NCI 新华保险

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 2015

CHAIRMAN'S LETTER TO SHAREHOLDERS

Follow your heart and return to essence

In 2015, the international environment was complicated and severe, with a significantly slower pace in economic and trade growth. Further, the global financial market went through significant shocks. Therefore, the Chinese economy faced increasingly severe downward pressure, and the capital market entered into a period of in-depth adjustment. Facing the perplexing economic situation, the Company conformed to the industry's development trend and adhered to its strategic direction of "returning to the essence of insurance". According to the strategy on product channels as well as the business plan established at the beginning of the year, the Company followed its initial intention and gave its best efforts to firmly seize the two major themes of work, namely "Business Development" and "Strategic Transformation". It comprehensively and exceedingly fulfilled the annual target laid down by the board of directors (the "**Board**") and achieved a consistent and steady business growth.

As at the end of 2015, the total assets of the Company amounted to RMB660.56 billion, representing year-on-year growth of 2.6%. In 2015, the net profit attributable to the shareholders of the Company amounted to RMB8.601 billion, representing a year-on-year growth of 34.3%. Return on investment income for the year reached 7.5%, representing an increase of 1.7 percentage points as compared to last year. The solvency margin ratio of the Company reached 227.43%, which met the Category II regulatory standard. The Company achieved a new business value of RMB6.621 billion, representing a year-on-year growth of 34.8%. The overall business maintained steady growth and achieved a gross premium income of RMB111.859 billion, representing a year-on-year growth of 1.8%, and maintaining its No. 3 position in the market. As a whole, the development of the Company in 2015 mainly presented the following features:

(1) **Fully implemented business plan.** In 2015, the achievement rate of the first year premiums for new policies and first year regular premiums were 102% and 116% respectively. In terms of channels, the achievement rate of individual insurance agent channel as well as service and business development channel with respect to the premiums for new policies were 122% and 147%, respectively.

(2) **Continually optimized business structure.** In 2015, the health insurance premiums from new policies of the Company amounted to RMB7.7 billion with a year-on-year growth of 47%. The Company launched a product named "Jiankangwuyou (健康無憂)" in September, which catered for the interests of clients, teams and the Company as a whole. This product achieved premiums from new policies of RMB1,452 million in September and October alone, and was the best-selling product in the short term for protection-type products throughout the Company's history. This took the lead in product transformation. In relation to the structure of premium payment periods, products with premium payment periods of ten years or more, being sold through the individual insurance agent channel and service and business development channel, achieved a year-on-year growth of 44% and 67% respectively, accounting for 89% and 80% of the regular premiums from new policies of the respective channels, and representing increases of 4 and 6 percentage points as compared to last year, respectively.

(3) **Effective team building.** At the end of 2015, the number of individual insurance agents reached 259,000 with a year-on-year increase of 47.6%, exceeding the manpower target for the year. The monthly average number of qualified individual insurance agents was 94,000, representing a year-on-year increase of 26.2%. The per capita productivity of the qualified individual insurance agents reached a new historical record of over RMB10,000.

(4) **Breakthrough in technology application.** In 2015, the E Bao Tong underwriting coverage rate of the Company reached 90%, which means that business underwritten through PAD mobile terminals accounted for 90% of the individual insurance business. Meanwhile, the Company further promoted the on-line operation of supporting platforms such as the new core business system and mobile payment platform, in order to enhance operation efficiency and improve customer experience.

(5) **Excellent performance on asset management.** In 2015, the Company managed its stock positions with foresight and made adjustments before the significant fluctuations in the stock market, such that the investment gains can be secured and realized. At the same time, the Company also imposed stringent controls on high-risk assets and adopted effective measures in time. Hence, the investment assets of the Company were secured while yielding favorable investment income.

Looking back at the past year, although we did quite well in our results, we dare not to be complacent or careless. Currently, the Chinese economy has been undergoing in-depth reform. Although there is no change in the fundamental situation and expectations of long-term favorable development, the economy still faces huge downward pressure in the short to medium term. The Chinese life insurance industry is also at the critical stage of transformation. Along with the in-depth adjustments on the capital market, the contribution of wealth management products to the industry growth is gradually decreasing, while risks increase. At the same time, the business philosophies of mainstream life insurance companies, focusing on the protection function and the regular premium business, are maturing and converging. Various new policies aimed at promoting the healthy development of the life insurance industry introduced by the central government and regulatory authorities will also be favorable to the transformation of the life insurance industry. Therefore, the business strategies of returning to the essence of insurance and strengthening protection-type products are in line with the trend and are promising.

As a result, over a certain period in future, we can only be faithful to our initial intention and develop NCI into an insurance company that "focuses on life insurance and features protection," in order to capture new development opportunities, achieve new leaps forward, and reach new heights.

In 2016, we will face a far more complicated external environment. This year is also the 20th anniversary of the establishment of the Company and the 5th anniversary of the listing of the Company, which is quite meaningful to both the Company and its staff. The Company will continue to follow its customer-centred strategy, and insist on returning to the essence of insurance, reform and innovation. At the end of last year, we made plans for this year by confirming the overarching principle of "steady scale, value growth, optimized structure and controllable risks". We further established the theme of "accelerating the Company's transformation development and strengthening independent operations of institutions", drove the Company to seize early opportunities during the transformation, and to develop into a professional life insurance company with unique NCI features.

(1) **With respect to business development,** we will further enhance our business structure while maintaining a steady business growth. There will be three focuses in 2016: the first is the growth in regular premium business, especially the growth in business with payment periods of ten years or more, and thus the Company will incorporate quantitative targets into the assessment indicators in 2016 for regular premium business for the first time; second is the consistent increase in the proportion of protection-type insurance products; thirdly, we will strengthen cost management to achieve an increase in revenue and the cutting of costs.

(2) **With respect to team establishment,** we will follow the inherent order of team development of life insurance sales teams, focusing on the increase in performance rate and productivity, and guided by the Fundamental Management Measures[1], to increase the sales capability of the team.

(3) **With respect to the service system,** we will focus on enhancing service efficiency and make full use of digital technologies and platforms such as mobile internet and social media etc. to improve customer experience. We will strive to exceed the industry average standard in aspects such as various basic business efficiency indicators, value-added services, and service of sales personnel.

(4) **With respect to the management system,** on the one hand, we will further improve the combination of business planning, financial budget and assessment incentive mechanism, and enhance the independent operation capability of branch institutions, so as to activate the development momentum and form an efficient and sound operation system. On the other hand, we will strengthen system establishment and process design, and enhance the integrated management platform. Through defining responsibilities and duties between the headquarters and the branches, we will establish a uniform, professional, standard and efficient management system, so as to achieve value adding from the management perspective.

(5) **With respect to risk management,** we will adhere to the basic principle that there shall be no systematic risks. On the one hand, we will place great emphasis on cash flow risks, focus on preventing market risks and risks of capital utilization, and pay attention to abnormal surrender risks. On the other hand, we will strengthen internal control, operate according to the law, and implement the establishment of political party atmosphere and anti-corruption work.

1. The Fundamental Management Measures on Individual Insurance Agents (2014 Edition)

Looking back to 2015 and tracing back up to six years before then, under the leadership of the fourth and fifth sessions of the Board as well as the joint efforts of all employees, the Company underwent huge changes and achieved remarkable results, transforming from a problematic company six years ago to an excellent company. Chairman KANG Dian is especially worth mentioning. He spared no efforts in making great contributions to the strategic transformation and development of NCI during these six years, built a good beginning and laid a solid foundation for the sustainable and healthy development of NCI in the future. As the Chairman of the new session of the Board, I would like to pay the highest tribute to Chairman KANG Dian who made huge contributions to the development of NCI and extend my most heartfelt gratitude to the previous session of the Board and the board of supervisors!

A new journey has begun with new challenges. We will inherit and promote the fine traditions of NCI and strive with joined forces to create higher values for shareholders, to provide better insurance products and service for clients, to create an extensive platform for self-fulfillment of employees, and to be a better corporate citizen. With concrete actions, we will give our best efforts to create a brighter future for NCI!

Last but not least, we would like to express our sincere gratitude to our investors, clients, business partners and the community for their long-term care and support for NCI. We would also like to pay tribute to all our hard-working NCI colleagues who have quietly dedicated their efforts for such a long time. We will work closely and make continuous efforts to achieve our common goal!

WAN Feng
29 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

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

I. KEY OPERATIONAL INDICATORS

Unit: RMB in millions

For the 12 months ended 31 December	**2015**	2014	Change
Gross written premiums and policy fees	**111,994**	110,067	1.8%
Total investment income[(1)]	**45,603**	32,323	41.1%
Net profit for the year attributable to shareholders of the Company	**8,601**	6,406	34.3%
Value of one year's new business	**6,621**	4,912	34.8%
Market share[(2)]	**7.1%**	8.7%	Decreased by 1.6 percentage points
Persistency ratio			
Individual life insurance business 13-month persistency ratio[(3)]	**84.99%**	86.43%	Decreased by 1.44 percentage points
Individual life insurance business 25-month persistency ratio[(4)]	**79.52%**	84.21%	Decreased by 4.69 percentage points

As of 31 December	**2015**	2014	Change
Total assets	**660,560**	643,709	2.6%
Net assets	**57,841**	48,364	19.6%
Investment assets	**635,688**	625,718	1.6%
Equity attributable to shareholders of the Company	**57,835**	48,359	19.6%
Embedded value	**103,280**	85,260	21.1%
Number of customers (in thousands)			
of which: individual customers	**27,106**	26,147	3.7%
of which: institutional customers	**71**	64	10.9%

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.

2. Market share: represents the data published by the China Insurance Regulatory Commission (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.

II. BUSINESS ANALYSIS

(I) Life insurance business

In 2015, revolving the two major themes of "business development" and "strategic transformation", the Company focused on business development, committed to its values and insisted on returning to the essence of insurance. The Company further thoroughly implemented various strategic transformation initiatives that were designed to capture the two goals of enhancement of growth and efficiency, and reform and innovation.

On the one hand, the Company's business thrived in every aspect. Firstly, all the business targets have been met. In 2015, the gross life insurance business income of the Company increased year on year by 1.8% to RMB111,859 million, of which the Company received RMB52,339 million as premiums from new policies, representing an increase of 18.7% from last year, and received RMB16,765 million as first year premiums from regular insurance, representing an increase of 40.4% from last year. Secondly, the business structure of the Company underwent continuous optimization. The contribution of regular premium products from individual insurance agent channel and service and business development channel with premium payment periods of ten years or more has increased steadily, while the health insurance and traditional insurance businesses achieved balanced development. Thirdly, team building improved in terms of both quantity and efficiency. Through enhancing organizational development, the team of the Company grew in both scale and productivity, laying a solid foundation for business development. The value of new businesses grew by 34.8% as compared to last year, and such increase was attributable to the increase in premium income from new policies and the optimization of the business structure.

On the other hand, the Company achieved significant progress in business transformation. In terms of products, the Company launched the "Jiankangwuyou (健康無憂)" product to cater for the needs of customers, the teams and the Company. This product achieved premiums from new policies of RMB1,452 million in September and October alone, and was the best-selling product in the short-term for protection-type products throughout the Company's history. In terms of service, the Company continued to upgrade the technology platform, and the underwriting coverage rate of E Bao Tong reached 90%. At the same time, the establishment of the six major platforms of the Company began to show results, with the integration of application systems such as the big data platform, customer resources management platform and customer analysis system, as well as the establishment of the new core business system and the rapid development of the e-commerce platform.

1. Analysis by distribution channels

Unit: RMB in millions

For the 12 months ended 31 December	2015	2014	Change
Individual life insurance	**110,558**	108,424	2.0%
Of which:			
Individual insurance agent channel	**51,354**	47,292	8.6%
First year premiums	**12,541**	9,171	36.7%
Regular premiums	**9,908**	7,258	36.5%
Single premiums	**2,633**	1,913	37.6%
Renewal premiums	**38,813**	38,120	1.8%
Bancassurance channel	**49,473**	53,434	-7.4%
First year premiums	**34,928**	31,226	11.9%
Regular premiums	**3,904**	2,766	41.1%
Single premiums	**31,024**	28,460	9.0%
Renewal premiums	**14,545**	22,208	-34.5%
Service and business development channel	**9,731**	7,698	26.4%
First year premiums	**3,619**	2,302	57.2%
Regular premiums	**2,948**	1,911	54.3%
Single premiums	**671**	391	71.6%
Renewal premiums	**6,112**	5,397	13.2%
Group insurance	**1,301**	1,444	-9.9%
Total	**111,859**	109,868	1.8%

Note: Numbers may not be additive due to rounding.

(1) Individual life insurance business

① Individual insurance agent channel

In 2015, the individual insurance agent channel of the Company grew rapidly, with premiums received through this channel accounting for 45.9% of the premiums received. The gross written premiums ("**GWP**") from the individual insurance agent channel for the year increased year on year by 8.6% to RMB51,354 million, of which the first year premiums amounted to RMB12,541 million, representing an increase of 36.7% as compared to the last year, and the renewal premiums amounted to RMB38,813 million, representing an increase of 1.8% as compared to the last year.

At the same time, the business structure of the individual insurance agent channel continued to optimize. In terms of the structural optimization of premium payment period, the first year regular premiums of the Company for the year increased year on year by 36.5% to RMB9,908 million, which accounted for 79.0% of the first year premiums from the individual insurance agent channel. In particular, the premiums from regular premium products with premium payment periods of ten years or more amounted to RMB8,838 million, representing an increase of 44.0% as compared to the last year, and accounting for 70.5% of the first year premiums from the individual insurance agent channel, representing an increase of 4 percentage points year on year. Secondly, in terms of product structure optimization, premiums from health insurance and traditional insurance products for the year accounted for 44.6% and 36.6% of first year premiums, up 6 and 23 percentage points from last year, respectively.

In 2015, the Company strengthened team building for the individual insurance agent channel and enhanced the transformation towards "A Robust Sales Force Development Strategy Focusing on Both Quality and Quantity". Based on the Fundamental Management Measures on Individual Insurance Agents (2014 Edition) (《個人業務保險營銷員管理基本辦法(2014版)》), the Company continued to optimize the training program in the pursuit of better team development. While its team expanded rapidly, the Company optimized team structure and boosted productivity. As at the end of 2015, the total number of individual insurance agents reached 259,000, representing a year-on-year increase of 47.6%, while the activity rate reached 48%, up 4.6 percentage points from last year. The monthly average number of qualified individual insurance agents[1] was 94,000, representing an increase of 26.2% as compared to the last year. The monthly average number of high performing individual insurance agents[2] was 46,000, representing an increase of 38.9% as compared to the last year. The monthly average productivity of qualified individual insurance agents exceeded RMB10,000, representing an increase of 11.4% as compared to the last year, and this is attributable to the optimization of product structure.

1. Qualified individual insurance agents refer to those who sold at least one insurance policy calculated on a monthly basis, of which the policy term is more than one year.

2. High performing individual insurance agents refer to those who sold at least one insurance policy on a monthly basis, of which the policy term is more than one year and the first year commission of not less than RMB2,000.

② Bancassurance channel

In 2015, the GWP from the bancassurance channel decreased by 7.4% compared to the last year to RMB49,473 million, of which the first year premiums increased by 11.9% compared to the last year to RMB34,928 million, the first year premiums from regular premium products increased by 41.1% compared to the last year to RMB3,904 million, and the renewal premiums decreased by 34.5% compared to the last year to RMB14,545 million.

The bancassurance channel of the Company focused on the development of regular premium business. Through enhancing the building of high performance teams and the operation of regular premium products in phases, the Company boosted the average productivity of branches of the bancassurance channel in relation to regular premium products with a year-on-year increase of 73.0%, achieving remarkable growth in the regular premium business. At the same time, we achieved outstanding progress in the development of the wealth sales team, which aims at exploring the potential in existing customers and serving the whole life cycles of customers. As at the end of 2015, the number of wealth sales agents was over 7,000. The accumulated first year regular premiums achieved by the wealth sales team reached RMB1,179 million, representing a year-on-year increase of 316.3%, and their contribution to regular premiums accounted for 30.2% of the regular premiums of the bancassurance channel.

③ Service and business development channel

In 2015, the GWP from the service and business development channel of the Company increased year on year by 26.4% to RMB9,731 million, of which the first year premiums increased by 57.2% compared to the last year to RMB3,619 million, and the first year premiums from regular premium products increased by 54.3% compared to the last year to RMB2,948 million. The first year premiums from regular premium products with premium payment periods of ten years or more amounted to RMB2,357 million, accounting for 65.1% of first year premiums, representing an increase of 4 percentage points as compared to the last year. The renewal premiums were RMB6,112 million, representing an increase of 13.2% as compared to the last year. Meanwhile, the Company realigned the product offering towards protection-type products. The proportions of health insurance and traditional insurance products to first year premiums recorded year-on-year increases of 2 and 29 percentage points, respectively, and the product structures underwent continuous optimization.

In 2015, the service and business development channel promoted team building in the pursuit of better performance. The continuous consolidation of core management and optimization of team structure facilitated the rapid transformation and development of businesses. As at the end of 2015, the number of agents of the service and business development channel was 42,000, representing an increase of 35.5% as compared to the last year. The monthly average actual turnover rate(1) was 79%, about the same as last year, and the monthly average high performing rate(2) reached 30.0%, up 8 percentage points from the last year.

(2) *Group insurance business*

In 2015, the GWP from the group insurance business of the Company was RMB1,301 million, representing a decrease of 9.9% as compared to the last year.

1 Actual turnover rate = actual active individual insurance agents in statistical period/the average in service number*100%, actual active individual insurance agents refers to those who are in service in statistical period and sold at least one inforced insurance policy with first year commission of not less than RMB210.

2 High performing rate = high performing individual insurance agents in statistical period/the average in service number*100%, high performing individual insurance agents refers to those who are in service in statistical period and sold at least one inforced insurance policy with first year commission of not less than RMB2,000 (RMB1,400 for sales and services offices).

2. *Analysis by types of insurance products*

Unit: RMB in millions

For the 12 months ended 31 December	2015	2014	Change
GWP	**111,859**	109,868	1.8%
Traditional insurance	**44,215**	31,331	41.1%
First year premiums	**40,914**	30,669	33.4%
Renewal premiums	**3,301**	662	398.6%
Participating insurance[1]	**49,988**	66,128	-24.4%
First year premiums	**2,670**	7,049	-62.1%
Renewal premiums	**47,318**	59,079	-19.9%
Universal insurance	**39**	39	–
First year premiums	**–**[2]	–[2]	–
Renewal premiums	**39**	39	–
Unit-linked insurance	**–**[2]	–[2]	–
First year premiums	**–**[2]	–[2]	–
Renewal premiums	**–**[2]	–[2]	–
Health insurance	**16,517**	11,175	47.8%
First year premiums	**7,722**	5,238	47.4%
Renewal premiums	**8,795**	5,937	48.1%
Accident insurance	**1,100**	1,195	-7.9%
First year premiums	**1,032**	1,149	-10.2%
Renewal premiums	**68**	46	47.8%

Notes:

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

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

3. Numbers may not be additive due to rounding.

In 2015, the Company realized a life insurance GWP of RMB111,859 million, representing an increase of 1.8% as compared to the last year. Against the backdrop of the market-oriented reform of insurance premium rates, the Company adjusted the product strategy and put in extra marketing efforts to promote the traditional annuity insurance products. The premiums from traditional insurance business was RMB44,215 million, representing an increase of 41.1% as compared to the last year, and its contribution also increased by 11 percentage points. In particular, premiums from the traditional annuity insurance products amounted to RMB26,004 million, accounting for 59.0% of those from traditional insurance products. Premiums from health insurance products were RMB16,517 million, representing an increase of 47.8% as compared to the last year. Premiums from participating insurance business was RMB49,988 million, down 24.4% as compared to the last year. The premiums from other insurance businesses were RMB1,139 million, accounting for 1.0% of the total GWP.

3. Analysis by geographical regions

Unit: RMB in millions

For the 12 months ended 31 December	2015	2014	Change
GWP	**111,859**	109,868	1.8%
Eastern China	**24,192**	23,528	2.8%
Central China	**22,461**	22,316	0.6%
Northern China	**21,849**	20,893	4.6%
Southern China	**16,628**	16,273	2.2%
Other regions	**26,729**	26,858	-0.5%

Note: The Company established seven regional management centers 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 2015, approximately 76.1% of the GWP of the Company were derived from the four regions that are relatively developed or with larger population, namely, Eastern China, Central China, Northern China and Southern China.

4. 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	Huifubao Second Generation annuity insurance	15,563	560
2	Huifubao endowment insurance	15,283	363
3	Hongshuangxi New Type C endowment insurance (Participating)	4,920	0.4
4	Jiankangfuxing Increment (2014) critical illness insurance	4,445	4,387
5	Zunxiangrensheng annuity insurance (Participating)	4,272	36

(II) Asset management business

The Company has always had asset-liability matching management as the basis of its asset management business, and has taken into account the security, liquidity and profitability of the funds under management. The asset management business of the Company seeks to maximize the returns of its investment portfolio on the basis of proper asset allocation and effective risk control.

In 2015, the Company developed its asset allocation strategy and optimized its investment portfolio based on the liability nature of the insurance business, the fluctuation cycle of capital markets, and the principle of absolute returns, in order to maintain stable and sustainable returns from the investment portfolio. The Company captured market opportunities and made timely structural adjustments. As a result, it achieved the net realised gains of RMB16,026 million.

In terms of equity investment, the Company planned ahead of the drastic rise of the market and firmly reduced holdings when the market was at a high level to lock in returns. Hence, the Company minimized losses from the drastic market fall, and achieved relatively good net realized gains. In relation to fixed income, the general strategy of the Company is to invest selectively. While tightening the asset selection criteria and enhancing credit risks prevention, the Company seized various structural opportunities and increased band trade in various tradable products. Regarding investment in non-standard assets, the Company seized market opportunities and made relatively more investments in financial products with high yield and controllable risks in 2013-2014. This helped seize opportunities ahead of the market and maintained comparatively high investment returns in 2015.

As at the end of December 2015, the Company's investment in non-standard assets amounted to RMB143,972 million, accounting for 22.65% of the total investment assets and representing an increase of 3.24 percentage points from last year. Investment products of the Company included assembled funds trust plans, infrastructure and real estate investment plans, project and asset support plans, special asset management plans and insurance assets management products. The assembled funds trust plans accounted for the largest part of the total investment in non-standard assets at 34.66%, down 14.34

percentage points from the end of last year. The investment fields of underlying assets included financial institutions, infrastructures and real estate, etc., with investments in financial institutions and infrastructure accounting for 75.67% of the total investment (excluding equity financial products).

To strengthen the risk management measures regarding investments in non-standard assets, the Company has established a comprehensive investment risk management procedure covering pre-investment assessment, counterparty assessment, post-investment management and credit granting control. Through regular scenario analyses and stress tests, the Company fully assesses the risk exposure and the extreme expected loss. Since early 2015, the Company had drastically tightened its risk appetite for non-standard assets. The non-standard assets invested by the Company generally had relatively high overall credit rating, of which AAA ratings accounted for 99.27% (excluding equity financial products and commercial banking wealth management products), representing an increase of 3.69 percentage points as compared to the end of 2014.

In 2015, the Company actively promoted the overseas investment business and expanded the variety of assets invested overseas. As at the end of 2015, overseas investment assets entrusted to New China Asset Management (Hong Kong) Limited amounted to RMB14,864 million.

In 2016, given the falling interest rates and the more volatile stock market, the Company is set to pursue absolute return and risks prevention, while actively exploring investment opportunities within and outside the country. In relation to equity investments, the Company will adhere to the principle and strategy of value investing, and actively identify investment targets with controllable risks and definite returns. In relation to fixed income investments, the Company will adopt a prudent and conservative risk management policy, focusing on short term investments and keeping tab on credit and market risks. It will also enhance post-investment management and risk disposal planning.

1. Investment portfolio

Unit: RMB in millions

As of 31 December	**2015** Amount	**2015** Proportion	2014 Amount	2014 Proportion	Change
Investment assets	**635,688**	**100%**	625,718	100%	1.6%
Classified by investment type					
Term deposits[1]	**127,679**	**20.1%**	167,297	26.7%	-23.7%
Debt financial assets	**348,281**	**54.8%**	345,518	55.2%	0.8%
– Bonds	**229,235**	**36.1%**	237,403	37.9%	-3.4%
– Trust Products	**49,903**	**7.9%**	59,475	9.5%	-16.1%
– Debt Plans[2]	**29,299**	**4.6%**	24,823	4.0%	18.0%
– Asset funding Plan	**20,000**	**3.1%**	20,000	3.2%	0.0%
– Others[3]	**19,844**	**3.1%**	3,817	0.6%	419.9%
Equity financial assets	**114,322**	**18.0%**	70,553	11.3%	62.0%
– Funds	**52,271**	**8.2%**	22,309	3.6%	134.3%
– Stocks[4]	**33,499**	**5.3%**	34,141	5.5%	-1.9%
– Investments in associates	**3,626**	**0.6%**	10,150	1.6%	-64.3%
– Others[5]	**24,926**	**3.9%**	3,953	0.6%	530.6%
Cash and cash equivalents[1]	**13,904**	**2.2%**	14,503	2.3%	-4.1%
Other investment assets[6]	**31,502**	**4.9%**	27,847	4.5%	13.1%
Classified by investment purpose					
Financial assets at fair value through profit or loss	**13,856**	**2.2%**	8,677	1.4%	59.7%
Available-for-sale financial assets	**216,897**	**34.1%**	175,502	28.1%	23.6%
Held-to-maturity investments	**177,502**	**27.9%**	175,997	28.1%	0.9%
Loans and other receivables[7]	**223,807**	**35.2%**	255,392	40.8%	-12.4%
Investments in associates	**3,626**	**0.6%**	10,150	1.6%	-64.3%

Notes:

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

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

3. Others include debt asset management products and wealth management products.

4. Stocks include common stocks and preferred stocks.

5. Others include equity asset management products, private equity, equity plans, unlisted equity investments, trust products and wealth management products.

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

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

As of the end of the reporting period, the Company had investment assets of RMB635,688 million, representing an increase of 1.6% as compared to the end of last year. This increase was mainly attributable to the cash inflows from the Company's insurance business.

As of the end of the reporting period, term deposits amounted to RMB127,679 million and accounted for 20.1% of the total investment assets, representing a decrease of 6.6 percentage points as compared to the end of last year, which was mainly due to the decrease in the allocation of term deposits upon the maturity of term deposits.

As of the end of the reporting period, debt financial assets amounted to RMB348,281 million and accounted for 54.8% of the total investment assets, which was basically the same as compared to the end of last year. As the Company increased the allocation of non-standard investment assets in the debt plans among debt securities, trust products and debt financial assets decreased slightly.

As of the end of the reporting period, equity financial assets accounted for 18.0% 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 funds, equity plans and asset management products among investments in equity financial assets. As of the end of the reporting period, other equity financial assets accounted for 3.9% of the total equity financial assets, representing an increase of 3.3 percentage points as compared to the end of last year, which was mainly due to the change from investment in associate to unlisted equity as a result of the share transfer in the Petro China Oil Pipeline Project Equity Investment Plan and the Company's increase in investment in asset management plans.

As of the end of the reporting period, cash and cash equivalents accounted for 2.2% of the total investment assets, representing a decrease of 0.1 percentage point as compared to the end of last year, which was mainly due to the allocation of investment assets and the requirements for liquidity management.

As of the end of the reporting period, other investment assets accounted for 4.9% of the total investment assets, representing an increase of 0.4 percentage point as compared to the end of last year, which was mainly due to the increase in policy loans.

In terms of investment purposes, as of the end of the reporting period, available-for-sale financial assets increased by 6.0 percentage points as compared to the end of last year, mainly due to the increase in the allocation of funds, wealth management products and unlisted equity financial assets.

2. *Investment income*

Unit: RMB in millions

For the 12 months ended 31 December	2015	2014	Change
Interest income from cash and cash equivalents	**105**	220	-52.3%
Interest income from term deposits	**7,924**	8,611	-8.0%
Interest income from debt financial assets	**18,292**	17,789	2.8%
Dividend income from equity financial assets[1]	**2,830**	1,635	73.1%
Interest income from other investment assets[2]	**1,033**	782	32.1%
Net investment income[3]	**30,184**	29,037	4.0%
Realized gains on investment assets	**16,026**	3,714	331.5%
Unrealized gains/(losses)	**(9)**	324	N/A
Impairment losses on financial assets	**(610)**	(1,023)	-40.4%
Share of results of associates[1]	**12**	271	-95.6%
Total investment income[4]	**45,603**	32,323	41.1%
Net investment yield (%)[5]	**4.9%**	5.2%	decreased by 0.3 percentage points
Total investment yield (%)[5]	**7.5%**	5.8%	increased by 1.7 percentage points

Notes:

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

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 financial assets and other investment assets and dividend income from equity financial assets.

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

5. Investment yield = (Investment income – Interest expense of items sold under agreements to repurchase)/(monthly average investment assets – monthly financial assets sold under agreements to repurchase – monthly interest receivables).

The Company achieved a total investment income of RMB45,603 million during the reporting period, representing an increase of 41.1% as compared to the last year. The total investment yield was 7.5%, representing an increase of 1.7 percentage points as compared to the last year, which was mainly due to an increase in realized gains on investment assets and an increase in dividend income from equity securities.

The Company achieved a net investment income of RMB30,184 million, representing an increase of 4.0% as compared to the last year; the net investment yield was 4.9%, representing a decrease of 0.3 percentage point as compared to last year, which was mainly due to the decrease in interest income from term deposits.

The realized gains, unrealized gains and losses on investment assets and impairment losses on investment assets amounted to a gain of RMB15,407 million in aggregate, a substantial improvement compared to the gain of RMB3,015 million in aggregate from the last year. As a result of significant capital market volatility in 2015, the Company achieved an increase in the realized gains on investment assets through timely range trading.

3. *External Equity Securities*

(1) Securities investment

No.	Type of securities	Security code	Abbreviated security name	Initial investment amount (RMB in millions)	Number of Securities held (in millions)	Carrying amount at the end of the period (RMB in millions)	As a percentage of total investments in securities at the end of the period (%)	Profits/ losses for the reporting period (RMB in millions)
1	Stock	002152	GRG BANKING	198.73	6.01	186.24	24.11	-13.11
2	Stock	03366X	OCT (ASIA) (LIMITED)	128.84	40.00	135.72	17.57	14.31
3	Stock	600686	KING LONG MOTOR	81.46	5.47	104.99	13.59	25.48
4	Stock	601318	PING AN	78.60	1.98	71.21	9.22	-3.52
5	Stock	002261	TALKWEB	31.93	0.80	31.12	4.03	-0.82
6	Stock	600261	ZHEJIANG YANKON	26.65	3.00	26.37	3.41	4.06
7	Stock	600728	PCI-STCL	26.96	0.70	26.10	3.38	-0.86
8	Stock	002188	BUS ONLINE	22.34	0.50	22.22	2.88	-9.69
9	Stock	600118	CHINA SPACESAT	21.54	0.50	21.27	2.75	1.98
10	Stock	000982	ZHONGYIN CASHMERE	13.61	2.70	19.76	2.56	1.05
Investments in other securities held at the end of the reporting period				109.93	/	127.40	16.50	27.75
Profits/losses of investments in securities sold during the reporting period				/	/	/	/	266.51
Total				740.59	/	772.40	100.00	313.14

Notes:

1. Securities investments stated in this table represent investments such as stock, warrants and convertible bonds, etc, are presented in accordance with the carrying amount as at the end of the period, for stock and convertible bonds, only the parts of tradable financial assets are presented.

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

3. Profits/losses during the reporting period in this table are comprised of interest income, dividend income, realized gains/(losses) and unrealized gains/(losses).

(2) *Shareholding in other listed companies*

Security code	Abbreviated security name	Initial investment amount (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
002466	TIANQI LITHIUM	380.80	5.26	5.20	1,914.20	–	1,364.90	Available for sale	Purchase
600085	TRT	505.87	1.18	1.68	1,028.63	55.94	498.00	Available for sale	Purchase
002415	HIKVISION	393.13	0.86	0.51	708.48	172.09	200.93	Available for sale	Purchase
601166	INDUSTRIAL BANK	703.08	0.11	0.21	689.16	435.64	-74.29	Available for sale	Purchase
600153	C&D INC.	341.69	1.95	1.54	650.79	126.30	123.86	Available for sale	Purchase
601098	CNS	316.48	1.60	1.51	646.23	38.53	189.43	Available for sale	Purchase
002007	HUALAN BIO.	576.94	0.00	2.53	645.88	3.97	68.94	Available for sale	Purchase
002152	GRG BANKING	515.49	1.15	2.22	615.52	45.95	54.19	Available for sale	Purchase
600196	FOSUN PHARMA	490.40	1.11	1.12	608.45	8.41	59.12	Available for sale	Purchase
600061	SDIC ESSENCE	430.65	0.00	0.63	600.37	–	169.71	Available for sale	Purchase
Other securities held at the end of the reporting period		22,880.58	/	/	24,625.08	11,205.34	-3,667.15		
Total		27,535.11	/	/	32,732.79	12,092.17	-1,012.36		

Notes:

1. The table presents the shareholding in other listed companies by the Company as classified under available-for-sale financial assets presented in accordance with the carrying amount as at the end of the reporting period.
2. Shares in TIANQI LITHIUM were restricted shares at the beginning of the reporting period, but all of them became non-restricted shares by the end of the reporting period.
3. Profits/losses during the reporting period in this table are comprised of dividend income, realized gains/(losses) and impairment losses on equity securities.

(3) *Shareholdings in unlisted financial enterprises*

Security name	Initial investment amount (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
China Insurance Investment Company Ltd.	36.00	–	3	36.00	–	–	Available for sale	Promotion

Note: Other than the investment mentioned above and the subsidiaries and associates of the Company, the Company did not have any shareholding in other unlisted financial enterprises.

(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	6,036.92	64,932.19	N/A
Sale	6,419.53	N/A	12,346.35

III. PRINCIPAL CONTENTS AND ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

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

1. Principal assets

Unit: RMB in millions

Component	**31 December 2015**	31 December 2014	Change
Investments in associates	**3,626**	10,150	-64.3%
Debt financial assets	**348,281**	345,518	0.8%
– Held-to-maturity	**177,502**	175,997	0.9%
– Available-for-sale	**116,668**	117,490	-0.7%
– At fair value through profit or loss	**3,389**	6,286	-46.1%
– Loans and receivables	**50,722**	45,745	10.9%
Equity financial assets	**110,696**	60,403	83.3%
– Available-for-sale	**100,229**	58,012	72.8%
– At fair value through profit or loss	**10,467**	2,391	337.8%
Term deposits	**127,679**	167,297	-23.7%
Financial assets purchased under agreements to resell	**91**	1,584	-94.3%
Deferred tax assets	**6**	36	-83.3%
Other assets	**9,284**	4,251	118.4%
Other assets not included in the above assets	**60,897**	54,470	11.8%
Total	**660,560**	643,709	2.6%

Investments in associates

As of the end of the reporting period, investments in associates decreased by 64.3% as compared to the end of 2014, mainly due to the termination of the original Petro China Oil Pipeline Project Equity Investment Plan. The Company chose to participate in the restructuring by transferring its equity interest in the project company as the consideration. After the restructuring, the investment was accounted for as available-for-sale financial assets.

Debt financial assets

As of the end of the reporting period, debt financial assets increased by 0.8% as compared to the end of 2014, mainly due to the increase in wealth management products and debt investment plans.

Equity financial assets

As of the end of the reporting period, equity financial assets increased by 83.3% as compared to the end of 2014, mainly due to the increase in the allocation of funds and unlisted equity securities.

Term deposits

As of the end of the reporting period, term deposits decreased by 23.7% as compared to the end of 2014, mainly due to the decrease in the allocation of term deposits upon the maturity of term deposits.

Financial assets purchased under agreements to resell

As of the end of the reporting period, financial assets purchased under agreements to resell decreased by 94.3% as compared to the end of 2014, mainly due to the needs of investments assets allocation and liquidity management.

Deferred tax assets

As of the end of the reporting period, deferred tax assets decreased by 83.3% as compared to the end of 2014. The main reason is that, according to No. 34 Announcement of the State Administration of Taxation in 2015, withheld wages and salaries that were actually paid to the staff before the end of the final settlement of the year were deductible, hence no temporary difference occurred.

Other assets

As of the end of the reporting period, other assets increased by 118.4% as compared to the end of 2014, mainly due to the increase in investment clearing amount.

2. Principal liabilities

Unit: RMB in millions

Component	**31 December 2015**	31 December 2014	Change
Insurance contracts liabilities	**524,441**	480,100	9.2%
Long-term insurance contracts liabilities	**522,799**	478,406	9.3%
Short-term insurance contracts liabilities			
– Outstanding claims liabilities	**559**	562	-0.5%
– Unearned premiums liabilities	**1,083**	1,132	-4.3%
Financial assets sold under agreements to repurchase	**19,816**	59,234	-66.5%
Reinsurance liabilities	**95**	67	41.8%
Current income tax liabilities	**1,007**	48	1,997.9%
Deferred tax liabilities	**853**	17	4,917.6%
Other liabilities not included in the above liabilities	**56,507**	55,879	1.1%
Total	**602,719**	595,345	1.2%

Insurance contracts liabilities

As of the end of the reporting period, insurance contracts liabilities increased by 9.2% as compared to the end of 2014, primarily due to the growth of insurance business and the accumulation of insurance obligations. As at the balance sheet date, liabilities for all insurance contracts of the Company had passed adequacy tests.

Financial assets sold under agreements to repurchase

As of the end of the reporting period, financial assets sold under agreements to repurchase decreased by 66.5% as compared to the end of 2014, primarily due to the allocation of investment assets and the requirements for liquidity management.

Reinsurance liabilities

As of the end of the reporting period, reinsurance liabilities increased by 41.8% as compared to the end of 2014, primarily due to the growth of reinsurance business.

Current income tax liabilities

As of the end of the reporting period, the current income tax liabilities increased by 1,997.9% as compared to the end of 2014, mainly due to the increase in taxable income.

Deferred tax liabilities

As of the end of the reporting period, the deferred tax liabilities amounted to RMB853 million, increased by 4,917.6% as compared to the end of 2014, primarily due to the capital market volatility in 2015, during which the Company achieved an increase in the carrying amount of available-for-sale financial assets through timely range trading, thereby increasing deferred tax liabilities.

3. Shareholders' equity

As of the end of the reporting period, equity attributable to shareholders of the Company amounted to RMB57,835 million, representing an increase of 19.6% as compared to the end of 2014, mainly due to investment income and the cumulative growth of insurance business.

(II) Analysis of Principal Components of the statement of comprehensive income

1. Revenue

Unit: RMB in millions

For the 12 months ended 31 December	**2015**	2014	Change
Gross written premiums and policy fees	**111,994**	110,067	1.8%
Less: premiums ceded out	**(690)**	(404)	70.8%
Net written premiums and policy fees	**111,304**	109,663	1.5%
Net change in unearned premiums liabilities	**51**	(193)	N/A
Net premiums earned and policy fees	**111,355**	109,470	1.7%
Investment income	**45,069**	31,784	41.8%
Other income	**1,494**	840	77.9%
Total	**157,918**	142,094	11.1%

Gross written premiums and policy fees

During the reporting period, gross written premiums and policy fees amounted to RMB111,994 million, representing an increase of 1.8% as compared to the last year, mainly due to the increase in premium income from the individual insurance agent channel.

Premiums ceded out

During the reporting period, premiums ceded out amounted to RMB690 million, representing an increase of 70.8% as compared to the last year, mainly due to the growth of the reinsurance business.

Investment income

During the reporting period, investment income amounted to RMB45,069 million, representing an increase of 41.8% as compared to the last year, mainly due to the increase in realized gains on investment assets.

Other income

During the reporting period, other income amounted to RMB1,494 million, representing an increase of 77.9% as compared to the last year, mainly due to the increase in exchange earning, as a result of the appreciation of US dollars against the RMB, and the increase in income of subsidiaries.

2. *Insurance business expenditures and other expenses*

Unit: RMB in millions

For the 12 months ended 31 December	**2015**	2014	Change
Insurance benefits and claims	**(118,719)**	(112,017)	6.0%
Claims and net change in outstanding claims liabilities	**(1,044)**	(1,115)	-6.4%
Life insurance death and other benefits	**(77,820)**	(64,883)	19.9%
Increase in long-term insurance contracts liabilities	**(39,855)**	(46,019)	-13.4%
Investment contracts benefits	**(1,331)**	(1,144)	16.3%
Commission and brokerage expenses	**(10,679)**	(7,641)	39.8%
Administrative expenses	**(12,655)**	(11,335)	11.6%
Other expenses	**(1,430)**	(543)	163.4%
Total	**(144,814)**	(132,680)	9.1%

Claims and net change in outstanding claims liabilities

During the reporting period, claims and net change in outstanding claims liabilities amounted to RMB1,044 million, representing a decrease of 6.4% as compared to the last year, mainly due to the decrease in combined compensation rate as a result of the change in the structure of the short-term insurance business.

Life insurance death and other benefits

During the reporting period, life insurance death and other benefits amounted to RMB77,820 million, representing an increase of 19.9% as compared to the last year, mainly due to the increase in surrenders, maturities and annuities.

Increase in long-term insurance contracts liabilities

During the reporting period, increase in long-term insurance contracts liabilities amounted to RMB39,855 million, representing a decrease of 13.4% as compared to the last year, mainly due to the increase in surrenders and claims.

Investment contracts benefits

During the reporting period, investment contracts benefits amounted to RMB1,331 million, representing an increase of 16.3% as compared to the last year, 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 amounted to RMB10,679 million, representing an increase of 39.8% as compared to the last year, mainly due to the increase in first year premiums.

Administrative expenses

During the reporting period, administrative expenses amounted to RMB12,655 million, representing an increase of 11.6% as compared to the last year, mainly due to the expanding business scale and the increase in salary and welfare expenses.

3. *Income tax*

During the reporting period, income tax expenses were RMB3,180 million, representing an increase of 131.3% as compared to the last year, mainly due to the increase in taxable income.

4. Net profit

During the reporting period, the Company achieved RMB8,601 million of the net profit attributable to the shareholders of the Company, representing an increase of 34.3% as compared to the last year, mainly due to the growth of investment income and the cumulative increase in insurance business.

5. Other comprehensive income

During the reporting period, other comprehensive income was RMB1,530 million, representing a decrease of 50.8% as compared to the last year, mainly because the Company undersold in a timely manner during the capital market volatility in 2015. A portion of other comprehensive income from the previous periods was transferred to the current reporting period as realized gains, leading to a decrease in other comprehensive income for the reporting period.

(III) Analysis of consolidated statement of cash flows

Unit: RMB in millions

For the 12 months ended 31 December	2015	2014	Change
Net cash flows from operating activities	**7,449**	25,052	-70.3%
Net cash flows from investing activities	**39,809**	(38,544)	N/A
Net cash flows from financing activities	**(48,099)**	9,414	N/A

1. Net cash flows from operating activities

Net cash flows from operating activities of the Company for the year 2015 and 2014 amounted to RMB7,449 million and RMB25,052 million respectively. Cash inflows from operating activities of the Company were primarily comprised of cash premiums received. Cash premiums received from existing insurance contracts for the year of 2015 and 2014 amounted to RMB112,453 million and RMB111,720 million respectively. The increase in cash premiums was primarily due to the continuous growth in premiums income and the consistent development of the Company's insurance business.

Cash outflows from operating activities of the Company in 2015 and 2014 amounted to RMB107,572 million and RMB88,581 million respectively. Cash outflows from operating activities of the Company were primarily comprised of benefits and claims expenses paid in cash, the net decrease in investment and deposit of the insured, commission and brokerage expenses, cash paid to or for employees, tax paid and other cash payments related to operating activities. Benefits and claims expenses paid in cash from the existing insurance contracts for the years of 2015 and 2014 amounted to RMB78,849 million and RMB65,848 million respectively, and the above changes were primarily influenced by the Company's business development and the benefits and claims expenses paid.

2. *Net cash flows from investing activities*

Net cash flows from investing activities of the Company in 2015 and 2014 amounted to RMB39,809 million and negative RMB38,544 million respectively. Cash inflows from investing activities of the Company in 2015 and 2014 amounted to RMB477,610 million and RMB233,451 million respectively. Cash inflows from investing activities of the Company were primarily comprised of recovery of cash that was invested, investment returns in cash, and cash received from the sale of financial assets purchased under agreement to resell, etc.

Cash outflows from investing activities of the Company in 2015 and 2014 amounted to RMB437,801 million and RMB271,995 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 financial assets purchased under agreements to resell, and cash paid for the purchase and construction of property, plant and equipment, intangible assets and other long-term assets, etc.

3. *Net cash flows from financing activities*

Net cash flows from financing activities of the Company in 2015 and 2014 amounted to negative RMB48,099 million and RMB9,414 million respectively. Cash inflows from financing activities of the Company in 2015 and 2014 amounted to RMB3,067,746 million and RMB4,537,368 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.

Cash outflows from financing activities of the Company in 2015 and 2014 amounted to RMB3,115,845 million and RMB4,527,954 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, income from investment contracts business, 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, defaults by debtors, as well as the fluctuation of interest rate and other market volatilities. 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 RMB13,904 million. In addition, substantially all of the Company's term deposits were available for utilization, subject to penalty interest. As of the end of the reporting period, the term deposits of the Company amounted to RMB127,679 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 book value of debt securities amounted to RMB348,281 million, and the book value of equity securities amounted to RMB110,696 million.

The principal cash outflows of the Company were comprised of the liabilities associated with various life insurance, annuity insurance, accident insurance and health insurance products, the allocation of dividends and interest payments of insurance policies and annuity contracts, operating expenses, income taxes and dividends declared and payable to shareholders. Cash outflows arising from the insurance activities primarily relate to benefits payments of 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 requirements of the CIRC. As required by the CIRC, solvency margin ratio of a domestic insurance company in the PRC must reach a required level.

Unit: RMB in millions

	As of 31 December 2015	As of 31 December 2014	**Reason(s) of Change**
Actual capital	**55,949**	51,541	gains and losses for the current period, changes in fair value of investment assets and investment structure
Minimum capital	**24,600**	22,753	growth in insurance business
Surplus	**31,349**	28,788	
Solvency margin ratio	**227.43%**	226.53%	

The CIRC issued the China Risk Oriented Solvency System ("**C-ROSS**") in February 2015. The insurance industry entered the C-ROSS transition period. Based on the trial operations during the transition period and as approved by the State Council, the CIRC decided to enforce "the Solvency Regulatory Rules (No. 1-17) for Insurance Companies" from 1 January 2016.

The solvency margin ratios of the Company under C-ROSS are as follows:

Unit: RMB in millions

	31 December 2015
Core capital	145,680
Actual capital	164,680
Minimum capital	58,613
Core solvency margin ratio	248.54%
Comprehensive solvency margin ratio	280.96%

Note: Core solvency margin ratio = core capital/minimum capital; comprehensive solvency margin ratio = actual capital/minimum capital.

(II) Gearing ratio

	31 December 2015	31 December 2014
Gearing ratio	**91.2%**	92.5%

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 mainly include Swiss Reinsurance Company Ltd., Beijing Branch, and China Life Reinsurance Company Ltd. etc.

Unit: RMB in millions

For the 12 months ended 31 December	**2015**	2014
Swiss Reinsurance Company Ltd., Beijing Branch	**462**	304
China Life Reinsurance Company Ltd.	**213**	88
Others(1)	**15**	12
Total	**690**	404

Notes:

1. 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.

V. FUTURE PROSPECTS

In 2016, the development of the industry faces more complex economic and social environment. At the same time, the benefits from policies brought about by the "Ten New National Policies" will continue to be released, such that opportunities and challenges co-exist in the development of the industry.

Firstly, the Chinese economy has entered into a new norm. In the short term, as affected by the slowdown of investments and the downturn in exports, the Chinese economy still faces a relatively large downward pressure. However, in the long term, with respect to consumption, labour, and technological innovation, the Chinese economy has favourable conditions for industry upgrade and structural adjustments. The fundamentals and expectations of long-term economic upturn have not changed.

Secondly, the "Ten New National Policies" continue to release policy benefits. The "Ten New National Policies" has confirmed the "protection" positioning for commercial insurance, while at the same time made clear the relevant measures and tax benefit policies. Following the implementation of various policies, China's pension insurance, health insurance, medical insurance and so on will gain a strong foothold for long-term development and become the main force for the long term development of the insurance industry. In the recent future, with the introduction of tax-preferred commercial health insurance and the promotion of tax-deferred commercial pension insurance, the insurance industry will upgrade gradually and perfect the protection function of insurance, as well as better perform its social function.

Thirdly, the industry monitoring system has improved further. The C-ROSS was formally implemented. It has not only imposed more stringent requirements on business development, capital management, investment decision, risk control, and operation compliance of life insurance companies, but also promoted the overall increase in integrated management level in life insurance companies, thereby achieving a healthy development.

Fourthly, the development of the insurance industry is maturing. The operation philosophy of returning to the essence of insurance and focusing on sustainable development is now recognized by more life insurance companies. The concepts of focusing on insurance protection, following the basic regularities, and promoting transformative development will lead the major companies in the industry to increase their anti-risk capabilities and their core competitiveness.

Against the background of industry transformation and upgrade, the Company endeavors to pursue value and return to the essence of insurance. Taking into account the requirements of strategic transformation, the Company will center its efforts around "stabilizing scale, enhancing value, optimizing structure, controlling risks" in 2016. It is committed to business development, team building, customer service and risk prevention measures, etc.

Firstly, the Company will focus on structure optimization. With a stable overall scale as its base, the Company will further develop protection-type products, further focus on the development of regular insurance business and optimize the product structure. Meanwhile, the Company will be dedicated to the transformation of supply of pension, health, medical and accident insurance products.

Secondly, the Company will enhance team building. Through upgrading the training program, service and product offering, the Company will boost performance of the sales team while enhancing team building, thereby laying a solid foundation for the development of the team and the nurturing of talents for the insurance industry.

Thirdly, the Company will improve service quality. It will establish a scientific and comprehensive integrated management system for quantitative targets, in order to continuously enhance service efficiency and the quality of customer service. It will provide better basic service, upgrade agency service, and set up a service platform to increase customer satisfaction and loyalty.

Fourthly, the Company will strengthen its risk prevention mechanism. It will ensure compliance with the laws and establish a comprehensive risk management system to minimize exposure to cash flow risks, mass incidents and systemic risks.

ANNUAL RESULTS[1]

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME-AUDITED
For the year ended 31 December 2015

Unit: RMB in millions

	Notes	For the year ended 31 December **2015**	2014
REVENUES			
Gross written premiums and policy fees	*1*	**111,994**	110,067
Less: premiums ceded out		**(690)**	(404)
Net written premiums and policy fees		**111,304**	109,663
Net change in unearned premiums liabilities		**51**	(193)
Net premiums earned and policy fees		**111,355**	109,470
Investment income	*2*	**45,069**	31,784
Other income	*3*	**1,494**	840
Total revenues		**157,918**	142,094
BENEFITS, CLAIMS AND EXPENSES			
Insurance benefits and claims			
Claims and net change in outstanding claims liabilities	*4*	**(1,044)**	(1,115)
Life insurance death and other benefits	*4*	**(77,820)**	(64,883)
Increase in long-term insurance contract liabilities	*4*	**(39,855)**	(46,019)
Investment contracts benefits		**(1,331)**	(1,144)
Commission and brokerage expenses		**(10,679)**	(7,641)
Administrative expenses	*5*	**(12,655)**	(11,335)
Other expenses	*6*	**(1,430)**	(543)
Total benefits, claims and expenses		**(144,814)**	(132,680)
Share of profits and losses of associates		**535**	539
Finance costs	*7*	**(1,857)**	(2,171)
Profit before income tax		**11,782**	7,782
Income tax expense	*8*	**(3,180)**	(1,375)
Net profit for the year		**8,602**	6,407
Net profit for the year attributable to:			
– Owners of the parent	*9*	**8,601**	6,406
– Non-controlling interests		**1**	1
Earnings per share (RMB)			
Basic and diluted	*10*	**2.76**	2.05

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 2015

Unit: RMB in millions

	For the year ended 31 December 2015	2014
Net profit for the year	**8,602**	6,407
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Available-for-sale financial assets		
Gains arising from fair value changes	**21,758**	13,672
Gains transferred to profit or loss from other comprehensive income	**(16,092)**	(3,605)
Impairment transferred to profit or loss from other comprehensive income	**610**	1,023
Changes in liabilities for insurance and investment contracts arising from net unrealized gains	**(4,244)**	(6,955)
Currency translation differences	**6**	–
Share of other comprehensive income of associates under the equity method	**–**	5
Income tax relating to components of other comprehensive income	**(508)**	(1,033)
Total other comprehensive income for the year, net of tax	**1,530**	3,107
Total comprehensive income for the year	**10,132**	9,514
Total comprehensive income for the year attributable to:		
– Owners of the parent	**10,131**	9,513
– Non-controlling interests	**1**	1

Notes:

1 GROSS WRITTEN PREMIUMS AND POLICY FEES

Unit: RMB in millions

	For the year ended 31 December **2015**	2014
Gross written premiums		
– Long-term insurance contracts	**109,028**	107,128
– Short-term insurance contracts	**2,831**	2,740
Subtotal	**111,859**	109,868
Policy fees		
– Investment contracts	**135**	199
Gross written premiums and policy fees	**111,994**	110,067

2 INVESTMENT INCOME

Unit: RMB in millions

	For the year ended 31 December **2015**	2014
Held-to-maturity investments		
– Interest income	**8,302**	8,387
Available-for-sale financial assets		
– Interest income	**6,558**	6,637
– Dividend income	**1,537**	1,337
– Net realized gains	**16,072**	3,583
– Impairment losses on equity financial assets	**(610)**	(1,023)
Financial assets at fair value through profit or loss		
– Interest income	**271**	365
– Dividend income	**770**	30
– Fair value gains/(losses)	**(9)**	324
– Net realized gains/(losses)	**(46)**	131
Interest income from loans and receivables		
– Interest income	**3,161**	2,400
Interest income from bank deposits	**8,054**	8,858
Interest income from policy loans	**979**	718
Interest income from financial assets purchased under agreements to resell	**29**	37
Others	**1**	–
Total	**45,069**	31,784
Including:		
Investment income based on the effective interest method	**27,354**	27,402
Investment income from listed investments	**15,061**	4,439
Investment income from unlisted investments	**30,008**	27,345
Total	**45,069**	31,784

3 OTHER INCOME

Unit: RMB in millions

	For the year ended 31 December 2015	2014
Rental income from investment properties	**135**	106
Government grants	**26**	20
Reversal of provision	**–**	429
Exchange gain	**305**	30
Difference of cost of purchasing associates and the portion of fair value of net identifiable asset	**571**	–
Other	**457**	255
Total	**1,494**	840

4 INSURANCE BENEFITS AND CLAIMS

Unit: RMB in millions

	For the year ended 31 December 2015	2014
Gross		
Claims and change in outstanding claims liabilities	**1,202**	1,246
Life insurance death and other benefits	**77,967**	64,943
Increase in long-term insurance liabilities	**40,181**	46,113
Total	**119,350**	112,302
Recovered from reinsurers		
Claims and change in outstanding claims liabilities	**(158)**	(131)
Life insurance death and other benefits	**(147)**	(60)
Increase in long-term insurance liabilities	**(326)**	(94)
Total	**(631)**	(285)
Net		
Claims and change in outstanding claims liabilities	**1,044**	1,115
Life insurance death and other benefits	**77,820**	64,883
Increase in long-term insurance liabilities	**39,855**	46,019
Total	**118,719**	112,017

5 ADMINISTRATIVE EXPENSES

Unit: RMB in millions

	For the year ended 31 December **2015**	2014
Employee benefit expenses (including directors' emoluments)[1]	**8,520**	7,457
Operating lease expense	**837**	740
Travel and conference fees	**711**	644
Entertainment fees	**564**	522
Depreciation and amortization	**436**	401
Official fees	**302**	302
Promotional printing cost	**227**	212
Insurance guarantee fund	**189**	185
Postal fees	**143**	136
Advertising fees	**98**	116
Electronic equipment operating costs	**75**	94
Vehicle use fees	**63**	76
Supervision fees	**48**	47
Auditors' remuneration	**26**	16
Others	**416**	387
Total	**12,655**	11,335

(1) Employee benefit expenses are presented below:

	For the year ended 31 December **2015**	2014
Salary and welfare expenses	**6,954**	6,106
Social security costs – pension	**624**	540
Social security costs – other	**449**	388
Including:		
Supplementary defined contribution pension expense	**100**	44
Supplementary medical expense	**16**	13
Housing fund	**333**	286
Employee education and labor union fees	**160**	137
Total	**8,520**	7,457

6 OTHER EXPENSES

Unit: RMB in millions

	For the year ended 31 December **2015**	2014
Business tax and surcharges	**985**	235
Depreciation and amortization	**71**	54
Reversal of provision for prepayment for Taizhou and Yongzhou cases	**(3)**	–
Others	**377**	254
Total	**1,430**	543

7 FINANCE COST

Unit: RMB in millions

	For the year ended 31 December 2015	2014
Interest expenses for financial assets sold under agreements to repurchase	**888**	1,400
Interest expenses for the subordinated debts	**969**	771
Total	**1,857**	2,171

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

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

Unit: RMB in millions

	For the year ended 31 December 2015	2014
Current tax	**2,822**	1,387
Deferred tax	**358**	(12)
Total income tax	**3,180**	1,375

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

	For the year ended 31 December 2015	2014
Profit before income tax	**11,782**	7,782
Tax computed at the statutory tax rate in China	**2,945**	1,946
Non-taxable income (i)	**(893)**	(933)
Expenses not deductible for tax purpose (i)	**1,204**	322
Effect of unrecognized deferred tax assets arising from deductible temporary differences	**(70)**	44
Adjustment to the current tax of prior years	**(2)**	(2)
Effect of different tax rate of a subsidiary	**(4)**	(2)
Income tax computed at effective tax rate	**3,180**	1,375

(i) Non-taxable income mainly includes government bond interest income and stock dividend income. Expenses not deductible for tax purposes mainly include those expenses such as commission and brokerage expense, penalties, donations and entertainment expenses that do not meet the criteria for deduction under relevant tax regulations issued by the tax authority.

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

	Financial assets	**Insurance liabilities and others**	**Total**
Net deferred tax assets			
As at 1 January 2014	–	16	16
Credited to net profit	–	22	22
Charged to other comprehensive income	(2)	–	(2)
As at 31 December 2014	(2)	38	36
As at 1 January 2015	**(2)**	**38**	**36**
Charged to net profit	**(1)**	**(29)**	**(30)**
Charged to other comprehensive income	**–**	**–**	**–**
As at 31 December 2015	**(3)**	**9**	**6**
Net deferred tax liabilities			
As at 1 January 2014	**546**	**478**	**1,024**
(Charged)/Credited to net profit	**(81)**	**71**	**(10)**
Charged to other comprehensive income	**(2,770)**	**1,739**	**(1,031)**
As at 31 December 2014	**(2,305)**	**2,288**	**(17)**
As at 1 January 2015	**(2,305)**	**2,288**	**(17)**
Charged to net profit	**(1)**	**(327)**	**(328)**
Charged to other comprehensive income	**(1,569)**	**1,061**	**(508)**
As at 31 December 2015	**(3,875)**	**3,022**	**(853)**

	As at 31 December 2015	As at 31 December 2014
Deferred tax assets		
– deferred tax assets to be recovered within 12 months	**2,897**	1,997
– deferred tax assets to be recovered after 12 months	**165**	134
Subtotal	**3,062**	2,131
Deferred tax liabilities		
– deferred tax liabilities to be settled within 12 months	**(3,591)**	(2,023)
– deferred tax liabilities to be settled after 12 months	**(318)**	(89)
Subtotal	**(3,909)**	(2,112)
Total net deferred income tax assets	**6**	36
Total net deferred income tax liabilities	**(853)**	(17)

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

	As at 31 December 2015	As at 31 December 2014
Deductible losses	**495**	305
Deductible temporary differences	**–**	475
Total	**495**	780

9 NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The net profit attributable to shareholders of the Company for the year ended 31 December 2015 was RMB8,601 million (for the year ended 31 December 2014 : RMB6,406 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	
	2015	2014
Net profit attributable to shareholders of the Company *(RMB in millions)*	**8,601**	6,406
Weighted average number of ordinary shares issued *(in millions)*	**3,120**	3,120
Basic earnings per share *(RMB)*	**2.76**	2.05

(2) Diluted

The Company has no dilutive potential ordinary shares. Diluted earnings per share are the same as basic earnings per share for the year ended 31 December 2015 (for the year ended 31 December 2014 : same).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION-AUDITED

As at 31 December 2015

Unit: RMB in millions

	As at 31 December	
	2015	2014
ASSETS		
Property, plant and equipment	**6,827**	5,917
Investment properties	**2,177**	1,665
Intangible assets	**1,693**	1,559
Investments in associates	**3,626**	10,150
Debt financial assets	**348,281**	345,518
– Held-to-maturity	**177,502**	175,997
– Available-for-sale	**116,668**	117,490
– At fair value through profit or loss	**3,389**	6,286
– Loans and receivables	**50,722**	45,745
Equity financial assets	**110,696**	60,403
– Available-for-sale	**100,229**	58,012
– At fair value through profit or loss	**10,467**	2,391
Term deposits	**127,679**	167,297
Statutory deposits	**716**	716
Policy loans	**20,879**	14,903
Financial assets purchased under agreements to resell	**91**	1,584
Accrued investment income	**9,816**	10,644
Premiums receivable	**1,525**	1,543
Deferred tax assets	**6**	36
Reinsurance assets	**3,360**	3,020
Other assets	**9,284**	4,251
Cash and cash equivalents	**13,904**	14,503
Total assets	**660,560**	643,709

CONSOLIDATED STATEMENT OF FINANCIAL POSITION-AUDITED (CONTINUED)

As at 31 December 2015

Unit: RMB in millions

	As at 31 December **2015**	2014
LIABILITIES AND EQUITY		
Liabilities		
Insurance contracts		
Long-term insurance contract liabilities	**522,799**	478,406
Short-term insurance contract liabilities		
– Outstanding claims liabilities	**559**	562
– Unearned premiums liabilities	**1,083**	1,132
Investment contracts	**27,166**	28,213
Borrowings	**19,000**	19,000
Financial liabilities at fair value through profit or loss	**22**	–
Financial assets sold under agreements to repurchase	**19,816**	59,234
Benefits, claims and surrenders payable	**1,624**	1,301
Premiums received in advance	**2,823**	2,246
Reinsurance liabilities	**95**	67
Provisions	**29**	29
Other liabilities	**5,843**	5,090
Current income tax liabilities	**1,007**	48
Deferred tax liabilities	**853**	17
Total liabilities	**602,719**	595,345
Shareholders' equity		
Share capital	**3,120**	3,120
Reserves	**33,536**	30,300
Retained earnings	**21,179**	14,939
Equity attributable to owners of the parent	**57,835**	48,359
Non-controlling interests	**6**	5
Total equity	**57,841**	48,364
Total liabilities and equity	**660,560**	643,709

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY-AUDITED

For the year ended 31 December 2015

Unit: RMB in millions

	Attributable to owners of the parent					
	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
For the year ended 31 December 2014						
As at 1 January 2014	3,120	25,903	10,289	39,312	6	39,318
Net profit for the year	–	–	6,406	6,406	1	6,407
Other comprehensive income	–	3,107	–	3,107	–	3,107
Total comprehensive income	–	3,107	6,406	9,513	1	9,514
Effect on capital injection to subsidiary	–	2	–	2	(2)	–
Dividends paid	–	–	(468)	(468)	–	(468)
Appropriation to reserves	–	1,288	(1,288)	–	–	–
Total transactions with owners	–	1,288	(1,756)	(468)	–	(468)
As at 31 December 2014	3,120	30,300	14,939	48,359	5	48,364
For the year ended 31 December 2015						
As at 1 January 2015	**3,120**	**30,300**	**14,939**	**48,359**	**5**	**48,364**
Net profit for the year	**–**	**–**	**8,601**	**8,601**	**1**	**8,602**
Other comprehensive income	**–**	**1,530**	**–**	**1,530**	**–**	**1,530**
Total comprehensive income	**–**	**1,530**	**8,601**	**10,131**	**1**	**10,132**
Dividends paid	**–**	**–**	**(655)**	**(655)**	**–**	**(655)**
Appropriation to reserves	**–**	**1,706**	**(1,706)**	**–**	**–**	**–**
Total transactions with owners	**–**	**1,706**	**(2,361)**	**(655)**	**–**	**(655)**
As at 31 December 2015	**3,120**	**33,536**	**21,179**	**57,835**	**6**	**57,841**

CONSOLIDATED STATEMENT OF CASH FLOWS-AUDITED

For the year ended 31 December 2015

Unit: RMB in millions

	For the year ended 31 December 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	**11,782**	7,782
Adjustments for:		
Investment income	**(45,069)**	(31,784)
Finance costs	**1,857**	2,171
Net change in outstanding claims liabilities	**–**	30
Net change in unearned premiums liabilities	**(51)**	193
Increase in long-term insurance contract liabilities	**39,855**	46,019
Investment contract benefits	**1,331**	1,144
Policy fees	**(135)**	(199)
Depreciation and amortization	**507**	455
Impairment losses on other receivables	**3**	1
Losses on disposal of property, plant and equipment	**5**	5
Changes in operational assets and liabilities:		
Receivables and payables	**1,542**	(639)
Investment contracts	**(2,314)**	1,256
Income tax paid	**(1,864)**	(1,382)
Net cash flows from operating activities	**7,449**	25,052
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales and maturities of financial asset investments		
Proceeds from sales of debt financial assets	**8,354**	14,416
Proceeds from maturities of debt financial assets	**50,236**	37,242
Proceeds from sales of equity financial assets	**171,667**	51,807
Purchases of financial assets investments		
Purchase of debt financial assets	**(58,459)**	(87,750)
Purchase of equity financial assets	**(196,611)**	(68,673)
Proceeds from disposal of property, plant and equipment, intangible assets and other assets	**4**	19
Purchase of property, plant and equipment, intangible assets and other assets	**(2,475)**	(2,278)
Interests received	**30,425**	26,410
Dividends received	**606**	1,261
Term deposits, net	**39,635**	(4,142)
Financial assets purchased under agreements to resell, net	**1,523**	(293)
Others	**(5,096)**	(6,563)
Net cash flows from investing activities	**39,809**	(38,544)

CONSOLIDATED STATEMENT OF CASH FLOWS-AUDITED (CONTINUED)
For the year ended 31 December 2015

Unit: RMB in millions

	For the year ended 31 December 2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES		
Received from investors	**783**	–
Received from borrowings	**–**	4,000
Interests and dividends paid	**(1,598)**	(1,202)
Financial assets sold under agreements to repurchase, net	**(47,284)**	6,616
Net cash flows from financing activities	**(48,099)**	9,414
Effect of foreign exchange rate changes	**242**	11
Net decrease in cash and cash equivalents	**(599)**	(4,067)
Cash and cash equivalents		
Beginning of the year	**14,503**	18,570
End of the year	**13,904**	14,503
Analysis of balances of cash and cash equivalents		
Cash at banks and in hand	**13,821**	12,691
Short deposits	**83**	1,812
Total of cash and cash equivalents	**13,904**	14,503

SEGMENT INFORMATION

(1) Operating segments

The Group mainly has the following three segments:

(i) Individual insurance business

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

(ii) Group insurance business

Group insurance business relates primarily to the 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 expenses.

(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 contract liabilities and investment contract 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 segments directly.

(3) Allocation basis of assets and liabilities

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 contract liabilities and investment contract 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 segments 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 revenues are derived from its operations in the PRC. All of the Group's assets are located in the PRC.

For the year ended 31 December 2015, 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.

(5) The transfer prices among operating segments are determined at fair value with reference to transactions with third parties

Unit: RMB in millions

	For the year ended 31 December 2015				
	Insurance		Others	Elimination	Total
	Individual	Group			
Revenues					
Gross written premiums and policy fees	**110,633**	**1,361**	**–**	**–**	**111,994**
Less: premiums ceded out	**(528)**	**(162)**	**–**	**–**	**(690)**
Net written premiums and policy fees	**110,105**	**1,199**	**–**	**–**	**111,304**
Net change in unearned premiums liabilities	**(60)**	**111**	**–**	**–**	**51**
Net premiums earned and policy fees	**110,045**	**1,310**	**–**	**–**	**111,355**
Investment income	**44,374**	**551**	**113**	**31**	**45,069**
Including: inter-segment revenue	**(31)**	**–**	**–**	**31**	**–**
Other income	**559**	**26**	**1,385**	**(476)**	**1,494**
Including: inter-segment revenue	**18**	**1**	**457**	**(476)**	**–**
Total revenues	**154,978**	**1,887**	**1,498**	**(445)**	**157,918**
Benefits, claims and expenses					
Insurance benefits and claims					
Claims and net change in outstanding claims liabilities	**(491)**	**(553)**	**–**	**–**	**(1,044)**
Life insurance death and other benefits	**(77,637)**	**(183)**	**–**	**–**	**(77,820)**
Increase in long-term insurance contract liabilities	**(39,756)**	**(99)**	**–**	**–**	**(39,855)**
Investment contract benefits	**(1,252)**	**(79)**	**–**	**–**	**(1,331)**
Commission and brokerage expenses	**(10,467)**	**(212)**	**–**	**–**	**(10,679)**
Administrative expenses	**(11,681)**	**(833)**	**(617)**	**476**	**(12,655)**
Including: inter-segment expenses	**(406)**	**(51)**	**(19)**	**476**	**–**
Other expenses	**(1,049)**	**(62)**	**(319)**	**–**	**(1,430)**
Total benefits, claims and expenses	**(142,333)**	**(2,021)**	**(936)**	**476**	**(144,814)**
Share of results of associates	**516**	**6**	**13**	**–**	**535**
Finance costs	**(1,747)**	**(110)**	**–**	**–**	**(1,857)**
Net profit before income tax	**11,414**	**(238)**	**575**	**31**	**11,782**
Income tax	**–**	**–**	**(3,180)**	**–**	**(3,180)**
Net profit for the year	**11,414**	**(238)**	**(2,605)**	**31**	**8,602**
Segment assets	**630,545**	**6,185**	**23,939**	**(109)**	**660,560**
Segment liabilities	**573,111**	**5,945**	**23,772**	**(109)**	**602,719**

Other segment information for the year ended 31 December 2015:

Other segment information	**Insurance**		**Others**	**Elimination**	**Total**
	Individual	**Group**			
Capital expenditure	**–**	**–**	**2,475**	**–**	**2,475**
Depreciation and amortization	**(451)**	**(32)**	**(24)**	**–**	**(507)**
Interest income	**26,944**	**335**	**75**	**–**	**27,354**
Impairment	**(604)**	**(9)**	**–**	**–**	**(613)**
Share of profits of associates under equity method	**516**	**6**	**13**	**–**	**535**

Unit: RMB in millions

	For the year ended 31 December 2014				
	Insurance		Others	Elimination	Total
	Individual	Group			
Revenues					
Gross written premiums and policy fees	108,581	1,486	–	–	110,067
Less: premiums ceded out	(274)	(130)	–	–	(404)
Net written premiums and policy fees	108,307	1,356	–	–	109,663
Net change in unearned premiums liabilities	(146)	(47)	–	–	(193)
Net premiums earned and policy fees	108,161	1,309	–	–	109,470
Investment income	31,209	488	82	5	31,784
Including: inter-segment revenue	(5)	–	–	5	–
Other income	227	16	1,050	(453)	840
Including: inter-segment revenue	7	1	445	(453)	–
Total revenues	139,597	1,813	1,132	(448)	142,094
Benefits, claims and expenses					
Insurance benefits and claims					
Claims and net change in outstanding claims liabilities	(495)	(620)	–	–	(1,115)
Life insurance death and other benefits	(64,745)	(138)	–	–	(64,883)
Increase in long-term insurance contract liabilities	(45,901)	(118)	–	–	(46,019)
Investment contracts benefits	(1,101)	(43)	–	–	(1,144)
Commission and brokerage expenses	(7,396)	(245)	–	–	(7,641)
Administrative expenses	(10,348)	(923)	(470)	406	(11,335)
Including: inter-segment expenses	(366)	(32)	(8)	406	–
Other expenses	(271)	(60)	(219)	7	(543)
Including: inter-segment expenses	–	–	(7)	7	–
Total benefits, claims and expenses	(130,257)	(2,147)	(689)	413	(132,680)
Share of results of associates	532	8	(1)	–	539
Finance costs	(2,089)	(82)	–	–	(2,171)
Net profit before income tax	7,783	(408)	442	(35)	7,782
Income tax	–	–	(1,375)	–	(1,375)
Net profit for the year	7,783	(408)	(933)	(35)	6,407
Segment assets	622,607	6,634	14,582	(114)	643,709
Segment liabilities	568,095	6,300	21,064	(114)	595,345

Other segment information for the year ended 31 December 2014:

Other segment information	Insurance		Others	Elimination	Total
	Individual	Group			
Capital expenditure	–	–	1,675	–	1,675
Depreciation and amortization	(401)	(36)	(18)	–	(455)
Interest income	26,919	417	66	–	27,402
Impairment	(1,013)	(11)	–	–	(1,024)
Share of profits of associates under equity method	532	8	(1)	–	539

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.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), amendments to IFRSs 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 (the "Listing Rules") and the disclosure 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 contract liabilities measured based on actuarial methods.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise professional 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 report.

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

(1) Amendments to accounting standards adopted by the Group for the first time for the financial year beginning on 1 January 2015

Amendments	Content
IFRS 8 Amendments(i)	*Operating Segments*
IAS 24 Amendments(i)	*Related Party Disclosures*
IFRS 3 Amendments(ii)	*Business Combinations*
IFRS 13 Amendments(ii)	*Fair Value Measurement*

(i) These two amendments belong to Annual Improvements 2010-2012 Cycle.

(ii) These two amendments belong to Annual Improvements 2011-2013 Cycle.

IFRS 8 Amendments – ***Operating Segments***

The amendments to IFRS 8 clarify that an entity must disclose the judgments made by the management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no material impact on the Group's consolidated financial statements.

IAS 24 Amendments – ***Related Party Disclosures***

The amendments to IAS 24 clarify that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendments are not relevant for the Group as it does not receive any management services from other entities.

IFRS 3 Amendments – ***Business Combinations***

The amendments to IFRS 3 clarify that joint arrangements, not just joint ventures, are outside the scope of IFRS 3. This scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendments have had no impact on the Group as the Company is not a joint arrangement.

IFRS 13 Amendments – ***Fair Value Measurement***

The amendments to IFRS 13 clarify that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 Financial Instruments or IAS 39 *Financial Instruments: Recognition and Measurement*. The amendments have had no impact on the Group's consolidated financial statements.

In addition, the Group has adopted the amendments to the Listing Rules relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

(2) New accounting standards and amendments issued but are not in effect for the financial year beginning on 1 January 2015

Standards/Amendments	**Content**	**Effective for annual periods beginning on or after**
IFRS 11 Amendments	*Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
IFRS 10 and IAS 28 Amendments	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	*Note*
IAS 16 and IAS 38 Amendments	*Clarification of Acceptable Methods of Depreciation and Amortization*	1 January 2016
IAS 1 Amendments	*Disclosure Initiative*	1 January 2016
IFRS 10, IFRS 12 and IAS 28 Amendments	*Investment Entities: Applying the Consolidation Exception*	1 January 2016
IFRS 14	*Regulatory Deferral Accounts*	1 January 2016
IFRS 15	*Revenue from Contracts with Customers*	1 January 2018
IFRS 9	*Financial Instruments*	1 January 2018
IFRS 16	*Leases*	1 January 2019
Annual Improvements 2012-2014 Cycle	*Amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34*	1 January 2016

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

Further information about those IFRSs that may significantly affect the Group's consolidated financial statements is as follows:

IFRS 15 – *Revenue from Contracts with Customers*

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognizing revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgments and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In July 2015, the IASB issued an amendment to IFRS 15 regarding a one-year deferral of the mandatory effective date of IFRS 15 to 1 January 2018 with early adoption permitted. IFRS 15 is not applied to insurance contracts and financial instruments, which are the main source of the Group's revenue. The Group is currently assessing the impact on the Group's consolidated financial statements.

IFRS 9 – *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments*, which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group is currently assessing the impact on the Group's consolidated financial statements.

IFRS 16 – *Leases*

IFRS 16 supersedes IAS 17 *Leases*. It requires lessees to recognize leases as assets and liabilities on their statements of financial position, with certain exemptions. The lessor accounting is substantially unchanged. IFRS 16 will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided that IFRS 15 *Revenue from Contracts with Customers* is applied. The Group is currently assessing the impact on the Group's consolidated financial statements.

EMBEDDED VALUE

1. KEY ASSUMPTIONS

In determining the embedded value and the value of one year's new business ("**VNB**") as at 31 December 2015, we have assumed that the Company continues to operate as a going concern under the current economic and regulatory environment, and the current method for determining solvency reserves and statutory minimum solvency margin levels remains unchanged. The operational assumptions are mainly based on the results of experience analyses, together with reference to the overall experience of the Chinese life insurance industry, as well as with regard to expected future operating experience. As such, these assumptions represent our best estimates of the future based on information currently available at the valuation date.

(I) Risk Discount Rate

The risk discount rate used to calculate the value of in-force business ("VIF") and value of one year's new business is 11.5%.

(II) Investment Returns

The investment return assumptions as at 31 December 2015 are shown below for the different funds respectively.

	Investment Return Assumptions for VIF and the VNB as at 31 December 2015			
	2016	**2017**	**2018**	**2019+**
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.

(III) Mortality

Mortality assumptions have been developed based on the Company's past mortality experience, expectations of current and future experience. Mortality assumptions are expressed as a percentage of the standard industry mortality table: "China Life Tables (2000 to 2003)".

(IV) 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 to 2010)".

(V) 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.

(VI) Expenses

Unit cost assumptions have been developed based on our actual experience in 2015 and expected future outlook. Future inflation of 2.0% p.a. has been assumed in respect of per policy expenses.

(VII) Commission and Handling Fees

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

(VIII) 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.

(IX) Tax

Tax has been assumed to be payable at 25% of profits with allowance for the exemption of certain investment income, including Chinese government bonds, and dividend income from equities and equity investment funds. Tax is assumed to be calculated on taxable income using reserves calculated on the PRC solvency basis.

In addition, a 5.0% business tax has been applied to the gross premium of the short-term accident business.

(X) 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.

(XI) 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 one year's new business as at 31 December 2015 and their corresponding results as at prior valuation date.

Unit: RMB in millions

Valuation Date	**31 December 2015**	31 December 2014
Adjusted Net Worth	**49,990**	42,976
Value of In-Force Business Before Cost of Capital	**66,875**	54,292
Cost of Capital	**(13,586)**	(12,007)
Value of In-Force Business After Cost of Capital	**53,289**	42,284
Embedded Value	**103,280**	85,260
Value of One Year's New Business		
Value of One Year's New Business Before Cost of Capital	**8,247**	6,234
Cost of Capital	**(1,626)**	(1,322)
Value of One Year's New Business After Cost of Capital	**6,621**	4,912

Note 1: Numbers may not be additive due to rounding.

Note 2: The first year premiums used to calculate the Value of One Year's New Business as at 31 December 2015 and 31 December 2014 were RMB51,202 million and RMB42,843 million respectively.

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

Unit: RMB in millions

Valuation Date	**31 December 2015**	31 December 2014
Value of One Year's New Business by Distribution Channel		
Individual insurance agent channel	**6,361**	4,713
Bancassurance channel	**321**	282
Group insurance channel	**(61)**	(83)
Total	**6,621**	4,912

Note 1: Numbers may not be additive due to rounding.

Note 2: The first year premiums used to calculate the Value of One Year's New Business as at 31 December 2015 and 31 December 2014 were RMB51,202 million and RMB42,843 million respectively.

Note 3: The impact of major reinsurance contracts has been reflected in Value of One Year's New Business.

Note 4: Value of One Year's New Business of the service and business development channel is included in the individual insurance agent channel.

3. ANALYSIS OF CHANGE

The analysis of change in Embedded Value from 31 December 2014 to 31 December 2015, calculated at a risk discount rate of 11.5%, is shown below.

Unit: RMB in millions

Analysis of Change in EV from 31 December 2014 to 31 December 2015 at a Risk Discount Rate of 11.5%

1.	**EV at the beginning of period**	**85,260**
2.	Impact of Value of New Business	6,621
3.	Expected Return	8,643
4.	Operating Experience Variances	(2,083)
5.	Economic Experience Variances	7,825
6.	Operating Assumption Changes	(1,110)
7.	Economic Assumption Changes	(584)
8.	Capital Injection/Shareholder Dividend Payment	(655)
9.	Others	(712)
10.	Value Change Other Than Life Insurance Business	74
11.	**EV at the end of period**	**103,280**

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 summarized below.

Unit: RMB in millions

VIF and Value of One Year's New Business Sensitivity Results as at 31 December 2015

Scenarios	VIF after CoC	VNB after CoC
Base Scenario	53,289	6,621
Risk Discount Rate at 12%	50,537	6,115
Risk Discount Rate at 11%	56,238	7,166
Investment Return 50bps higher	62,229	8,262
Investment Return 50bps lower	44,323	4,973
Expenses 10% higher (110% of Base)	51,822	5,681
Expenses 10% lower (90% of Base)	54,758	7,561
Discontinuance Rates 10% higher (110% of Base)	52,405	6,054
Discontinuance Rates 10% lower (90% of Base)	54,128	7,158
Mortality 10% higher (110% of Base)	53,019	6,580
Mortality 10% lower (90% of Base)	53,562	6,662
Morbidity and Loss Ratio 10% higher (110% of Base)	51,919	6,317
Morbidity and Loss Ratio 10% lower (90% of Base)	54,667	6,926
Profit Sharing between Participating Policyholders and Shareholders is assumed to be 75%/25% instead of 70%/30%	48,366	6,516
Statutory Minimum Solvency Margin 50% higher (150% of Base)	51,365	5,807
Taxable Income Based on China Accounting Standards	52,038	6,089

CORPORATE GOVERNANCE

The Company has established the executive committee system and the role of Chief Executive Officer since February 2013. During the reporting period, Mr. KANG Dian, Chairman of the Board, was appointed as 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.

ANNUAL GENERAL MEETING

The specific arrangements of the annual general meeting will be separately disclosed in the circular for annual general meeting.

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.

RECOMMENDATION OF 2015 ANNUAL DIVIDEND

The Company plans to distribute an annual dividend of RMB0.28 (including tax) per share to all of the H Shareholders and A Shareholders for 2015, totaling approximately RMB873 million, representing approximately 10.23% of the distributable profit of the Company achieved within the year as contained in the 2015 financial statements of the Company, which meets the minimum percentage requirement of cash distribution as stipulated in the articles of association of the Company.

The above proposal is subject to the consideration and approval of shareholders of the annual general meeting. If approved, the dividend for 2015 is expected to be distributed within two months after the annual general meeting in accordance with the requirements of the Company's articles of association.

The Company will make separate announcements regarding details of the declaration and distribution of the annual dividend.

SUBSEQUENT EVENTS

To ensure the Company's sufficient solvency ability and to broaden the financing channels, and according to resolution of the first extraordinary meeting of 2016 held on 4 March 2016, the Company shall issue a capital supplement bond in the amount not exceeding RMB5.0 billion or the equivalent in U.S. dollar in 2016. The issue of 2016 capital supplement bond is still subject to approvals of 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 2015, including the accounting principles and practices adopted.

PUBLICATION OF ANNUAL REPORT

The Company's 2015 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.
WAN Feng
Chairman

Beijing, China, 29 March 2016

As at the date of this announcement, the Executive Director of the Company is WAN Feng; the Non-executive Directors are LI Zongjian, LIU Xiangdong, CHEN Yuanling, WU Kunzong, DACEY John Robert and ZHANG Guozheng; and the Independent Non-executive Directors are LI Xianglu, ZHENG Wei, CAMPBELL Robert David and FONG Chung Mark.