First Phase) ("Jingxing No.1")	Controlled structured entity of the Company
New China Asset Management – Jingxing Series Special Products (Third Phase) ("Jingxing No.3")	Controlled structured entity of the Company
New China Asset Management – Jingxing Series Special Products (Fifth Phase) ("Jingxing No.5")	Controlled structured entity of the Company
New China Asset Management – Jingxing Series Special Products (Sixth Phase) ("Jingxing No.6")	Controlled structured entity of the Company
New China Asset Management – Preferred Internet Media Industry Asset Management Product ("Preferred Internet Media Industry")	Controlled structured entity of the Company

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(1) Related parties (Continued)

Significant related parties	Relationships
New China Asset Management – Preferred Technology Innovation Products Asset Management Product ("Preferred Technology Innovation Products")	Controlled structured entity of the Company
New China Asset Management – Preferred Pharmaceutical Consumer Industry Asset Management Product ("Preferred Pharmaceutical Consumer Industry")	Controlled structured entity of the Company
New China Asset Management – Select-Multi Factor Quantitative Stock Asset Management Product ("Select Multi-Factor Quantitative Stock")	Controlled structured entity of the Company
New China Asset Management – Select Multi-Factor Quantitative Fund Asset Management Product ("Select Multi-Factor Quantitative Fund")	Controlled structured entity of the Company
New China Asset Management – Select Hong Kong Stock Connect No.3 Asset Management Product ("Select Hong Kong Stock Connect No.3")	Controlled structured entity of the Company
New China Asset Management – Select Stable Income Fund Asset Management Product ("Select Stable Income Fund")	Controlled structured entity of the Company
Lujiazui Trust – Zhongwei Thermoelectricity Perpetual Bond	Controlled structured entity of the Company
Lujiazui Trust – Zhongwei New Energy Perpetual Bond	Controlled structured entity of the Company
China Jinmao	Associate of the Company
Zijin Century	Associate of the Company
Weiyuanzhou	Associate of the Company
New China Capital International	Associate of the Company
MJ Health	Associate of the Company
New China Health	Joint venture of the Company
Central Huijin Investment Ltd. ("Huijin")	Shareholder that has significant influence over the Company
China Baowu Steel Group Corporation Limited. ("China Baowu")	Shareholder that has significant influence over the Company
FOSUN International Limited and its subsidiaries ("FOSUN International")	Company under direct or indirect control of shareholder that has significant influence over the Company
Hwabao WP Fund Management Co., Ltd ("Hwabao WP Fund")	Company under indirect control of shareholder that has significant influence over the Company
Tebon Fund Management Co., Ltd ("Tebon Fund")	Company under direct or indirect control of shareholder that has significant influence over the Company

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Significant transactions with related parties

The table set forth below summarises significant transactions with related parties:

	For the six months ended 30 June	
	2020 Unaudited	2019 Unaudited
Transactions between the Group and other related parties		
– Investment income arising from investing trust products related to FOSUN International (xii)	**37**	–
– Interest from bonds issued by Huijin (i)	**20**	20
– Investment income/(losses) arising from investing financial assets of FOSUN International (xi)	**11**	(10)
– Investment income arising from investing fund of Hwabao WP Fund *(Note)* (ix)	**7**	8
– Investment income arising from investing fund of Tebon Fund (x)	**1**	3
Transactions between the Group and its associates		
– Cash dividends from China Jinmao (ii)	**107**	94
– Investment income arising from investing trust products related to China Jinmao (xiii)	**61**	–
Transactions between the Group and its joint venture		
– Health check and service fee paid to New China Health (iii)	**10**	23
– Rent earned from New China Health (iv)	**4**	6
Transactions between the Company and its subsidiaries		
– Additional capital contribution to Hefei Supporting Operation (Note 26(ii))	**230**	145
– Investment management fee to Asset Management Company (v)	**226**	200
– Investment management fee to Asset Management Company (Hong Kong) (v)	**33**	27
– Rent and property fee paid to Xinhua Haoran (vi)	**21**	24
– Rent earned from Asset Management Company (iv)	**7**	7
– Conference and training fees paid to Health Technology (viii)	**4**	6
– Rent earned from New China Pension (iv)	**2**	2
– IT service fee paid to Electronic Commerce (xiv)	**2**	–
– Sales commissions earned from New China Pension (vii)	**1**	2

Note: Among the above significant related party transactions, investing public offered funds of Hwabao WP Fund also constitute a continuing connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. For the six months ended 30 June 2020, the Company has fully complied with the relevant requirements for connected transactions under Chapter 14A of the Hong Kong Listing Rules. Apart from that, no other related party transactions fall under the definition of connected transactions or continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

During the year ended 31 December 2019, among the significant related party transactions, investing public offered funds of Hwabao WP Fund also constitute a continuing connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.The Company has fully complied with the relevant requirements for connected transactions under Chapter 14A of the Hong Kong Listing Rules. Apart from that, no other related party transactions fall under the definition of connected transactions or continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Significant transactions with related parties (Continued)

(i) Bond interest from Huijin

Huijin became a shareholder of the Company in 2009 and directly held 31.34% of the Company's shares as at 30 June 2020. Huijin is a state-owned investment company approved by the State Council. The function of Huijin is to hold specific equity investments to the extent of capital contributions on behalf of the State Council in order to maintain and increase the value of state-owned assets. Huijin should not undertake any commercial activities or intervene routine operation of the investee. The Group and the Company conduct transactions with other entities that are controlled by, under common control or significant influence of Huijin, including deposits, investment custody, agency sales of insurance products and re-insurance transactions.

In 2010, 2015 and 2017 the Company purchased bonds issued by Huijin at a par value of RMB300 million, RMB500 million and RMB400 million from the inter-bank market, respectively. The bonds with par value of RMB200 million, matured in 2018. As at 30 June 2020, the carrying value of these bonds was RMB1,000 million (as at 31 December 2019: RMB1,000 million). The interest on the recognised bonds for the six months ended 30 June 2020 was RMB20 million (for the six months ended 30 June 2019: RMB20 million).

(ii) Cash dividends from China Jinmao

The cash dividends recognised but not received by the Company for the six months ended 30 June 2020 amounted to RMB107 million (for the six months ended 30 June 2019: RMB94 million).

(iii) Health check and service fee paid to New China Health

The Company entered into a contract with New China Health. According to the contract, the Company purchased health service from New China Health for underwriting review, employee welfare, marketing and agent incentive plan, etc.. Expenses of approximately RMB10 million were incurred for the six months ended 30 June 2020 (for the six months ended 30 June 2019: RMB23 million).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Significant transactions with related parties (Continued)

(iv) Office rental contracts

The Company leased part of the office building located in International City Unit AB at Wuhan, part of the office building located in Blue Ocean Unit A, Green Central Plaza at Hohhot, part of the office building located in European City at Nanjing, and part of the office building located in Xianglong Building at Yantai to New China Health. The accrued rentals for the six months ended 30 June 2020 were about RMB4 million (for the six months ended 30 June 2019: RMB6 million).

The Company leased part of New China Life Building at 12 Jianguomenwai Avenue, Chaoyang District, Beijing to Asset Management Company as its office. The accrued rentals for the six months ended 30 June 2020 were RMB7 million (for the six months ended 30 June 2019: RMB7 million).

The Company leased part of New China Life Building at 12 Jianguomenwai Avenue, Chaoyang District, Beijing to New China Pension as its office. The accrued rentals for the six months ended 30 June 2020 were RMB2 million (for the six months ended 30 June 2019: RMB2 million).

(v) Investment management service agreement

The Company and Asset Management Company entered into an annual investment management service agreement for entrusted investments in 2020. According to this agreement, Asset Management Company provides investment management services to the Company and independently makes investment decisions in accordance with investment guidance stipulated by the Company. The Company is entitled to all investment returns and bears all losses (subject to negotiation on a case by case basis) from the entrusted investment funds. The Company pays the basic service fee, floating management fee and performance management fee to Asset Management Company. The Company has the right to deduct fees based on the performance of Asset Management Company or other reasons such as the violation of the agreement.

The Company and Asset Management Company (Hong Kong) entered into an annual investment management service agreement for entrusted investments in 2020. According to this agreement, Asset Management Company (Hong Kong) provides investment management services to the Company and independently makes investment decisions in accordance with investment guidance stipulated by the Company. The Company is entitled to all investment returns and bears all losses (subject to negotiation on a case by case basis) from the entrusted investment funds. The Company pays the basic service fee, floating management fee and performance management fee to Asset Management Company (Hong Kong). The Company has the right to deduct fees based on the performance of Asset Management Company (Hong Kong) or other reasons such as the violation of the agreement.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Significant transactions with related parties (Continued)

(vi) Rent and property management fee paid to Xinhua Haoran

The Company entered into an annual lease and property management contract with Xinhua Haoran in March 2020. According to the contract, the Company rented part of the office building located at No.137 Jinghaisan Avenue, Yi Zhuang, Daxing District, Beijing as well as received property management services from Xinhua Haoran. The accrued rent expenses and property management fees for the six months ended 30 June 2020 were RMB21 million (for the six months ended 30 June 2019: RMB24 million).

(vii) Sales commissions earned from New China Pension

In 2020, the Company provided client development, sales consultant and sales services for New China Pension. For the six months ended 30 June 2020, the Company recognized the service income amounted to RMB1 million (for the six months ended 30 June 2019: RMB2 million).

(viii) Conference and training fees paid to Health Technology

The Company paid conference service fees and training service fees to Health Technology in 2020. Expenses of approximately RMB4 million were incurred for the six months ended 30 June 2020 (for the six months ended 30 June 2019: RMB6 million).

(ix) Investment income arising from investing fund of Hwabao WP Fund

In 2020, the Company purchased and redeemed public offered funds of Hwabao Fund with insurance capital in either market in the field or over-the-counter market, based on market principle of justice and equity. For the six months ended 30 June 2020, the Company recognized investment income amounted to RMB7 million (for the six months ended 30 June 2019: RMB8 million).

(x) Investment income arising from investing fund of Tebon Fund

In 2020, the Company purchased and redeemed public offered funds of Tebon Fund with insurance capital over-the-counter market, based on market principle of justice and equity. For the six months ended 30 June 2020, the Company recognized investment income amounted to RMB1 million (for the six months ended 30 June 2019: RMB3 million).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Significant transactions with related parties (Continued)

(xi) Investment income/(losses) arising from investing financial assets of FOSUN International

In 2020, the Company purchased and redeemed financial assets issued by FOSUN International with insurance fund based on market principle of justice and equity. For the six months ended 30 June 2020, the Company recognized investment income amounted to RMB11 million (for the six months ended 30 June 2019: investment losses RMB10 million).

(xii) Investment income arising from trust products related to FOSUN International

On 28 August 2019, the second meeting of the seventh session of the Board of Directors considered and approved the proposal of "The Company's Related Transactions with Five FOSUN Affiliates", which enables the Company to use insurance funds to purchase and redeem all kinds of trust products related to FOSUN International. For the six months ended 30 June 2020, the Company recognized investment income amounted to RMB37 million (for the six months ended 30 June 2019: Nil).

(xiii) Investment income arising from trust products related to China Jinmao

On 25 March 2020, the eighth meeting of the seventh session of the Board of Directors considered and approved the proposal of "The Company's Related Transactions with China Jinmao", which enables Asset Management Company to use the entrusted funds of the Company to purchase trust products guaranteed by China Jinmao. The Company recognized investment income of the above trust product transaction of RMB61 million (for the six months ended 30 June 2019: Nil).

(xiv) IT service fee paid to Electronic Commerce

The Company paid for IT service fees to Electronic Commerce, for providing online shopping system and web portal services including applications, softwares, product platforms, customized development and maintenance. For the six months ended 30 June 2020, approximately RMB2 millions of expenses were incurred (for the six months ended 30 June 2019: Nil).

The office rentals of Asset Management Company, New China Health and New China Pension are based on the prices agreed by both of the deal. The investment management fees paid to Asset Management Company and Asset Management Company (Hong Kong) are calculated based on the negotiated service charge rates and the scale of investments. The health check and service fee paid to New China Health is based on the market price. The rent and property fee paid to Xinhua Haoran, IT service fee paid to Electronic Commerce, the conference and training fees paid to Health Technology, and sales commissions from New China Pension are calculated based on the negotiated prices between transaction parties. All other transactions are calculated based on the negotiated price between transaction parties.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(3) Related party balances

	Group	
Balances of related party transactions	**As at 30 June 2020 Unaudited**	As at 31 December 2019
Interest receivable		
Huijin	**33**	12
Dividends receivable		
China Jinmao	**107**	–
Other receivables		
New China Health	**5**	6
Other payables		
New China Health	**10**	6

	Company	
	As at 30 June 2020 Unaudited	As at 31 December 2019
Payables to subsidiaries		
Asset Management Company	**41**	245
Asset Management Company (Hong Kong)	**15**	27
Xinhua Haoran	**3**	1
Health Technology	**2**	–
Electronic Commerce	**1**	10

No provisions were held against receivables from related parties as at 30 June 2020 (As at 31 December 2019: same).

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

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(4) Key management's remuneration

Key management members include directors, supervisors and senior management team members. Key management members' remuneration incurred by the Company is as follows:

	For the six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
Payroll and welfare	**13**	14

(5) Transactions with state-owned enterprises

Under IAS 24 (Amendment), business transactions between state-owned enterprises controlled by the PRC government are within the scope of related party transactions. The Group's key business is insurance related and therefore, the business transactions with other state-owned enterprises are primarily related to insurance and investment activities. The related party transactions with other state-owned enterprises were conducted in the ordinary course of business. Due to the complex ownership structure, the PRC government may hold indirect interests in many companies. Some of these interests may, in themselves or when combined with other indirect interests, be controlling interests which may not be known to the Group. Nevertheless, the Group believes that the following captures the material related parties and has applied the exemption of the amendments to IAS 24 and disclosed only qualitative information.

As at 30 June 2020, most of the bank deposits were with state-owned banks, the issuers of debt financial assets held by the Group were mainly state-owned enterprises, and most investments were entrusted to state-owned enterprises. For the six months ended 30 June 2020, a large portion of its group insurance business of the Group was with state-owned enterprises; the majority of bancassurance brokerage charges were paid to state-owned banks and postal office; almost all of the reinsurance agreements of the Group were entered into with a state-owned reinsurance company; and most of the bank deposit interest income was from state-owned banks.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

23 CONTINGENCIES

The Group is involved in estimates for contingencies and legal proceedings in the ordinary course of business, including but not limited to, being the plaintiff or the defendant in litigation and arbitration. Legal proceedings mostly involve claims on the Group's insurance policies, other claims, and litigation matters. Provision has been made for probable losses of the Group, including those claims where management can reasonably estimate the outcome of the lawsuits taking into account any legal advice.

No provision has been made for pending assessments, lawsuits or possible violations of contracts when the outcome cannot be reasonably estimated or management believes that the probability is low or remote. For these pending lawsuits, management also believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group or any of its subsidiaries.

As at 30 June 2020, except for the items described above, all kinds of estimations and contingencies resulting from insurance services within the scope of this report, the Group does not have any significant contingency that needs description.

24 COMMITMENTS

(1) Capital commitments

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

	As at 30 June 2020 Unaudited	As at 31 December 2019
Contracted, but not provided for	**1,617**	1,441
Authorized, but not contracted for	**757**	63
Total	**2,374**	1,504

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

24 COMMITMENTS (CONTINUED)

(2) Operating lease rental receivables

The future minimum lease receivables under non-cancellable operating leases are as follows:

	As at 30 June 2020 Unaudited	As at 31 December 2019
Within 1 year (including 1 year)	**363**	266
Between 1 and 2 years (including 2 years)	**256**	201
Between 2 and 3 years (including 3 years)	**179**	154
Between 3 and 4 years (including 4 years)	**96**	121
Between 4 and 5 years (including 5 years)	**46**	44
More than 5 years	**127**	123
Total	**1,067**	909

(3) Investment commitments

As at 30 June 2020, a total amount of RMB1,467 million (unaudited) was disclosed as investment commitments contracted but not provided for (as at 31 December 2019: RMB1,819 million).

25 SUBSEQUENT EVENTS

As at the approval date of the interim condensed consolidated financial statements, there is no significant subsequent events that need to be disclosed by the Group.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

26 INVESTMENTS IN SUBSIDIARIES

Details of the Company's subsidiaries as at 30 June 2020 are as follows:

	Place of incorporation/ registration and business	Principal activities	Type of legal entity	Registered share capital	Percentage of equity attributable to the Company Direct	Indirect
Asset Management Company	Beijing, China	Asset management	Limited company	RMB500 million	99.40%	–
Asset Management Company (Hong Kong)	Hong Kong, China	Asset management	Limited company	HKD50 million	40%	59.64%
Health Technology	Beijing, China	Real estate property development and training	Limited company	RMB1,575 million	100%	–
Xinhua Seniors Service	Beijing, China	Service	Limited company	RMB964 million	100%	–
Shanggu Real Estate (i)	Beijing, China	Service	Limited company	RMB15 million	100%	–
Electronic Commerce	Beijing, China	Electronic commerce	Limited company	RMB200 million	100%	–
Hefei Supporting Operation (ii)	Hefei, China	Real estate property investment and management	Limited company	RMB3,200 million	100%	–
New China Pension	Shenzhen, China	Insurance service	Limited company	RMB5 billion	99.80%	0.20%
Hainan Seniors	Qionghai, China	Real estate property development and training	Limited company	RMB1,908 million	100%	–
Guangzhou Yuerong	Guangzhou, China	Real estate property investment and management	Limited company	RMB10 million	100%	–
Xinhua Haoran	Beijing, China	Real estate lease and property management	Limited company	RMB500 million	100%	–
Rehabilitation Hospital	Beijing, China	Medical service	Limited company	RMB170 million	100%	–

(i) On 28 April 2020, the ninth meeting of the seventh session of the Board of Directors of the Company considered and approved the proposal of "Adjusting Shanggu Real Estate into a Seniors Operation Management Company and Increasing the Registered Capital – Related Party Transactions", which decided to change the name of Xinhua Village Shanggu (Beijing) Real Estate Co., Ltd. to Xinhua Village Seniors Operation Management (Beijing) Co., Ltd. ("Xinhua Seniors Operation"), adjust its business scope and increase the registered capital of RMB245 million. On 29 July 2020, Shanggu Real Estate has registered the changes of its name and the business scope. As of the approval date of the interim condensed consolidated financial statements, the Company has not completed the cash contribution to Xinhua Seniors Operation, and the registered capital of Xinhua Seniors Operation has not been changed.

(ii) The seventh meeting of the sixth session of the Board of Directors in 2016 considered and approved the proposal of "Increasing the Registered Capital of Subsidiaries of Hefei Supporting Operation – Related Party Transactions", which decided to increase the registered capital of Hefei Supporting Operation from RMB500 million to RMB3,200 million. Hefei Supporting Operation has registered the change of the registered capital on 25 July 2017. On 20 March 2020 the Company paid an increased capital of RMB230 million to Hefei Supporting Operation. As at 30 June 2020, the Company's accumulated contribution was RMB1,630 million.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2020 (All amounts in RMB million unless otherwise stated)

26 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the Company's controlled structured entities as at 30 June 2020 are as follow:

	Place of incorporation/ registration and business	Principal activities	Registered share capital	Percentage of equity attributable to the Group
Mingde No.1	Not applicable	Asset management product	RMB268 million	100%
Mingren No.3	Not applicable	Asset management product	RMB182 million	94.51%
Mingren No.4	Not applicable	Asset management product	RMB256 million	86.32%
Mingren No.6	Not applicable	Asset management product	RMB525 million	95.24%
Mingzhi No.2	Not applicable	Asset management product	RMB100 million	90.00%
Mingzhi No.3	Not applicable	Asset management product	RMB50 million	89.87%
Mingzhi No.5	Not applicable	Asset management product	RMB100 million	90.00%
Jingxing No.1	Not applicable	Asset management product	RMB2,943 million	89.85%
Jingxing No.3	Not applicable	Asset management product	RMB1,206 million	100%
Jingxing No.5	Not applicable	Asset management product	RMB2,981 million	100%
Jingxing No.6	Not applicable	Asset management product	RMB1,650 million	100%
Preferred Internet Media Industry	Not applicable	Asset management product	RMB200 million	99.50%
Preferred Technology Innovation Products	Not applicable	Asset management product	RMB200 million	99.50%
Preferred Pharmaceutical Consumer Industry	Not applicable	Asset management product	RMB200 million	99.50%
Select Multi-Factor Quantitative Stock	Not applicable	Asset management product	RMB200 million	99.50%
Select Multi-Factor Quantitative Fund	Not applicable	Asset management product	RMB200 million	99.50%
Select Hong Kong Stock Connect No.3	Not applicable	Asset management product	RMB101 million	99.01%
Select Stable Income Fund	Not applicable	Asset management product	RMB500 million	99.80%
Lujiazui Trust – Zhongwei Thermoelectricity Perpetual Bond	Not applicable	Trust product	RMB1 billion	100%
Lujiazui Trust – Zhongwei New Energy Perpetual Bond	Not applicable	Trust product	RMB4 billion	100%

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held by the parent company does not differ from the proportion of ordinary shares held. There are no significant restrictions on all subsidiaries. The non-controlling interests of subsidiaries are immaterial to the Group.

The English names of certain subsidiaries represent the best effort by management of the Company in translating their Chinese names as they do not have official English names.

27 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements have been approved for issue by the Board of Directors on 25 August 2020.

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