新華人壽保險股份有限公司
NEW CHINA LIFE INSURANCE COMPANY LTD.

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

(Stock Code：1336)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

CHAIRMAN'S LETTER TO SHAREHOLDERS

Respecting Traditions and Embracing Changes

"The Way is like an empty vessel
That yet may be drawn from without ever needing to be filled
It is bottomless; the very progenitor of all things in the world."

– Laozi

More than two years ago New China Life Insurance ("NCI") was dual-listed in Shanghai and Hong Kong, which in retrospect seems to have happened just in a snap of fingers before.

From the many sleepless nights prior to the listing and roadshows across five continents to the implementation of strategies and painstaking reforms over the past two years, we understand so vividly that only by going through a sea of clouds can we enjoy the light breeze after the rain. During this process, management has endured great hardships and scored some hard-won achievements, the sweets and bitters of which are worth remembering. The listing of NCI was a two-step process: first, a private placement scheme, namely Project Triumph (the Chinese name is Caiyun, which means colorful clouds) cleared the road for listing, and we achieved an A+H dual listing via Project Voyage (the Chinese name is Qingzhou, which means skiff). When Project Triumph was launched in 2010, few people understood why I chose a name with such a strong 'local taste', and when Project Voyage was being rolled out, they came to a sudden realization: the poetic verses of LI Bai were used to depict NCI's listing journey, from "leaving Baidi at dawn in the midst of colourful clouds" to "slipping on a skiff along the Yangtze River by ten thousand folds of mountains".

However, the natural barriers along the Yangtze River, such as the torrential water of the Qutang Gorge or the precipitous cliffs at Kuimen, could barely be used to describe the challenging transition that NCI has gone through. Those who were interested in NCI's performance this time last year might still remember the various performance indices of the Company. In fact, the gradual recovery of China's life insurance industry kicked off its momentum in the first quarter of 2013 with a brilliant jumpstart, and industrial players were making active preparations and accumulating strength for the take-off; whereas NCI suffered significant year-on-year decrease in terms of first year premiums and gross written premiums ("GWP").

In the face of this disappointing situation, we have shouldered unprecedented pressure. I can still remember quite well the scenes of management holding intensive meetings to formulate strategies after the Spring Festival. As I requested, the comprehensive department has been sending the key business indices at the end of every day. All the business data from February till the end of last year is still stored on my mobile phone. The Head Office, Regional Offices, Branches as well as various teams below have been making concerted efforts, which pushed up various indices significantly since the second quarter to make what is shown here possible – just as an answer sheet presented to the Board and shareholders.

Now reflecting upon the various pains and gains along the way, I feel no relaxation at all; instead the words quoted at the title reflects what I feel: respecting traditions and embracing changes.

I. THE JOURNEY OF 2013

I have played the role of a firefighter quite a few times throughout my career and would hardly become too concerned with the ups and downs in business operation. However, the sliding performance of NCI during the first quarter of 2013, despite that I had been prepared to a certain extent, was still the most daunting scenario I had ever dealt with in terms of severity. By last February, first year premiums had dropped by 48% year-on-year and the GWP had dropped by 12.2% year-on-year, which was the most challenging "jumpstart" since NCI was incorporated 17 years ago. This was unprecedented for NCI, who has been accustomed to advancing triumphantly for a long time.

One of the reasons for such sluggish performance was that the Company needed to repeatedly promote the new value assessment system since its inception and that the staff also needed time to understand and digest it; hence a certain degree of difficulties in adaptation became barriers. Many branch companies have made high value health insurance as their main product within a short period of time, which cannot deliver the scale required by the Company. This has also resulted in inadequate commissions paid to agents and thus the reduction of sales teams. Besides, as the Company had just elected a new board of directors ("Board") and quite dramatic restructuring was being implemented as planned, the Company naturally could not earmark adequate resources to planning, preparation and promotion of the sales campaign. In the life insurance market where competition has always been fierce, this means that if a company loses its advantage at one step, it may suffer from it for the following steps.

I was appointed the CEO by the Board on February 22, 2013 with the implication that from that day onwards, I should be responsible for not only the business outcome but also the process involved. Starting from organizational structure, NCI has established a new operational framework of "executive committee plus seven regions", and this decision-making process, compared with the former framework of "Chairman plus President", has given more priority to efficiency. In accordance with the principle of specialization, six functional committees were established under the executive committee and the chair of each of these committees shall be responsible for the respective fields by authorization of the executive committee. Such a system represents an optimised combination of specialization and efficiency.

With the seven business regions, 35 tier-two branches were incorporated into a regional management regime, management activities have been pushed down to lower level and thus the resources are put on the front line. Given the strong local characteristics of the life insurance market, this reform has shortened the management radius of the headquarters and increased management efficiency. The managers of the seven regions are all veterans of the Company through many tough battles. Since they took office, all of these regions have assumed strong momentum of fierce competition by taking advantage of their own strengths. After this regional management regime was introduced, I have attended all the jumpstart campaigns by these regions and personally witnessed the vigour and efficiency improved by this reform.

To turn around the declining bancassurance business, the Company launched an asset-oriented product during the second quarter, stabilized the sales team and distribution network through large scale recovery efforts, and acquired some high-quality customers. The blossoming bancassurance business also inspired and motivated colleagues from other channels to catch up. After readjustment and preparation during the third quarter, the Company made a full stride in the fourth quarter by launching a product with market-oriented insurance premium rate, one of the first in the market that became widely popular among customers. These series of reform measures have demonstrated effects vividly on the performance curve: despite the sluggish start at the beginning of 2013, a strong momentum of growth sustained all the way throughout the year.

When our business performance was evading during the first quarter of 2013, many colleagues suggested I adjust the annual business plan so that the year-end performance review would not be too much out of expectations in case the annual target was not reached. I refused. I was confident that the strategic transition of NCI was in line with the development pattern of the life insurance industry, and despite the unavoidable pain in the short run, we were bound to reach the strategic goals ultimately.

Some financial analysts also raised their concerns and challenged: if you adhere to value and the very baseline of life insurance, why did you launch two scale-oriented products embedding less value? Are you just hesitant in the course of action? Or do you lack the resolution to take the transition? My consideration was that scale and value are not at absolute odds with each other and that the value we pursued must be built upon certain scale, and the extreme practice of only choosing one is apparently contrary to the principle of business operation. Additionally, NCI's strategy is customer-centric and our products serve not only to meet the financial needs of our targeted customers, but also enable us to take advantage of sustainable and consolidated channels to offer more comprehensive and differentiated products to our customers to meet their other demands. Over the past year, we have actively pressed ahead with building nine systems with a focus on serving our key customers[1], including a full life cycle service system and a number of complementary systems therewith, i.e. policy system, institutional system, team system, training system, product system, operational system, information system and risk control system. At the same time, great efforts were made to enhance our capabilities of management, investment and innovation. After a year of practice, we have made remarkable achievements, particularly with respect to continuous improvement of both the customers and the staff.

[1] NCI internal definition

It is true that the improvements described above marked only a small step of our progress during the long march of our strategic transition. In my view, such a transition significantly outweighs the IPO process in terms of its scale, operational difficulties, complexity and challenges. We therefore need not only determination and passion for the transition, but also persistence and perseverance to address sophisticated issues on the way.

We have seen time and again that in business activities if rationality is extinguished by superficial exuberance similar to an earthquake or eruption of volcanoes when the earth releases its energy, what happens in turn is a disaster and loss without exception. Passion is never rejected in business activities, yet all operations with such passion must be based on planning with precision and implementation with prudence and should be carried out in a company with well defined functions, close cooperation and a high level of coordination, particularly in a complex business environment. Hence, this transition should happen in an orderly and controlled way, just like one must not accelerate to race a car out of its course or a roller coaster out of its rail. No one would deny that figure skating brings enjoyment to its audience. While they enjoy it, only the athletes themselves know how much efforts and sacrifice they have made over a long time for just a few minutes of performance. For us in the business world, only by escaping the impetuous passion, mirage and emotion, and facing the difficulties, boredom and everyday upfront tasks can we start achieving success.

II. TRADITION AND CHANGE

Currently, we face a world that is overloaded with information and supercharged with volume. Various hot topics, headlines and inspirational thoughts of all types gather together and thunder through. Big data, cloud computing, SoLoMo[1], various payment tools or “red envelopes”, the list goes on. These make the future seemingly more exciting while at the same time the sense of excitement appears to come from nowhere. Many people envisage a revolutionary future for life insurance, which for instance could rely on social networks, big data algorithms, non-near-field payment and some other miraculous technologies, where a customer only needs to press a few buttons and the back office of a life insurance company can come up with the most matching product through computation, and where customers will come in large numbers, total premiums will flood in and our competitors will perish as we talk and laugh. Will this kind of life insurance come true any time soon? Will this type of computable future really be capable of perfectly suiting complex human nature? Although I was born in an earlier era, when it comes to state of the art technology, I still have ambitions and curiosity. Nevertheless, I am afraid that I may not echo such thoughts immediately.

Coming back to reality, the economic trend we see remains obscure. Among the three pillars of GDP growth, investment remains the main driving force. Structural imbalance between the imports and exports lingers on for a long time and domestic demand and consumption remains sluggish. However, the dark shadow of systematic risk looms alongside hot air – such as the heated discussion about shadow banks, ballooning trust assets and rampant sales of various financial products – while upcoming credit risks are rising conspicuously. For example, with regards to Internet finance, all finance companies are moving on-line while all Internet companies are entering off-line territories. Although the kaleidoscope looks appealing, many regulatory policies are being introduced; when it comes to reasonably defining the rules for the game, mature practice is still lacking. For traditional life insurance players, the pressure remains high on both their debt levels and investment performance. On the one hand, many types of financial products are competing with us for high short-term returns and undoubtedly impact the attractiveness and the profitability of insurance products; on the other hand, however, the nature of insurance funds requires that we must maintain the bottom lines of liquidity and our promise to customers.

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[1] Social Local Mobile

In retrospect of commercial activities over the last few thousand years in human history – from simple cloth and silk bartering by ancient people to the currency wars in contemporary societies – we can see that some behaviours, rules and values from old times, akin to snake trails or veins, although indistinct, run consistently to the present without change and string together our business traditions over the past few thousand years. These core values and rules have permeated every level and every perspective of the business world. In a highly efficient manner, these rules restrain and influence the business world and establish by default the behavioral standard and professional conduct of all participants. To hold commercial tradition in awe and veneration and abide by the laws of business, we need to rely on science – scientific thinking and ideas, scientific practice and organization; we need to rely on diligence – diligently making progress, diligently researching and diligently working; and we also need honesty and integrity – all staff including senior executives, each performing their own duties, scrupulously abiding by professional ethics and keeping their promises to customers, shareholders and the general public.

These requirements, due to fierce and brutal competition in modern times, have become more stringent and even harsh. All elements of management need to be harmoniously coordinated and properly allocated, and no single is dispensable or can take a dominant role in its own right. A lone hero like Zorro who can single-handedly beat all enemies would be rejected in the modern business world; instead, management should be a machine designed with precision that can not accommodate a gear that is omnipotent and runs its own way. Only in this way can a business establish its core capability and competitive advantages, thereafter enabling its survival and development in the competitive market. Once I asked a senior consultant from a leading global consulting firm: "What is the commonality of all successful insurance companies in the world?" His answer was simple: discipline. In a way, this has an uncanny resemblance to our philosophy of respecting tradition in awe and showing our utmost respect to rules.

In addition, an equally important rule that should be followed is to adapt with time. In history, after each industrial revolution, after each round of changes in technology and after each business evolution where the new replaced the old, we see plenty of glorious successful stories. What we also see often are the falls of many bright stars and conglomerates as shocking lessons for us all. I have been working in the finance industry for approximately 30 years and my past experience constantly keeps me alert: one should always retain a sense of hunger and crisis throughout the ups and downs of the market. I personally experienced China's reform and opening-up to the world in the 1980s, which changed China forever. Thinking about the soul-stirring upheavals of those years still makes one feel a surge of emotions and excitement. Over the years, I have also been involved in reforming some state-owned enterprises, where I saw plenty of people who were content to just be in control of the situation in their specific field with all the advantages and resources offered by government support and endorsement. Gradually, they lost sight of the changes around them and lost sensitivity to the prospect of new technologies. They ultimately fell into a state where they were simply happy with the status quo in their own corner, holding onto some outmoded way of business but ignorantly thinking they were doing well. In the end, they simply lost their competitive advantage and business vitality and came to a sudden collapse. Lessons as such are simply numerous.

I remember that prior to 1997, the Hong Kong economy was on an almost unstoppable upward surge with a future that seemed so bright the sun would never set. At the time, tremendous business opportunities were to be found everywhere and successes were achieved with no efforts at all. The stock market was going upward every day and so were housing prices. Nearly everybody managed to become an investment banker and an expert in 'capital operation'. As the poetic verse goes, even if you have been sitting still for a day, you would have travelled 80 thousand miles. An easy sum of investment would turn into a big fortune overnight. Under these circumstances and being influenced by this kind of atmosphere, people sought self-gratification by losing themselves in counting cash. The ancient maxim "no pain, no gain" was treated with contempt. Naturally, no one would be willing to make the effort for anything new and no one would be willing to reform themselves. Surely, they would be reluctant to put in the hard yards to lonely and plainly build up the foundation of their businesses.

Greed often defeats fear, and the market would quite often become forgetful; tradition is often ditched by those who speculate, whereas change is often ignored by those who seclude themselves. We have unwittingly slipped into a vicious circle within which so-called 'successes' are relentlessly pursued and so-called 'miracles' are constantly discovered. The previously ratified and embraced philosophies – such as a journey of a thousand miles starts from one step, such as the state of immortality can only be reached through persistent hammering and polishing, such as one minute of glory comes from many years of meticulous and progressive preparation – are no longer considered applicable. People are no longer willing to pay attention to the famous ancient inspirational stories: perseverance through ten years of hardship of burning midnight oil and studying by the light of bagged fireflies and the reflected light of the snow. They used to be examples people were encouraged to follow. Nowadays, however, much more modern philosophies are admired – such as leverages, such as departing and arriving as well as seeding and picking flowers in a day, such as having plenty of glory after minimal preparation or no preparation at all, or acquiring one's kudos through the hard work of others. The world we are in cannot follow the values which modern business practice should have projected. Through layers of leverage superimposing over each other, traditional values and integrity are being ripped apart and diluted thin as a feather.

We are living in restless times, much like watching a drama where scenes are shown in front of people's eyes one after another. However, the curtain is drawn in a hurry before the story is told properly. The audience seems to be shrouded in a thick cloud, witnessing the tower raising and collapsing right in front. And before the audience can even realize, a new episode has already started elsewhere. People are stimulated and driven by novel stories as well as flippant ideas. Like clouds, they are drifting around randomly in all directions. The windows of success frequently present themselves and everything seems to be within easy reach, yet so often everything seems so far away. Tirelessly, people are pursuing all manners of new thoughts and short-cuts. They attempt to show off new words and theories which they do not yet understand while weaving plans and new dreams for themselves. As the saying goes, morning fungus cannot realize what a day is like and a cicada does not know what a year is like. Unnoticed, short-lived business models have already occupied the centre stage.

This trend is very worrying: one cannot help but to think about it even while sleeping, yet one feels so saddened and angered by this situation. This type of twist in values and ideology will sooner or later result in us being punished in economic activities. What is even more worrying, apart from the concerns about the depth and width of market punishment, is the demise of traditional values. "What has always made the state a hell on earth has been precisely that man has tried to make it his heaven." The lessons learned from 1997 and 2008 are still fresh in people's minds – when reckless behaviours and inflated human ego finally led the market to ruins. These words from Friedrich Holderlin could perhaps help us eliminate the leverage for greed and rapaciousness and awaken those who are still lost in the maze.

Then – the future vs. the present, tradition vs. change – how should NCI address all these issues?

As a life insurance company, we provide protections for our customers. On one hand, we are bound to possess traditional conservative characteristics; on the other hand, in this era of whirlwind advances the lifestyle of our target customers has changed fundamentally. Essentially, the operation model of life insurance is to make use of our present professional operation and management capabilities to help our customers to hedge against future risks.

We must be capable of both: building on the present and looking forward into the future; embracing change and respecting tradition. We simply have no other choice.

III. THE OUTLOOK FOR 2014

Over the last year, we observed and researched the profound changes brought about by the wide-spread application of new technologies. We also streamlined some of the significant processes in relation to the transition and normal business operations of NCI. Disparities and deficiencies at many fronts have made me feel quite perturbed as if I am on the brink of a deep abyss. How can we realize our strategic vision set upon our listing to become the best financial service group in China focusing on full-service life insurance business? How do we achieve that strategic vision now? How do we determine detailed strategic goals? How do we select a reasonable execution path? In the era of economy promoting experiences, how do we deal with the rapid changes caused by digital technologies, while at the same time find a path to leverage new technologies and revive the vigour of our existing business model through in-depth transformation?

Based on research on international and domestic social and economic development patterns and trends, it is estimated that along with further development of the economy and continued urbanization in China, people's disposable income will continue to rise. Meanwhile, issues with respect to ageing of the population, food security, environment and ecology, health and longevity, as well as emergency events and unexpected incidents, which are all protection related, are constantly impacting upon modern humans' fragile nerves. Life insurance in China is set to experience a period of golden development never witnessed before.

However, this does not mean that NCI can stand still and wait for the pie to drop from the sky.

A new era calls for new models, new concepts, new processes, new tools and new teams. Not long ago there was extensive discussion about speculation that the Internet will turn the insurance industry upside down and doom the future of three million insurance agents. Even without the Internet, the life insurance players in China, including NCI, had long been critically examining their own shortcomings and making every effort to increase efficiency and productivity.

In 2014, based on its "customer-centric" strategy, NCI will continue to implement all the key measures with balance for its strategic transition.

In terms of middle and back office management, we introduced the "holistic enhancement of customer experience" concept throughout the Company with a view to further improving customer whole-life-cycle management. At the same time, we will continue to fortify cost optimization and financial management as well as improve risk control and regulatory compliance management.

As with the channels, while keeping an eye on the current market situation, we will continue to emphasize on both “quality” and “quantity”. With respect to the individual insurance agent channel, we will increase efforts in training, activate and continually optimize the new basic rules, strengthen team management and help all the teams enhance core evaluation indicators while building teams of high performing agents; on the other hand, to achieve sustainable development, we will continue to invest in team recruitment, consolidate organizational structure on an expanding team basis and gradually build a team of insurance agents with high stability, high retention rate, high productivity and sustainability. With respect to the bancassurance channel, while the bancassurance channel will continue to be an important channel for us to lift scale, we will continue to strengthen and expand our win-win collaboration with the channel and enhance sales of regular premium products and high value products. Meanwhile, we will streamline process management and continue to increase efforts to prevent and mitigate risks on misleading sales.

Although the China Insurance Regulatory Commission (the “CIRC”) has widened insurance fund investment channels time and again, when it comes to utilizing funds and investment planning, we shall not blindly follow suit. NCI will continue to exercise stringent management over assets and liabilities as well as investment management, strictly control fund utilization and solvency management, and treat any investment with caution, prudence and professionalism. For our newly developed senior care and health care businesses, NCI is also taking an equally cautious position, leveraging external expertise to enhance our professional management capabilities. This is to ensure this business extension will not only have intrinsic profitability but will also be able to generate great synergy with our core life insurance business.

In order to proactively embrace the mobile Internet and big data era, NCI gained approval from the CIRC to establish a wholly owned e-commerce subsidiary at the end of last year. Currently, we are making an all-out effort to recruit from the Internet industry, endeavouring to leverage Internet thinking and modern digital technologies to boost the efficiency of our traditional processes. At the same time, we are committed to providing our customers with ever better experience, acquiring new clientele and opening up new space for growth.

Reflecting on 2013, we faced unprecedented uncertainty, pressure and difficulties. Despite such unprecedented adversities, we made a resolute decision to commence this journey of transition – a journey which has left invaluable memories for all our staff at NCI. In 2014, there is no reason for us to hesitate or procrastinate. What matters is that the ice has been broken, the route opened, and confidence established.

The Tao that can be spoken of is not the constant Tao. To hold tradition in awe and to embrace changes. To constantly stimulate the urge for innovation through rigorous lean management and to adhere to rigorous management while rapidly responding to newly emerged issues. To reach our strategic vision, this would be the only way that NCI should take.

Finally, let me share a quote from Tao Te Ching:

“From goodness comes braveness, from thriftiness comes broadness; as we were cautious not to be the first one to move, we remain present for long.”

Wish you a fine spring.

Kang Dian

MANAGEMENT DISCUSSION AND ANALYSIS

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

Financial data and indicators in this announcement are prepared in accordance with IFRS. Unless otherwise specified, the management discussion and analysis is based on the consolidated financial data of the Company, and is presented in Renminbi ("RMB").

I. KEY OPERATIONAL INDICATORS

Unit: RMB in millions

For the 12 months ended 31 December	**2013**	2012
Gross written premiums and policy fees	**104,073**	98,081
Total investment income[1]	**24,734**	13,540
Net profit for the year attributable to shareholders of the Company	**4,422**	2,933
Value of one year's new business	**4,236**	4,172
Market share[2]	**9.6%**	9.8%
Persistency ratio		
Individual life insurance business 13-month persistency ratio[3]	**89.19%**	89.84%
Individual life insurance business 25-month persistency ratio[4]	**85.59%**	88.50%
As of 31 December	**2013**	2012
Total assets	**565,849**	493,693
Net assets	**39,318**	35,878
Investment assets[5]	**549,596**	479,189
Equity attributable to shareholders of the Company	**39,312**	35,870
Embedded value	**64,407**	56,870
Amount of customers (in thousands)	**29,831**	27,766
of which: individual customers	**29,769**	27,707
of which: institutional customers	**62**	59

Notes:

1. Total investment income = interest income from cash and cash equivalents, term deposits, debt securities and other investment assets + dividend income from equity securities + realized gains/(losses) + unrealized gains/(losses) + impairment losses on financial assets + share of results of associates. The comparative figures have been recalculated on the base line of the reporting period.

2. Market share: represents the data published by the CIRC.

3. 13-month persistency ratio: premiums under in-force regular premium life insurance policies 13 months after their issuance as a percentage of premiums under life insurance policies becoming in-force during the issuance.

4. 25-month persistency ratio: premiums under in-force regular premium life insurance policies 25 months after their issuance as a percentage of premiums under life insurance policies becoming in-force during the issuance.

5. The comparative figures have been recalculated on the base line of the reporting period.

II. BUSINESS ANALYSIS

(I) Life insurance business

The year 2013 was the connecting year under the "Twelfth Five-Year Plan" of China during which the overall domestic economy was running steadily along with continuous adjustment to the economic structure. Due to the new impulse from regulatory policies, such as widening of insurance fund investment channels and insurance premium rate marketization, the life insurance industry in China saw better premium growth as compared to last year, manifesting signs of recovery of industry development.

In 2013, driven by the "customer-centric" strategy, the Company adhered to the essence of value-added operation and largely deepened and accelerated the process of value transformation through increased efforts in strategic transformation, and a series of revolutionary and innovative administrative initiatives. Firstly, we reformed the organization of the sales management system by establishing seven regional management centres, through which we delegated certain management functions and directed resources to the local level. As a result, the institutions were enabled to function with their own strengths, thus to achieve diversified operation. Secondly, the "customer-centric" product system was optimized through the successful development of a number of innovative products phase by phase, which resulted in sound sales performance and marketing effects and effectively laid a solid foundation of sales channel and workforce. Thirdly, a value assessment system was established and enhanced to reinforce the concept of value transformation, and to incentivize institutions and workforce to increase the sales of protection-type products. Fourth, a whole life-cycle customer service system was established to secure the customer base as well as to continuously expand our customer base. By way of the foregoing, the Company achieved steady growth in its annual premium income and continuous improvement in business structure from the individual insurance agent channel and workforce performance.

According to the data published by the CIRC, in terms of gross premium income (after adjustments made in accordance with Interpretation No. 2), the Company recorded a year-on-year increase of 6.1% in gross premium income to RMB103,640 million in 2013 with a market share of 9.6%, ranking the third in the PRC life insurance market. As of 31 December 2013, the Company served approximately 29.769 million individual customers and approximately 62,000 institutional customers, representing an increase of approximately 2.06 million customers as compared to the last year.

1. Analysis by distribution channels

Unit: RMB in millions

For the 12 months ended 31 December	**2013**	2012
Individual life insurance	**102,189**	96,253
Of which:		
Individual insurance agent channel	**47,489**	42,993
First year premiums	**8,488**	10,131
Regular premiums	**7,088**	8,948
Single premiums	**1,400**	1,183
Renewal premiums	**39,001**	32,862
Bancassurance channel	**53,395**	52,163
First year premiums	**22,669**	21,569
Regular premiums	**2,896**	5,074
Single premiums	**19,773**	16,495
Renewal premiums	**30,726**	30,594
Wealth management channel	**1,305**	1,097
First year premiums	**596**	635
Regular premiums	**281**	375
Single premiums	**315**	260
Renewal premiums	**709**	462
Group insurance	**1,451**	1,466
Total	**103,640**	97,719

(1) Individual life insurance business

① Individual insurance agent channel

In 2013, the Company continued to foster the transformative development of its individual insurance agent channel. On one hand, the Company vigorously optimized the product structure. Through the promotion of health insurance, whole life insurance and long-term products, the skills of its agent force in selling protection-type products were further improved and the product mix in the individual insurance agent channel was significantly enhanced. The first year premiums from regular premium products with premium payment periods of ten years or more as a percentage of the total increased from 61% in 2012 to 70% in 2013. The first year premiums from traditional insurance and health insurance products as a percentage of the total increased from 17% in 2012 to 31% in 2013. On the other hand, centering on the agent force development, the Company started amending and streamlining the Fundamental Management Measures on Individual Insurance Agents (2014 Edition) (《個人業務保險行銷員管理基本辦法(2014版)》) to reinforce the fundamental management of its agent force, promote the continuous operation of its agent force, refine the structure of workforce and maintain high performing and key agents. As of the end of 2013, the number of the Company's insurance agents amounted to approximately 201,000[1], including approximately 24,000 high performing agents.[2]

The GWP from the individual insurance agent channel was RMB47,489 million in 2013, representing an increase of 10.5% as compared to the last year. The revenue from first year premiums was RMB8,488 million, representing a decrease of 16.2% as compared to the last year; and the revenue from renewal premiums was RMB39,001 million, representing an increase of 18.7% as compared to the last year.

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1. The number of insurance agents includes 177,000 agents of the individual business channel, and 24,000 agents of the renewal business of the service and operation channel.

2. The number of high performing individual insurance agents for a reporting period is an average number calculated by dividing the sum of the monthly numbers of individual insurance agents in the reporting period. The standard of high performing agents of 2013 has been improved compared to that of 2012. The monthly high performing agents of 2013 refers to those who have sold at least one insurance policy by the number of months in the reporting period. The policy should not have been surrendered within one month of being underwritten, with a payment term of more than one year and accumulative first year commission of no less than RMB2,000 or RMB3,000 (depending on branch location).

② Bancassurance channel

In 2013, with respect to the bancassurance channel, the Company timely introduced an asset-oriented product and a product with market-oriented insurance premium rate amid the continuous intensified market competition, which reversed the downward trend of its business, boosted the morale of its agent force, stabilised its business channels and networks and brought the Company a group of high-quality customers. The GWP from the bancassurance channel was RMB53,395 million in 2013, representing an increase of 2.4% as compared to the last year, among which, the first year premiums was RMB22,669 million, representing an increase of 5.1% as compared to the last year; and renewal premiums of RMB30,726 million, representing an increase of 0.4% as compared to the last year.

③ Wealth management channel

In 2013, with respect to the wealth management channel of the Company, its team management indicators effectively improved by leveraging high performing agents. In the meantime, we combined the foregoing with paced promotion of products and flexibly adjusted sales strategies to achieve a balanced and positive development of all cooperation channels. The GWP from the wealth management channel was RMB1,305 million in 2013, representing an increase of 19% as compared to the last year, among which, the first year premiums was RMB596 million, representing a decrease of 6.1% as compared to the last year, and the renewal premiums was RMB709 million, representing an increase of 53.5% as compared to the last year.

(2) Group insurance business

In 2013, the GWP from the group insurance business was RMB1,451 million, representing a decrease of 1% as compared to the last year.

2. *Analysis by types of insurance products*

Unit: RMB in millions

For the 12 months ended 31 December	2013	2012
GWP	**103,640**	97,719
Traditional insurance	**14,351**	848
First year premiums	**13,798**	295
Renewal premiums	**553**	553
Participating insurance[(1)]	**80,377**	90,029
First year premiums	**14,984**	30,128
Renewal premiums	**65,393**	59,901
Universal insurance	**39**	37
First year premiums	**–[(2)]**	–[(2)]
Renewal premiums	**39**	37
Unit-linked insurance	**–[(2)]**	–[(2)]
First year premiums	**–[(2)]**	–[(2)]
Renewal premiums	**–[(2)]**	–[(2)]
Health insurance[(1)]	**7,633**	5,780
First year premiums	**3,147**	2,281
Renewal premiums	**4,486**	3,499
Accident insurance	**1,240**	1,025
First year premiums	**1,200**	989
Renewal premiums	**40**	36

Notes:

1. Participating health insurance is included in the participating insurance. The comparative figures have been recalculated on the base line of the reporting period.

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

In 2013, the Company achieved life insurance GWP of RMB103,640 million, representing an increase of 6.1% as compared to the last year, among which, the premiums from traditional insurance business was RMB14,351 million, representing an increase of 1,592.3% as compared to the last year, which was mainly due to the substantial increase of sales of a product with market-oriented insurance premium rate launched through the bancassurance channel; and the premiums from health insurance business was RMB7,633 million, representing an increase of 32.1% as compared to last year. The premiums from participating insurance business was RMB80,377 million, representing 77.6% of the total GWP; the premiums from other insurance businesses was RMB1,279 million, representing 1.2% of the total GWP.

The first year premiums from traditional insurance business and health insurance business was RMB16,945 million, in aggregate, representing an increase of 557.8% as compared to the last year. Such growth rate outperformed the growth rate of the total GWP, which was attributable to the Company's strategy of product transformation to boost strategy transformation.

3. *Analysis by geographic regions*

Unit: RMB in millions

For the 12 months ended 31 December	**2013**	2012
GWP	**103,640**	97,719
Central China	**21,827**	19,344
Eastern China	**21,628**	21,764
Northern China	**19,571**	20,383
Southern China	**13,998**	11,294
Other regions	**26,616**	24,934
Total	**103,640**	97,719

Note: The Company established seven regional management centres in 2013, and the details are as follows: Northern China covers branches of Beijing, Tianjin, Hebei, Inner Mongolia, Shanxi; Eastern China covers branches of Shanghai, Jiangsu, Zhejiang, Shandong, Ningbo, Qingdao; Southern China covers branches of Guangdong, Shenzhen, Fujian, Xiamen, Hainan, Guangxi; Central China covers branches of Henan, Hunan, Hubei, Anhui, Jiangxi; Northwestern China covers branches of Xinjiang, Shaanxi, Gansu, Ningxia, Qinghai; Southwestern China covers branches of Yunnan, Guizhou, Sichuan, Chongqing; Northeastern China covers branches of Heilongjiang, Jilin, Liaoning, Dalian.

In 2013, approximately 74% of the GWP of the Company were derived from the four regions that are relatively developed or with larger population, namely, Central China, Eastern China, Northern China and Southern China.

(II) Asset management business

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

In 2013, based on the liability nature of insurance business and fluctuation cycles of capital market, the Company proactively broadened its investment channels, optimized its investment portfolio, properly increased the proportion of fixed-income assets in order to enhance investment returns and maintain sustainable returns from the investment portfolio. The Company stepped up its efforts in the allocation of high yield financial products and effectively enhanced the overall returns of its fixed-income assets. As New China Asset Management (Hong Kong) Limited commenced operation on 12 December 2013, the Company actively and steadily expanded its overseas investment business.

As to the equity investment, in spite of the downturn of domestic capital market in 2013, the Company realized gains on investment assets of RMB2,414 million due to timely structural adjustment.

1. Investment portfolio

Unit: RMB in millions

As of 31 December	**2013**	2012
Investment assets[(1)]	**549,596**	479,189
Classified by investment type		
Term deposits[(2)]	**163,137**	171,853
Debt securities	**305,558**	234,130
Equity securities	**41,589**	32,793
– Funds	**13,067**	15,869
– Stocks	**19,118**	16,216
– Investments in associates	**9,404**	708
Cash and cash equivalents[(2)]	**18,570**	25,066
Other investment assets[(3)]	**20,742**	15,347
Classified by investment purpose		
Financial assets at fair value through income	**2,439**	4,755
Available-for-sale financial assets	**127,895**	84,335
Held-to-maturity securities	**183,008**	176,817
Loans and other receivables[(4)]	**226,850**	212,574
Investments in associates	**9,404**	708

Notes:

1. The comparative figures have been recalculated on the base line of the reporting period.

2. Cash and cash equivalents include term deposits with maturity of 3 months or less, while term deposits exclude those with maturity of 3 months or less.

3. Other investment assets include statutory deposits, policy loans, financial assets purchased under agreements to resell and accrued investment income, etc.

4. Loans and other receivables mainly include term deposits, cash and cash equivalents, statutory deposits, policy loans, financial assets purchased under agreements to resell, accrued investment income and loans and receivables, etc.

As of the end of the reporting period, the Company had investment assets of RMB549,596 million, representing an increase of 14.7% as compared to the end of last year. Such increase was mainly attributable to the cash inflows from the Company's insurance business.

As of the end of the reporting period, term deposits accounted for 29.7% of the total investment assets, representing a decrease of 6.2 percentage points as compared to the end of last year, which was mainly due to the fact that part of the Company's term deposits matured.

As of the end of the reporting period, debt securities accounted for 55.6% of the total investment assets, representing an increase of 6.7 percentage points as compared to the end of last year, which was mainly due to the increase of asset funding plans, trust products, wealth investment products and debt investment plans.

As of the end of the reporting period, equity securities accounted for 7.6% of the total investment assets, representing an increase of 0.8 percentage point as compared to the end of last year, which was mainly due to the increase of the equity investment plan of equity securities.

As of the end of the reporting period, cash and cash equivalents accounted for 3.4% of the total investment assets, representing a decrease of 1.8 percentage points as compared to the end of last year. Such decrease was mainly attributable to the requirements for investment assets allocation and liquidity management.

As of the end of the reporting period, other investment assets accounted for 3.8% of the total investment assets, representing an increase of 0.6 percentage point as compared to the end of last year. Such increase was mainly due to the increase in policy loans and financial assets purchased under agreements to resell.

In terms of investment purposes, as of the end of the reporting period, investment assets of the Company is mainly allocated in loans and other receivables and held-to-maturity securities. Investments in loans and other receivables increased by 6.7% as compared to the end of last year, mainly due to the increase of asset funding plans.

2. *Investment income*

Unit: RMB in millions

For the 12 months ended 31 December	**2013**	2012
Interest income from cash and cash equivalents	**81**	101
Interest income from term deposits	**8,835**	8,455
Interest income from debt securities	**12,616**	9,930
Dividend income from equity securities(1)	**1,630**	1,111
Interest income from other investment assets(2)	**411**	277
Net investment income(3)	**23,573**	19,874
Realized gains/(losses)	**2,414**	(1,559)
Unrealized gains/(losses)	**(31)**	505
Impairment losses on financial assets	**(1,318)**	(5,281)
Share of results of associates(1)	**96**	1
Total investment income(4)	**24,734**	13,540
Net investment yield (%)(5)	**4.6%**	4.7%
Total investment yield (%)(5)	**4.8%**	3.2%

Notes:

1. Cash dividend received from associates is included in dividend income from equity securities.

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

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

4. Total investment income = net investment income + realized gains/(losses) + unrealized gains/(losses) + impairment losses on financial assets + share of results of associates. The comparative figures have been recalculated on the base line of the reporting period.

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

The Company achieved total investment income of RMB24,734 million during the reporting period, representing an increase of 82.7% as compared to the last year; the total investment yield was 4.8%, representing an increase of 1.6 percentage points as compared to the last year, which was primarily attributable to an increase in realized gains on investment assets and a decrease in impairment losses on available-for-sale financial assets.

The Company achieved net investment income of RMB23,573 million, representing an increase of 18.6% as compared to the last year; the net investment yield was 4.6%, representing a decrease of 0.1 percentage point as compared to the last year.

Total realized gains/(losses) and unrealized gains/(losses) and impairment losses on financial assets amounted to a gain of RMB1,065 million, which turned better as compared to the loss of RMB6,335 million in aggregate of last year, mainly due to the fact that the Company had reasonable position control and made better use of band operation, which enabled the Company to turn losses into profits for realized gains/(losses) on investment assets and to reduce the impairment losses on financial assets.

3. *External equity securities*

(1) Securities investment

No.	Type of securities	Security code	Abbreviated security name	Initial Investment costs (RMB in millions)	Number of Securities held (in millions)	Carrying amount at the end of the period (RMB in millions)	As a percentage of total investments in securities at the end of the period (%)	Profits/ (losses) during the reporting period (RMB in millions)
1	Convertible bond	110020	Nanshan CB	441.79	442.99	403.04	30.85%	-23.75
2	Convertible bond	110015	Sinopec CB	316.58	295.61	281.38	21.53%	-42.36
3	Convertible bond	113001	BOC CB	273.29	272.60	262.14	20.06%	-10.38
4	Stock	03366X	OCT (Asia) (limited)	128.84	40.00	127.37	9.75%	-1.47
5	Stock	600153	C &D	72.10	9.60	68.65	5.25%	-0.82
6	Stock	601628	China Life	60.41	3.11	47.10	3.60%	-92.98
7	Stock	600079	HWHG	37.25	1.30	36.85	2.82%	14.17
8	Stock	002375	YASHA	28.63	1.00	25.80	1.97%	-2.83
9	Stock	600276	Hengrui Medicine	18.14	0.57	21.82	1.67%	3.69
10	Stock	000982	ZHONGYIN	13.61	1.50	12.89	0.99%	-0.73
Investments in other securities held at the end of the period				20.13	N/A	19.60	1.51%	184.47
Profits/(losses) of investments in securities sold during the reporting period				N/A	N/A	N/A	N/A	-402.70
Total				**1,410.77**	**N/A**	**1,306.64**	**100.00%**	**-375.69**

Notes:

1. Securities investments stated in this table represent investments such as stock, options and convertible bonds, etc., ordered in accordance with the carrying amount at the end of the period. Among them, stock investment and convertible bond investment only refer to tradable financial assets that are attributable to the Company.

2. Investments in other securities refer to investments in other securities apart from the top ten securities.

3. Profits/(losses) during the reporting period are comprised of the realized investment gains/(losses) as well as the unrealized gains/(losses).

(2) Shareholding in other listed companies

Security code	Abbreviated security name	Initial investment cost (RMB in millions)	As a percentage of equity interests in that company at the beginning of the period (%)	As a percentage of equity interests in that company at the end of the period (%)	Carrying amount at the end of the period (RMB in millions)	Profits/ (losses) during the reporting period (RMB in millions)	Changes of Equity Ownership during the reporting period (RMB in millions)	Accounting classification	Source of securities
600887X	Yili Industrial (Limited)	708.03	0.00%	1.72%	1,371.66	9.07	663.63	Available for sale	Purchase
000002	Vanke A	845.59	0.00%	0.71%	624.16	11.87	-221.43	Available for sale	Purchase
601318	Ping An	581.32	0.11%	0.17%	573.52	-51.09	64.95	Available for sale	Purchase
03328	Bank of Communications	580.20	0.27%	0.17%	543.04	59.65	-65.49	Available for sale	Purchase
000651	Gree Electric Appliances	475.51	0.00%	0.54%	529.92	15.11	54.41	Available for sale	Purchase
600276	Hengrui Medicine	352.08	0.21%	0.86%	442.46	31.86	89.32	Available for sale	Purchase
601006	Daqin Railway	423.35	0.32%	0.37%	406.45	28.25	24.35	Available for sale	Purchase
000333	Midea Group	341.25	0.00%	0.45%	381.65	9.21	40.40	Available for sale	Purchase
601377X	Industrial Securities (Limited)	395.20	0.00%	1.54%	378.40	0.00	-16.80	Available for sale	Purchase
600406	Nari-Technology	366.20	0.00%	0.98%	355.48	0.26	-10.72	Available for sale	Purchase
Other securities held at the end of the period		14,779.87	N/A	N/A	13,151.62	1,303.90	-662.12	N/A	N/A
Total		**19,848.60**	**N/A**	**N/A**	**18,758.36**	**1,418.09**	**-39.50**	**N/A**	**N/A**

Notes:

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

2. The Yili Industrial (Limited) stock includes a carrying amount of 105.47 million in the Yili stock without selling restrictions.

(3) Shareholdings in unlisted financial institutions

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

(4) Trading of shares in other listed companies

	Shares purchased/ sold during the reporting period (in millions)	Amount of capital utilized (RMB in millions)	Investment gains incurred (RMB in millions)
Purchase	3,137.16	33,226.72	N/A
Sale	2,911.93	N/A	1,577.71

III. PRINCIPAL CONTENTS AND ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

(I) Analysis of principal components of consolidated statement of financial position

1. Principal assets

Unit: RMB in millions

Component	31 December 2013	31 December 2012
Debt securities	**305,558**	234,130
– Held-to-maturity	**183,008**	176,817
– Available-for-sale	**96,449**	55,624
– At fair value through income	**1,700**	1,381
– Loans and receivables	**24,401**	308
Equity securities	**32,185**	32,085
– Available-for-sale	**31,446**	28,711
– At fair value through income	**739**	3,374
Term deposits	**163,137**	171,853
Statutory deposits	**8,841**	3,866
Financial assets purchased under agreements to resell	**1,336**	–
Intangible assets	**1,512**	102
Investments in associates	**9,404**	708
Other assets not included in the above assets	**43,876**	50,949
Total	**565,849**	493,693

Debt securities

As of the end of the reporting period, debt securities increased by 30.5% as compared to the end of 2012, primarily due to the increase in asset funding plans, debt investment plans, trust products and wealth investment products.

Equity securities

As of the end of the reporting period, equity securities increased by 0.3% as compared to the end of 2012, primarily due to the continued downturn of the capital market and the Company's control of the scale of equity securities.

Term deposits

As of the end of the reporting period, term deposits decreased by 5.1% as compared to the end of 2012, primarily due to the fact that the Company's term deposits matured in 2013 were more than its new term deposits in 2013.

Policy loans

As of the end of the reporting period, policy loans increased by 128.7% as compared to the end of 2012, primarily due to an increase in demand for policy loans.

Financial assets purchased under agreements to resell

As of the end of the reporting period, financial assets purchased under agreements to resell were RMB1,336 million, primarily due to the requirements for daily liquidity management.

Intangible assets

As of the end of the reporting period, intangible assets increased by 1,382.4% as compared to the end of 2012, primarily due to the purchase of the land use rights of Guangzhou Finance City.

Investments in associates

As of the end of the reporting period, the investments in associates increased by 1,228.2% as compared to the end of 2012, primarily due to the investments in projects such as equity investment plans.

2. *Principal liabilities*

Unit: RMB in millions

Component	**31 December 2013**	31 December 2012
Insurance liabilities	**426,881**	362,272
Long-term insurance contracts	**425,394**	361,070
Short-term insurance contracts		
– Outstanding claims	**520**	452
– Unearned premiums	**967**	750
Investment contracts	**25,933**	18,988
Financial assets sold under agreements to repurchase	**52,211**	55,437
Reinsurance liabilities	**54**	33
Current income tax liabilities	**19**	62
Other liabilities not included in the above liabilities	**21,433**	21,023
Total	**526,531**	457,815

Insurance liabilities

As of the end of the reporting period, insurance liabilities increased by 17.8% as compared to the end of 2012, primarily due to the growth of insurance business and the accumulation of insurance obligations. As of the balance sheet date, liabilities for all insurance contracts of the Company had passed adequacy tests.

Investment contracts

As of the end of the reporting period, investment contracts increased by 36.6% as compared to the end of 2012, primarily due to the increase of universal insurance business.

Financial assets sold under agreements to repurchase

As of the end of the reporting period, financial assets sold under agreements to repurchase decreased by 5.8% as compared to the end of 2012, primarily due to the requirements for investment assets allocation and daily liquidity management.

Reinsurance liabilities

As of the end of the reporting period, the reinsurance liabilities increased by 63.6% as compared to the end of 2012, primarily due to the impact of the reinsurance payables settlement cycle of reinsurance companies.

Current income tax liabilities

As of the end of the reporting period, the current income tax liabilities decreased by 69.4% as compared to the end of 2012, primarily due to the fact that the pre-paid income tax of the Company exceeded the payable tax.

3. Shareholders' equity

As of the end of the reporting period, equity attributable to shareholders of the Company amounted to RMB39,312 million, representing an increase of 9.6% as compared to the end of 2012, primarily due to the growth of investment income and accumulated business.

(II) Analysis of principal components of the consolidated statement of comprehensive income

1. Revenues

Unit: RMB in millions

Component	**2013**	2012
Gross written premiums and policy fees	**104,073**	98,081
Less: premiums ceded out	**(293)**	5
Net written premiums and policy fees	**103,780**	98,086
Net change in unearned premiums liabilities	**(165)**	(135)
Net premiums earned and policy fees	**103,615**	97,951
Investment income	**24,374**	13,559
Other income	**228**	189
Total	**128,217**	111,699

Gross written premiums and policy fees

During the reporting period, gross written premiums and policy fees increased by 6.1% as compared to last year, the growth in 2013 was faster than that in 2012. The growth was primarily due to the increase in renewal premiums and the first year premiums from the bancassurance channel.

Premiums ceded out

During the reporting period, premiums ceded out amounted to RMB293 million as compared to negative RMB5 million of last year, primarily due to the growth of the reinsurance business and the decrease in policy surrenders recovered from reinsurers.

Investment income

During the reporting period, investment income increased by 79.8% as compared to last year, primarily due to the increase in the interest income from debt securities, the increase in realized gains on investment assets and the decrease in impairment losses on available-for-sale financial assets.

2. *Insurance business expenditures and other expenses*

Unit: RMB in millions

Component	**2013**	2012
Insurance benefits and claims	**(103,741)**	(89,898)
Claims and net change in outstanding claims liabilities	**(1,186)**	(1,084)
Life insurance death and other benefits	**(36,601)**	(23,983)
Increase in long-term insurance contracts liabilities	**(65,954)**	(64,831)
Investment contracts benefits	**(869)**	(660)
Commission and brokerage expenses	**(6,422)**	(7,047)
Administrative expenses	**(9,977)**	(9,785)
Other expenses	**(643)**	(276)
Total	**(121,652)**	(107,666)

Claims and net change in outstanding claims liabilities

During the reporting period, claims and net change in outstanding claims liabilities increased by 9.4% as compared to last year, primarily due to the business growth and the increase in accumulated volume of policies of the Company.

Life insurance death and other benefits

During the reporting period, life insurance death and other benefits increased by 52.6% as compared to last year, primarily due to an increase in surrenders and maturities.

Increase in long-term insurance contracts liabilities

During the reporting period, the increase in long-term insurance contracts liabilities increased by 1.7% as compared to last year, primarily due to the growth of insurance business.

Investment contracts benefits

During the reporting period, investment contracts benefits increased by 31.7%, mainly due to the increase in interest expenses as a result of the growth of the Company's universal insurance business.

Commission and brokerage expenses

During the reporting period, commission and brokerage expenses decreased by 8.9% as compared to last year, primarily due to the decrease of the commission of the bancassurance channel.

Administrative expenses

During the reporting period, administrative expenses increased by 2.0% as compared to last year, primarily due to the expanding business scale and the increase in rental expenses and property management expenses.

Other expenses

During the reporting period, other expenses increased by 133.0% as compared to last year, primarily due to the increase in foreign exchange losses as a result of the depreciation of US dollars and the increase in interest expenses for subordinated debts.

3. Income tax

During the reporting period, income tax expenses was RMB535 million as compared to income tax gains of RMB646 million for last year, mainly due to the impact of the amount of payable income tax and deferred income tax.

4. Net profit

During the reporting period, the Company achieved RMB4,422 million of the net profit attributable to the shareholders of the Company, representing an increase of 50.8% as compared to last year, primarily due to the growth of investment income and the decrease in impairment losses on available-for-sale financial assets.

5. *Other comprehensive income*

During the reporting period, other comprehensive income was a loss of RMB980 million as compared to an income of RMB2,853 million of last year, primarily due to the increase of other comprehensive income associated with the recognition of impairment losses on available-for-sale financial assets for 2012 and the decrease of other comprehensive income associated with unrealized losses on fair value of available-for-sale financial assets in the reporting period.

(III) Analysis of consolidated statement of cash flows

Unit: RMB in millions

Component	**2013**	2012
Net cash flows from operating activities	**56,205**	54,252
Net cash flows from investing activities	**(57,118)**	(81,382)
Net cash flows from financing activities	**(5,525)**	31,100

1. *Net cash flows from operating activities*

Net cash flows from operating activities of the Company for the year 2013 and 2012 amounted to RMB56,205 million and RMB54,252 million respectively. Cash inflows from operating activities of the Company were primarily comprised of cash premiums received and the net increase of investment contracts. Cash premiums received from existing insurance contracts for the year of 2013 and 2012 amounted to RMB103,528 million and RMB97,450 million, respectively. Increase in cash premiums was primarily due to the continuous growth in premiums income as a result of consistent development of the Company's insurance business.

Cash outflows from operating activities of the Company in 2013 and 2012 amounted to RMB55,490 million and RMB44,439 million respectively. Cash outflows from operating activities of the Company were primarily comprised of benefits and claims expenses, commission and brokerage expenses paid in cash, cash paid to or for employees, and other cash payments related to operating activities. Claims expenses in cash from existing insurance contracts for the year of 2013 and 2012 amounted to RMB37,880 million and RMB25,643 million respectively. The above changes were primarily due to the Company's business growth and the increase of benefits and claims paid.

2. *Net cash flows from investing activities*

Net cash flows from investing activities of the Company in 2013 and 2012 amounted to negative RMB57,118 million and negative RMB81,382 million respectively. Cash inflows from investing activities of the Company in 2013 and 2012 amounted to RMB214,768 million and RMB137,878 million respectively. Cash inflows from investing activities of the Company were primarily comprised of cash received from recovery of investments, cash received from investment returns and cash received from the sale of financial assets purchased under agreement to resell, etc.

Cash outflows from investing activities of the Company in 2013 and 2012 amounted to RMB271,886 million and RMB219,260 million respectively. Cash outflows from investing activities of the Company were primarily comprised of cash paid for investments, net increase in policy loans, cash paid for purchase of properties, plants and equipments, intangible assets and other long-term assets, and cash paid for financial assets purchased under agreements to resell, etc.

3. *Net cash flows from financing activities*

Net cash flows from financing activities of the Company in 2013 and 2012 amounted to negative RMB5,525 million and RMB31,100 million respectively. Cash inflows from financing activities of the Company in 2013 and 2012 amounted to RMB4,815,740 million and RMB4,703,198 million respectively. Cash inflows from financing activities of the Company were primarily comprised of cash received from the sale of financial assets under agreements to repurchase, etc.

Cash outflows from financing activities of the Company in 2013 and 2012 amounted to RMB4,821,265 million and RMB4,672,098 million respectively. Cash outflows from financing activities of the Company were primarily comprised of cash paid for financial assets sold under agreements to repurchase.

4. *Source and use of liquidity*

The principal cash inflows of the Company were comprised of insurance premiums, investment contracts, proceeds from sales and maturity of investment assets and investment income. The liquidity risks with respect to these cash inflows primarily arose from surrenders of contract holders and policyholders, and also included the risks of default by debtors as well as risks arising from fluctuation of interest rate and other market risks. The Company closely monitors and manages these risks.

The cash and bank deposits of the Company provide us with liquidity resources to satisfy the requirements of cash outflows. As of the end of the reporting period, cash and cash equivalents amounted to RMB18,570 million. In addition, substantially all of the Company's term deposits were available for utilisation, subject to penalty interest. As of the end of the reporting period, the term deposits of the Company amounted to RMB163,137 million. The investment portfolio of the Company also provides us with liquidity resources to satisfy the requirements of unexpected cash outflows. As of the end of the reporting period, the fair value of debt securities amounted to RMB289,279 million, and the fair value of equity securities amounted to RMB32,185 million.

The principal cash outflows of the Company were comprised of the liabilities associated with various life insurance, annuity, accident and health insurance products, the dividends and interest payments of insurance policies and annuity contracts, operating expenses, income taxes and the dividends declared and payable to shareholders. Cash outflows arising from the insurance activities primarily relate to benefit payments of these insurance products, as well as payments for policy surrenders, withdrawals and loans.

The Company believes that its sources of liquidity are sufficient to meet its current cash requirements.

IV. ANALYSIS BY COMPONENT

(I) Solvency

The Company calculated and disclosed actual capital, minimum capital and solvency margin ratio according to relevant regulations of the CIRC. As required by the CIRC, solvency margin ratio of a domestic insurance company in the PRC must reach a required level.

Unit: RMB in millions

	31 December 2013	31 December 2012	**Reason(s) of Change**
Actual capital	**34,782**	35,764	Gains for the current period, changes in fair value of financial assets and changes in investment structure
Minimum capital	**20,502**	18,574	Growth in insurance business and change in regulatory policies
Surplus	**14,280**	17,190	
Solvency margin ratio	**169.66%**	192.56%	

(II) Gearing ratio

	31 December 2013	31 December 2012
Gearing ratio	**93.1%**	92.7%

Note: Gearing ratio = Total liabilities/Total assets

(III) Reinsurance business

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

During the year 2013, premiums ceded out of the Company were set out as follows:

Unit: RMB in millions

For the 12 months ended 31 December	**2013**	2012
China Life Reinsurance Company Ltd.	**86**	(108)[1]
Swiss Reinsurance Company Ltd., Beijing Branch	**198**	93
Others[2]	**9**	10
Total	**293**	(5)

Notes:

1. Premiums ceded out were negative primarily due to the fact that policy surrenders recovered from the reinsurer exceeded the premiums ceded out during the period.

2. Others primarily included Hannover Rueckversicherung AG, Shanghai Branch; SCOR Global Life SE, Singapore Branch; Munich Reinsurance Company, Beijing Branch; and General Reinsurance Corporation, Shanghai Branch; etc.

(IV) Operation of the top 5 insurance products in terms of GWP

Unit: RMB in millions

Rank	Product name	Gross premium income	Standard premium for new policies
1	Hongshuangxi New Type C endowment insurance (Participating)	20,379	116
2	Huifubao endowment insurance	13,317	320
3	Zunxiangrensheng Annuity insurance (Participating)	7,938	626
4	Hongshuangxi Jinqiangui Annuity insurance (Participating)	6,241	186
5	Hongshuangxi Yingbaorui endowment insurance (Participating)	4,416	178

V. FUTURE PROSPECTS

In 2014, China's life insurance industry will usher in a series of new opportunities for development. Firstly, both the domestic and oversea economy is seen to be improved, which will provide economic basis for the sustainable growth of the life insurance industry. Meanwhile, as the aging population increases and the process of urbanisation advances, it is expected that China's insurance market will be boosted by a stronger demand. Secondly, the progressive introduction of regulatory policies to deregulate the front-end and concentrate on regulating the back-end will result in fierce market competition among major life insurance companies. Thirdly, the emergence of Internet finance will benefit the life insurance industry by diversifying the channels and methods for sales and strengthening the innovation of products, services and management in the life insurance industry, and hence will create new growth points for the industry. At the same time, the competition models of the life insurance industry will become more diversified and that the competition among major players will become more severe, which requires higher performance of life insurance companies in various aspects such as market responsiveness, product innovation, channel development, service upgrading, risk management as well as asset and liability management.

In face of the opportunities and challenges ahead, in 2014, the Company will further promote strategic transformation, continue to uphold its "customer-centric" development strategies, sustain steady growth of its existing businesses, and fully promote the construction of nine major systems to increase fundamental management capability and investment and innovation capacity, and hence to consolidate our core strengths in life insurance and steadily extend our business.

According to our plan, we aim to achieve a balanced and healthy development through proper insurance agent channel, we will focus on the growth as a result of the improvement of agent performance. For the bancassurance channel, we will place emphasis on the healthy development of business scale with a focus on regular premium products and high value businesses.

ANNUAL RESULTS[1]

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME-AUDITED

For the year ended 31 December 2013

Unit: RMB in millions

	Notes	For the year ended 31 December 2013	2012
REVENUES			
Gross written premiums and policy fees	*1*	**104,073**	98,081
Less: premiums ceded out		**(293)**	5
Net written premiums and policy fees		**103,780**	98,086
Net change in unearned premiums liabilities		**(165)**	(135)
Net premiums earned and policy fees		**103,615**	97,951
Investment income	*2*	**24,374**	13,559
Other income	*3*	**228**	189
Total revenues		**128,217**	111,699
BENEFITS, CLAIMS AND EXPENSES			
Insurance benefits and claims			
Claims and net change in outstanding claims liabilities	*4*	**(1,186)**	(1,084)
Life insurance death and other benefits	*4*	**(36,601)**	(23,983)
Increase in long-term insurance contracts liabilities	*4*	**(65,954)**	(64,831)
Investment contracts benefits		**(869)**	(660)
Commission and brokerage expenses		**(6,422)**	(7,047)
Administrative expenses	*5*	**(9,977)**	(9,785)
Other expenses	*6*	**(643)**	(276)
Total benefits, claims and expenses		**(121,652)**	(107,666)
Share of results of associates		**364**	1
Finance cost	*7*	**(1,970)**	(1,746)
Net profit before income tax		**4,959**	2,288
Income tax	*8*	**(535)**	646
Net profit for the year		**4,424**	2,934
Net profit for the year attributable to:			
- Shareholders of the Company	*9*	**4,422**	2,933
- Non-controlling interests		**2**	1
Earnings per share (RMB)			
Basic and diluted	*10*	**1.42**	0.94

Note:

1. The Group in the section includes the New China Life Insurance Company Ltd. and its subsidiaries.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME-AUDITED (CONTINUED)

For the year ended 31 December 2013

Unit: RMB in millions

	Notes	**For the year ended 31 December 2013**	2012
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Available-for-sale financial assets			
Fair value changes		**(2,841)**	7,327
Changes in liabilities for insurance and investment contracts arising from net unrealized (losses)/gains		**1,537**	(4,489)
Currency translation differences		**(1)**	–
Income tax relating to components of other comprehensive income	*8*	**325**	15
Total other comprehensive (losses)/income		**(980)**	2,853
Total comprehensive income		**3,444**	5,787
Total comprehensive income for the year attributable to:			
– Shareholders of the Company		**3,442**	5,786
– Non-controlling interests		**2**	1

Notes:

1 GROSS WRITTEN PREMIUMS AND POLICY FEES

Unit: RMB in millions

	For the year ended 31 December	
	2013	2012
Gross written premiums		
Long-term insurance contracts	**101,000**	95,521
Short-term insurance contracts	**2,640**	2,198
Subtotal	**103,640**	97,719
Policy fees		
Investment contracts	**433**	362
Gross written premiums and policy fees	**104,073**	98,081

2 INVESTMENT INCOME

Unit: RMB in millions

	For the year ended 31 December	
	2013	2012
Held-to-maturity financial assets		
– Interest income	**8,323**	7,170
Available-for-sale financial assets		
– Interest income	**3,525**	2,695
– Dividend income	**1,264**	1,022
– Net realized gains/(losses)	**2,884**	(1,229)
– Impairment losses on equity securities	**(1,318)**	(5,281)
Financial assets at fair value through income		
– Interest income	**68**	64
– Dividend income	**98**	89
– Fair value (losses)/gains	**(31)**	505
– Net realized losses	**(470)**	(330)
Interest income from loans and receivables		
– Interest income	**700**	1
Interest income from bank deposit	**8,943**	8,584
Interest income from policy loans	**364**	231
Interest income from financial assets purchased under agreements to resell	**20**	18
Others	**4**	20
Total	**24,374**	13,559
Including:		
Investment income using the effective interest method	**21,943**	18,763
Investment income from listed investment	**3,716**	(3,495)
Investment income from unlisted investment	**20,658**	17,054
Total	**24,374**	13,559

3 OTHER INCOME

Unit: RMB in millions

	For the year ended 31 December	
	2013	2012
Rental income from investment property	**70**	69
Government grants	**1**	12
Other	**157**	108
Total	**228**	189

4 INSURANCE BENEFITS AND CLAIMS

Unit: RMB in millions

	For the year ended 31 December	
	2013	2012
Gross		
Claims and change in outstanding claims liabilities	**1,273**	1,138
Life insurance death and other benefits	**36,845**	24,855
Increase in long-term insurance liabilities	**65,845**	63,816
Total	**103,963**	89,809
Recovered from reinsurers		
Claims and change in outstanding claims liabilities	**(87)**	(54)
Life insurance death and other benefits	**(244)**	(872)
Increase in long-term insurance liabilities	**109**	1,015
Total	**(222)**	89
Net		
Claims and change in outstanding claims liabilities	**1,186**	1,084
Life insurance death and other benefits	**36,601**	23,983
Increase in long-term insurance liabilities	**65,954**	64,831
Total	**103,741**	89,898

5 ADMINISTRATIVE EXPENSES

Unit: RMB in millions

	For the year ended 31 December	
	2013	2012
Employee benefit expenses (including directors' emoluments)[(1)]	**6,344**	6,302
Operating lease expense	**695**	627
Travel and conference fees	**582**	701
Entertainment fees	**481**	430
Depreciation and amortization	**351**	297
Official fees	**317**	340
Promotional printing cost	**227**	236
Insurance guarantee fund	**188**	165
Postal fees	**128**	138
Advertising fees	**115**	118
Vehicle use fees	**74**	75
Supervision fees	**70**	68
Electronic equipment operating costs	**60**	49
Auditors' remuneration	**16**	16
Others	**329**	223
Total	**9,977**	9,785

(1) Employee benefit expenses are presented below:

Unit: RMB in millions

	For the year ended 31 December	
	2013	2012
Salary and welfare expenses	**5,129**	5,133
Social security costs-pension	**465**	410
Social security costs-other	**363**	407
Including:		
Supplementary defined contribution pension expense	**89**	152
Supplementary medical expense	**2**	18
Housing fund	**251**	219
Employee education and labor union fees	**136**	133
Total	**6,344**	6,302

6 OTHER EXPENSES

Unit: RMB in millions

	For the year ended 31 December	
	2013	2012
Business tax and surcharges	**113**	134
Exchange losses	**299**	37
Reversal of provision for prepayment for Taizhou and Youngzhou case	**(9)**	(100)
Reversal of provision for receivable from Off-balance sheet repurchase transactions	**–**	(170)
Amount payable for Orient Group	**–**	170
Others	**240**	205
Total	**643**	276

7 FINANCE COST

Unit: RMB in millions

	For the year ended 31 December	
	2013	2012
Interest expenses for financial assets sold under agreements to repurchase	**1,225**	1,250
Interest expenses for the subordinated debts	**745**	496
Total	**1,970**	1,746

8 TAXATION

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax relate to the same fiscal authority. Mainly of income taxes shown below are taxes in the PRC.

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

Unit: RMB in millions

	For the year ended 31 December	
	2013	2012
Current tax	**387**	188
Deferred tax	**148**	(834)
Total income tax	**535**	(646)

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

Unit: RMB in millions

	For the year ended 31 December **2013**	2012
Profit before income tax	**4,959**	2,288
Tax computed at the mainly applicable tax rate	**1,240**	572
Non-taxable income (i)	**(814)**	(700)
Expenses not deductible for tax purpose (i)	**89**	29
Effect on unrecognized deferred tax assets arising from deductible temporary differences	**20**	(560)
Past due income tax paid	**–**	13
Income tax at effective tax rate	**535**	(646)

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

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

Group

Unit: RMB in millions

	Financial assets	**Insurance and others**	**Total**
As of 1 January 2012	1,019	(1,005)	14
(Charged)/Credited to net profit	(83)	917	834
Charged to other comprehensive income	(1,107)	1,122	15
As of 31 December 2012	(171)	1,034	863
As of 1 January 2013	**(171)**	**1,034**	**863**
(Charged)/Credited to net profit	**7**	**(155)**	**(148)**
Charged to other comprehensive income	**710**	**(385)**	**325**
As of 31 December 2013	**546**	**494**	**1,040**

	As of 31 December **2013**	2012
Deferred tax assets		
– deferred tax assets to be recovered within 12 months	**1,375**	563
– deferred tax assets to be recovered after 12 months	**457**	1,090
Subtotal	**1,832**	1,653
Deferred tax liabilities		
– deferred tax liabilities to be settled within 12 months	**(477)**	(100)
– deferred tax liabilities to be settled after 12 months	**(315)**	(690)
Subtotal	**(792)**	(790)
Total net deferred income tax assets	**1,040**	863

(4) **Deferred income tax assets are recognized for tax losses carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The amount of deductible temporary differences and unused tax losses for which no deferred tax asset is recognized is as follows:**

Unit: RMB in millions

	As of 31 December	
	2013	2012
Deductible temporary differences	**614**	532

9 NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The net profit attributable to shareholders of the Company for the year ended 31 December 2013 is RMB 4,420 million (for the year ended 31 December 2012: RMB 2,933 million) which is included in the Consolidated Financial Statements of the Group.

10 EARNINGS PER SHARE

(1) Basic

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares issued during the year.

	For the year ended 31 December	
	2013	2012
Net profit attributable to shareholders of the Company *(RMB in millions)*	**4,422**	2,933
Weighted average number of ordinary shares issued *(in millions)*	**3,120**	3,120
Basic earnings per share *(RMB)*	**1.42**	0.94

(2) Diluted

The Company has no diluted potential ordinary shares. Diluted earnings per share is the same as basic earnings per share for the year ended 31 December 2013 (2012: same).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION-AUDITED
As of 31 December 2013

Unit: RMB in millions

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION-AUDITED (CONTINUED)
As of 31 December 2013

Unit: RMB in millions

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY-AUDITED
For the year ended 31 December 2013

Unit: RMB in millions

	Attributable to shareholders of the Company				Non-controlling Interests	Total Equity
	Share capital	Reserves	Retained earnings	Total		
For the year ended 31 December 2012						
As of 1 January 2012	3,117	22,468	5,721	31,306	7	31,313
Net profit for the year	–	–	2,933	2,933	1	2,934
Other comprehensive income	–	2,853	–	2,853	–	2,853
Total comprehensive income	–	2,853	2,933	5,786	1	5,787
New shares issued	3	56	–	59	–	59
Dividends paid	–	–	(1,281)	(1,281)	–	(1,281)
Appropriation to reserves	–	590	(590)	–	–	–
Total transactions with owners	3	646	(1,871)	(1,222)	–	(1,222)
As of 31 December 2012	3,120	25,967	6,783	35,870	8	35,878
For the year ended 31 December 2013						
As of 1 January 2013	**3,120**	**25,967**	**6,783**	**35,870**	**8**	**35,878**
Net profit for the year	**–**	**–**	**4,422**	**4,422**	**2**	**4,424**
Other comprehensive income	**–**	**(980)**	**–**	**(980)**	**–**	**(980)**
Total comprehensive income	**–**	**(980)**	**4,422**	**3,442**	**2**	**3,444**
Dividends paid	**–**	**–**	**–**	**–**	**(4)**	**(4)**
Appropriation to reserves	**–**	**916**	**(916)**	**–**	**–**	**–**
Total transactions with owners	**–**	**916**	**(916)**	**–**	**(4)**	**(4)**
As of 31 December 2013	**3,120**	**25,903**	**10,289**	**39,312**	**6**	**39,318**

CONSOLIDATED STATEMENT OF CASH FLOWS-AUDITED
For the year ended 31 December 2013

Unit: RMB in millions

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

CONSOLIDATED STATEMENT OF CASH FLOWS-AUDITED (CONTINUED)
For the year ended 31 December 2013

Unit: RMB in millions

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

SEGMENT INFORMATION

(1) Operating segments

The Group mainly has the following three segments:

(i) Individual insurance business

Individual insurance business relates primarily to sale of insurance contracts and investment contracts to individuals.

(ii) Group insurance business

Group insurance business relates primarily to sale of insurance contracts and investment contracts to group entities.

(iii) Other business

Other business relates primarily to the Group's asset management and unallocated income and expense.

(2) Allocation basis of income and expense

Insurance business income and expense directly attributable to segments will be allocated to each segment; income and expense, such as investment income, which are indirectly attributable to operating segments, will be allocated to each segment in proportion to the respective segment's average insurance contracts liabilities and investment contracts liabilities at the beginning and end of the accounting period. Non-operating income and expenses and income tax expenses are not allocated but assigned to other business operating segment directly.

(3) Allocation basis of asset and liability

Insurance business assets and liabilities directly attributable to operating segments will be allocated to each segment; investment assets and liabilities indirectly attributable to operating segments will be allocated to each segment in proportion to the respective segment's insurance contracts liabilities and investment contracts liabilities at the end of the accounting period. Statutory deposits, investment properties, property, plant and equipment, intangible assets, other assets, borrowings, provision, deferred tax assets, deferred tax liabilities and current income tax liabilities are not allocated but assigned to other business operating segment directly.

(4) All of the Group's operating revenues are deemed as external except for those presented as inter-segment revenue

Substantially all of the Group's revenue is derived from its operations in the PRC. All of the Group's assets are located in the PRC.

For the year ended 31 December 2013, no gross written premiums and policy fees from transactions with a single external customer amounted to 1% or more of the Group's total gross written premiums and policy fees.

Unit: RMB in millions

	For the year ended 31 December 2013				
	Insurance		Others	Elimination	Total
	Individual	Group			
Revenues					
Gross written premiums and policy fees	102,610	1,463	–	–	104,073
Less: premiums ceded out	(145)	(148)	–	–	(293)
Net written premiums and policy fees	102,465	1,315	–	–	103,780
Net change in unearned premiums liabilities	(118)	(47)	–	–	(165)
Net premiums earned and policy fees	102,347	1,268	–	–	103,615
Investment income	23,841	482	51	–	24,374
Other income	161	9	304	(246)	228
Including: inter-segment revenue	5	–	241	(246)	–
Total revenues	126,349	1,759	355	(246)	128,217
Benefits, claims and expenses					
Insurance benefits and claims					
Claims and net change in outstanding claims liabilities	(494)	(692)	–	–	(1,186)
Life insurance death and other benefits	(35,988)	(613)	–	–	(36,601)
Increase in long-term insurance contracts liabilities	(66,659)	705	–	–	(65,954)
Investment contracts benefits	(833)	(36)	–	–	(869)
Commission and brokerage expenses	(6,168)	(255)	–	1	(6,422)
Including: inter-segment expenses	(1)	–	–	1	–
Administrative expenses	(9,060)	(874)	(288)	245	(9,977)
Including: inter-segment expenses	(219)	(21)	(5)	245	–
Other expenses	(402)	(80)	(161)	–	(643)
Total benefits, claims and expenses	(119,604)	(1,845)	(449)	246	(121,652)
Share of results of associates	284	6	74	–	364
Finance cost	(1,889)	(81)	–	–	(1,970)
Net profit before income tax	5,140	(161)	(20)	–	4,959
Income tax	–	–	(535)	–	(535)
Net profit for the year	5,140	(161)	(555)	–	4,424
Segment assets	544,376	6,434	15,060	(21)	565,849
Segment liabilities	502,451	6,047	18,054	(21)	526,531

Other segment information for the year ended 31 December 2013:

	Insurance		Others	Elimination	Total
	Individual	Group			
Depreciation and amortization	311	30	10	–	351
Interest income	21,414	424	105	–	21,943
Impairment	(1,298)	(12)	–	–	(1,310)
Share of profit of associates under equity method	284	6	74	–	364

Unit: RMB in millions

	For the year ended 31 December 2012				
	Insurance		Others	Elimination	Total
	Individual	Group			
Revenues					
Gross written premiums and policy fees	96,601	1,480	–	–	98,081
Less: premiums ceded out	93	(88)	–	–	5
Net written premiums and policy fees	96,694	1,392	–	–	98,086
Net change in unearned premiums liabilities	(82)	(53)	–	–	(135)
Net premiums earned and policy fees	96,612	1,339	–	–	97,951
Investment income	13,149	397	13	–	13,559
Other income	155	14	247	(227)	189
Including: inter-segment revenue	5	–	222	(227)	–
Total revenues	109,916	1,750	260	(227)	111,699
Benefits, claims and expenses					
Insurance benefits and claims					
Claims and net change in outstanding claims liabilities	(426)	(658)	–	–	(1,084)
Life insurance death and other benefits	(23,846)	(137)	–	–	(23,983)
Increase in long-term insurance contracts liabilities	(64,641)	(190)	–	–	(64,831)
Investment contracts benefits	(645)	(15)	–	–	(660)
Commission and brokerage expenses	(6,819)	(229)	–	1	(7,047)
Including: inter-segment expenses	(1)	–	–	1	–
Administrative expenses	(8,977)	(834)	(200)	226	(9,785)
Including: inter-segment expenses	(202)	(19)	(5)	226	–
Other expenses	88	(46)	(318)	–	(276)
Total benefits, claims and expenses	(105,266)	(2,109)	(518)	227	(107,666)
Share of results of associates	–	–	1	–	1
Finance cost	(1,708)	(38)	–	–	(1,746)
Net profit before income tax	2,942	(397)	(257)	–	2,288
Income tax	–	–	646	–	646
Net profit for the year	2,942	(397)	389	–	2,934
Segment assets	473,386	7,720	12,610	(23)	493,693
Segment liabilities	432,516	7,141	18,181	(23)	457,815

Other segment information for the year ended 31 December 2012:

	Insurance		**Others**	**Elimination**	**Total**
	Individual	**Group**			
Depreciation and amortization	266	25	6	–	297
Interest income	18,289	461	13	–	18,763
Impairment	(4,956)	(57)	–	–	(5,013)
Share of profit of associates under equity method	–	–	1	–	1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented.

1 Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), its amendments and interpretations issued by the International Accounting Standards Board (the "IASB"). The Consolidated Financial Statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the requirements of the Hong Kong Companies Ordinance. The Consolidated Financial Statements have been prepared under the historical cost convention except for financial instruments measured at fair value and insurance contracts liabilities measured based on actuarial methods.

The preparation of the Consolidated Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in the Group Financial Reports.

AII IFRS that remain in effect which are relevant to the Group have been applied.

Changes in accounting policy and disclosures are as follows:

(a) New relevant standards and amendments adopted by the Group

The following new standards and amendments have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2013.

- IAS 1 (Amendment), "Presentation of financial statements". The main change resulting from this amendment is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

- IFRS 10, "Consolidated financial statements". The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

- IAS 27 (Revised 2011), "Separate financial statements". This standard contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. It requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 "Financial Instruments".

- IAS 28 (Revised 2011), "Investments in associates and joint ventures". IAS 28 (as amended in 2011) is to be applied by all entities that are investors with joint control of, or significant influence over, an investee. It prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

- IFRS 12, "Disclosure of interests in other entities". The standard requires entities to disclose significant judgements and assumptions made in determining whether the entity controls, jointly controls, significantly influences or has some other interests in other entities. Entities are also required to provide more disclosures around certain 'structured entities'. Adoption of the standard has impacted the Consolidated and Company's level of disclosures in certain of the above-noted areas, but has not impacted the Group's financial position or results of operations.

- IFRS 13, "Fair value measurements". Aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

- IFRS 7 (Amendment), "'Financial instruments: Disclosures', on asset and liability offsetting". This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

- IFRS 10, IFRS 11, IFRS 12 (Amendment) provide additional transition relief to IFRS 10, IFRS 11 and IFRS 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.

- Annual improvements in 2011, the annual improvements address six issues in the 2009-2011 reporting cycle. It includes changes to: IFRS 1, "First time adoption". IAS 1, "Financial statement presentation". IAS 16, "Property plant and equipment". IAS 32, "Financial instruments: Presentation". IAS 34, "Interim financial reporting".

(b) New relevant standards, amendments and interpretations have been issued but are not effective for the financial year beginning on 1 January 2013

The standards, amendments and interpretations noted below are relevant to the Group but are not yet effective and have not been early adopted by the Group in 2013.

- IAS 36 (Amendment), "Impairment of assets" on recoverable amount disclosures. The amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment will be effective for annual periods beginning on or after 1 January 2014.

- IAS 32 (Amendment), "Financial instruments: Presentation – Offsetting financial assets and financial liabilities". The amendments clarify the requirements for offsetting financial instruments on the statement of financial position: (i) the meaning of 'currently has a legally enforceable right of set-off'; and (ii) that some gross settlement systems may be considered equivalents to net settlement. The amendment will be effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted.

- IAS 39 (Amendment): "Financial Instruments: Recognition and Measurement Amendment to 'Novation of derivatives'". This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria. The amendment will be effective for annual periods beginning on or after 1 January 2014.

- IFRIC 21, "Levies". This is an interpretation of IAS 37, "Provisions, contingent liabilities and contingent assets". IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The amendment will be effective for annual periods beginning on or after 1 January 2014.

- Annual improvements in 2012, the annual improvements address seven issues in the 2010-2012 Cycle. It includes changes to: IFRS 2, "Share-based Payment". IFRS 3, "Business Combinations". IFRS 8, "Operating Segments". IFRS 13, "Fair Value Measurement". IAS 16, "Property, Plant and Equipment". IAS 24, "Related Party Disclosures". IAS 38, "Intangible Assets". The amendments largely apply to annual periods beginning on or after 1 July 2014.

- Annual improvements in 2013, the annual improvements address four issues in the 2011-2013 Cycle. It includes changes to: IFRS 1, "First-time Adoption of International Financial Reporting Standards". IFRS 3, "Business Combinations". IFRS 13, "Fair Value Measurement". IAS 40' "Investment Property". The amendments largely apply to annual periods beginning on or after 1 July 2014.

- IFRS 9, “Financial instruments”. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. IFRS 9 (Amendment) , ‘Financial instruments’, bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. The most significant change from hedge accounting under IAS 39 is that entities can defer the time value of options, the forward element in forward contracts and currency basis spreads in other comprehensive income. The effective date is no earlier than 1 January 2018.

So far, taking into consideration of known information, the directors have concluded that the adoption of the above new and revised IFRS would not have a significant impact on the Group’s results of operations and financial position except IFRS 9. The directors are in the process of making an assessment of the impact of IFRS 9.

EMBEDDED VALUE

1. Key Assumptions

In determining the embedded value and the value of new business as at 31 December 2013, we have assumed that the Company continues to operate as a going concern under the current economic and regulatory environment, and the current method for determining solvency reserves and statutory minimum solvency margin levels remain unchanged. The operational assumptions are mainly based on the results of experience analyses, together with reference to the overall experience of the Chinese life insurance industry, as well as with regard to expected future operating experience. As such, these assumptions represent our best estimates of the future based on information currently available at the valuation date.

(1) Risk Discount Rate

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

(2) Investment Returns

The investment return assumptions as at 31 December 2013 are shown below for the different funds respectively.

Investment Return Assumptions for VIF and VNB as at 31 December 2013

	2014	2015	2016	2017+
Non-participating	5.00%	5.10%	5.20%	5.20%
Participating	5.00%	5.10%	5.30%	5.50%
Universal life	5.00%	5.20%	5.50%	5.60%
Unit-linked	7.60%	7.60%	7.80%	7.90%

Note: Investment return assumptions are applied to calendar year.

(3) Mortality

Mortality assumptions are expressed as a percentage of the standard industry mortality tables: "China Life Tables (2000-2003)". Assumed ultimate mortality rates are:

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

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

(4) Morbidity

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

(5) Discontinuance Rates

Assumptions have been developed based on our past discontinuance experience, expectations of current and future experience, and overall knowledge of the Chinese life insurance market. Assumptions vary by product type and premium payment mode.

(6) Expenses

Unit cost assumptions have been developed based on our actual experience in 2013 and expected future outlook. Future inflation of 2.0% p.a. has been assumed in respect of per policy expenses.

(7) Commission and Handling Fees

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

(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% of profits with allowance for the exemption of certain investment income, including Chinese government bonds, and dividend income from equities and equity investment funds. Tax is assumed to be calculated on taxable income using reserves calculated on the PRC solvency basis.

In addition, a 5% business tax has been applied to the gross premium of short-term accident business.

(10) Cost of Holding Required Capital

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

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

(11) Other Assumptions

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

Our current reinsurance arrangements have been assumed to remain unaltered.

2. Embedded Value Results

The table below shows our embedded value and value of new business as at 31 December 2013 and their corresponding results as at prior valuation date:

Unit: RMB in millions

Valuation Date	31 December 2013	31 December 2012
Adjusted Net Worth	**29,077**	25,458
Value of In-Force Business Before Cost of Capital	**46,320**	42,321
Cost of Capital	**(10,990)**	(10,909)
Value of In-Force Business After Cost of Capital	**35,330**	31,412
Embedded Value	**64,407**	56,870
Value of One Year's New Business		
Value of One Year's New Business Before Cost of Capital	**5,334**	5,624
Cost of Capital	**(1,099)**	(1,452)
Value of One Year's New Business After Cost of Capital	**4,236**	4,172

Note :

1. Numbers may not be additive due to rounding.

2. The first year premium used to calculate the Value of One Year's New Business as at 31 December 2013 and 31 December 2012 were RMB40,068 million and RMB33,057 million respectively.

3. The impact of major reinsurance contracts has been reflected in the Embedded Value and value of One Year's New Business.

3. Analysis of Change

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

Unit: RMB in millions

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

1.	EV at the beginning of period	56,870
2.	Impact of Value of New Business	4,236
3.	Expected Return	5,740
4.	Operating Experience Variances	(501)
5.	Economic Experience Variances	(217)
6.	Operating Assumption Changes	(616)
7.	Economic Assumption Changes	(558)
8.	Capital Injection/Shareholder Dividend Payment	0
9.	Others	(387)
10.	Value Change Other Than Life Insurance Business	(159)
11.	EV at the end of period	64,407

Note: Numbers may not be additive due to rounding.

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

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

4. Sensitivity tests

Sensitivity tests are performed under a range of alternative assumptions. In each of the sensitivity tests, only the assumption referred to is changed, with all other assumptions unchanged. The results are summarised below:

Unit: RMB in millions

VIF and Value of One Year's New Business Sensitivity Results as at 31 December 2013

Scenarios	VIF after CoC	VNB after CoC
Base Scenario	35,330	4,236
Risk Discount Rate at 12%	33,472	3,979
Risk Discount Rate at 11%	37,314	4,512
Investment Return 0.5% higher	41,495	4,934
Investment Return 0.5% lower	29,152	3,536
Expenses 10% higher (110% of Base)	34,203	3,775
Expenses 10% lower (90% of Base)	36,458	4,696
Discontinuance Rates 10% higher (110% of Base)	34,905	4,045
Discontinuance Rates 10% lower (90% of Base)	35,763	4,429
Mortality 10% higher (110% of Base)	35,160	4,216
Mortality 10% lower (90% of Base)	35,502	4,255
Morbidity and Loss Ratio 10% higher (110% of Base)	34,408	4,055
Morbidity and Loss Ratio 10% lower (90% of Base)	36,256	4,416
Profit Sharing between Participating Policyholders and Shareholders is assumed to be 75%/25% instead of 70%/30%	30,623	3,895
Statutory Minimum Solvency Margin 50% higher (150% of Base)	34,544	3,686
Taxable Income Based on China Accounting Standards	33,312	3,973

CORPORATE GOVERNANCE

The third meeting of the fifth session of the Board held by the Company on 22 February 2013 resolved to establish the executive committee system and the position of Chief Executive Officer. Mr. KANG Dian, Chairman of the Board, was appointed as the Chief Executive Officer. The Board of the Company is of the view that the roles of Chairman and Chief Executive Officer being performed by the same individual could further streamline the Company's management system, improve the Company's operation efficiency, and is conducive to the business development and strategy implementation of the Company. Except for the above, during the reporting period, the Company observed all the other code provisions in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and adopted most of the best practices set out therein.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

ANNUAL GENERAL MEETING AND CLOSURE OF H SHARE REGISTER OF MEMBERS

The Annual General Meeting of 2013 of the Company will be held on Tuesday, 20 May 2014. For the purpose of determining H Shareholders' entitlement to attend the Annual General Meeting of 2013, the H share register of members of the Company will be closed from Saturday, 19 April 2014 to Tuesday, 20 May 2014 (both days inclusive), during which period no transfer of H Shares will be registered. In order to attend the Annual General Meeting of 2013, H Shareholders should ensure that all share certificates, accompanied by the relevant transfer documents, are lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 17 April 2014.

RECOMMENDATION OF 2013 ANNUAL DIVIDEND

The Company plans to distribute an annual dividend of RMB0.15 (including tax) per share to all of the H Shareholders and A Shareholders for 2013, totaling approximately RMB468 million, representing approximately 10.22% of the distributable profit of the Company achieved within the year as contained in the 2013 financial statements of the Company, which meets the minimum percentage requirement of cash distribution as stipulated in the articles of association of the Company.

This proposal is subject to the consideration and approval of general meeting. For the detailed arrangement of the declaration and distribution of the annual dividend, the Company will announce separately.

SUBSEQUENT EVENTS

To further enhance the Company's solvency adequacy ratio, pursuant to the resolutions of the 16th and 17th meetings of the fifth session of the Board respectively, the Company plans to issue debt financing instruments with a period of more than 5 years and a total amount of not more than RMB5 billion, and to issue subordinated term debts with a period of more than 5 years and a total amount of not more than RMB5 billion in 2014. The issuance of the 2014 debt financing instruments and the issuance of the subordinated term debts of the Company are both subject to the approvals of general meeting and the regulatory authorities.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Board of the Company, in conjunction with the Company's external auditors, have reviewed the Company's consolidated financial statements for the year ended 31 December 2013, including the accounting principles and practices.

PUBLICATION OF ANNUAL REPORT

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

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

Beijing, China, 26 March 2014

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