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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 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 unaudited condensed 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

	January-June 2016	January-June 2015	**Change**
Gross written premiums and policy fees	**71,081**	72,738	-2.3%
Total investment income[1]	**16,293**	31,480	-48.2%
Net profit attributable to shareholders of the Company	**3,333**	6,752	-50.6%
Value of first half year's new business[2]	**4,049**	3,428	18.1%
Market share[3]	**5.0%**	7.7%	decreased by 2.7 percentage points
Persistency ratio			
Individual life insurance business 13-month persistency ratio[4]	**87.9%**	84.8%	increased by 3.1 percentage points
Individual life insurance business 25-month persistency ratio[5]	**78.4%**	80.3%	decreased by 1.9 percentage points

	As at 30 June 2016	As at 31 December 2015	Change
Total assets	**686,039**	660,560	3.9%
Net assets	**57,718**	57,841	-0.2%
Investment assets	**666,135**	635,688	4.8%
Equity attributable to shareholders of the Company	**57,711**	57,835	-0.2%
Embedded value	**109,684**	103,280	6.2%
Number of customers *(in thousands)*			
of which: individual customers	**27,703**	27,106	2.2%
of which: institutional customers	**60**	71	-15.5%

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) on investment assets + unrealized gains/(losses) + impairment losses on financial assets + share of results of associates and joint ventures + effect of losing control over subsidiaries.

2. Value of new business for the first half of 2015 was recalculated based on the assumptions as at 31 December 2015.

3. Market share: based on data published by the China Insurance Regulatory Commission (the "**CIRC**").

4. 13-month persistency ratio: premiums under in-force regular premium life insurance policies 13 months after their issuance as a percentage of premiums under life insurance policies becoming in-force during the issuance.

5. 25-month persistency ratio: premiums under in-force regular premium life insurance policies 25 months after their issuance as a percentage of premiums under life insurance policies becoming in-force during the issuance.

II. BUSINESS ANALYSIS

(I) Life insurance business

In the first half of 2016, the Company further implemented transformation and development and strived to optimize business structure by focusing on regular premiums business while downsizing single premiums business. Its operating results had four major characteristics:

Firstly, the premium scale was stable as a whole. For the first half of 2016, gross written premiums ("**GWP**") decreased by 2.2% year on year to RMB71,035 million, of which first year premiums amounted to RMB35,663 million, representing a decrease of 9.3% as compared to the same period of last year, and renewal premiums amounted to RMB35,372 million, representing an increase of 6.1% as compared to the same period of last year.

Secondly, the value was on a steady increase. For the first half of 2016, embedded value of the Company increased by 6.2% as compared to the end of 2015 to RMB109,684 million, of which new business accounted for RMB4,049 million, representing an increase of 18.1% as compared to the same period of last year.

Thirdly, the business structure was continuously optimized. In respect of the structure of premium, first year regular premiums amounted to RMB13,587 million, representing an increase of 45.9% and its percentage of first year premiums increased 14.4 percentage points as compared to the same period of last year. In respect of the structure of premium payment period, premiums from regular premium products with premium payment periods of ten years or more amounted to RMB7,680 million, representing an increase of 25.6% as compared to the same period of last year, and accounting for 56.5% of first year premiums. In respect of product structure, the Company, following "Jiankangwuyou (健康無憂)" products, launched a series of products such as "Multiple Protection against Critical Illness (多倍保障重大疾病保險)" and premiums from health insurance accounted for 15.0% of first year premiums, representing an increase of 5.9 percentage points as compared to the same period of last year.

Fourthly, the quality was improved. As at 30 June 2016, the 13-month persistency ratio of individual life insurance business and surrender rate of the Company amounted to 87.9% and 4.5% respectively, representing an increase of 3.1 percentage points and a decrease of 2.7 percentage points as compared to the same period of last year, respectively.

1. *Analysis by distribution channels*

Unit: RMB in millions

	January-June 2016	January-June 2015	**Change**
Individual life insurance	**70,175**	71,803	-2.3%
Individual insurance agent channel	**32,408**	27,543	17.7%
First year premiums	**9,065**	7,131	27.1%
Regular premiums	**7,624**	5,547	37.4%
Single premiums	**1,441**	1,584	-9.0%
Renewal premiums	**23,343**	20,412	14.4%
Bancassurance channel	**30,220**	38,541	-21.6%
First year premiums	**22,915**	29,154	-21.4%
Regular premiums	**3,389**	1,989	70.4%
Single premiums	**19,526**	27,165	-28.1%
Renewal premiums	**7,305**	9,387	-22.2%
Service and business development channel	**7,547**	5,719	32.0%
First year premiums	**2,848**	2,211	28.8%
Regular premiums	**2,572**	1,773	45.1%
Single premiums	**276**	438	-37.0%
Renewal premiums	**4,699**	3,508	34.0%
Group insurance	**860**	858	0.2%
Total	**71,035**	72,661	-2.2%

Note: Premium revenue from the wealth management team was included in the bancassurance channel and figures for the comparative period were recalculated to be in line with the presentation for the current period.

(1) *Individual life insurance business*

① Individual insurance agent channel

The individual insurance agent channel of the Company achieved rapid growth. For the reporting period, GWP of the individual insurance agent channel increased by 17.7% year on year to RMB32,408 million, of which the first year premiums amounted to RMB9,065 million, representing an increase of 27.1% as compared to the same period of last year. First year regular premiums of the individual insurance agent channel amounted to RMB7,624 million, representing an increase of 37.4% as compared to the same period of last year and accounted for 84.1% of the first year premiums of the individual insurance agent channel, representing an increase of 6.3 percentage points as compared to the same period of last year. Renewal premiums amounted to RMB23,343 million, representing an increase of 14.4% as compared to the same period of last year.

In the first half of 2016, the individual insurance agent channel enhanced team building and increased the number of qualified agents through the promotion of annuity and health insurance products, which facilitated business growth. As at 30 June 2016, the total number of individual insurance agents reached 242,000, representing a decrease of 6.5% as compared to the end of last year. The number of qualified individual insurance agents was 114,000, representing an increase of 37.8% as compared to the same period of last year. The activity rate reached 48.2%, representing a decrease of 1.3 percentage points as compared to the same period of last year. The productivity per capita of qualified individual insurance agents amounted to RMB12,000, representing a decrease of 8.5% as compared to the same period of last year.

② Bancassurance channel

The bancassurance channel of the Company accelerated its transformation and development. For the reporting period, GWP of the bancassurance channel decreased by 21.6% year on year to RMB30,220 million, of which the first year premiums amounted to RMB22,915 million, representing a decrease of 21.4% as compared to the same period of last year, and first year regular premiums amounted to RMB3,389 million, representing an increase of 70.4% as compared to the same period of last year.

Seminars and bridging courses for key regular payment products were provided for the bancassurance channel to enhance sales abilities of teams. For the reporting period, the average productivity of branches and wealth management team of the bancassurance channel in relation to regular premiums increased by 69.5% and 7.8% as compared to the same period of last year, respectively, which effectively facilitated business transformation and development.

③ Service and business development channel

The service and business development channel of the Company continued with structural optimization. For the reporting period, GWP of the service and business development channel increased by 32.0% year on year to RMB7,547 million, of which first year premiums amounted to RMB2,848 million, representing an increase of 28.8% as compared to the same period of last year. First year regular premiums of the service and business development channel amounted to RMB2,572 million, representing an increase of 45.1% as compared to the same period of last year, and accounted for 90.3% of the first year premiums of the service and business development channel, representing an increase of 10.1 percentage points as compared to the same period of last year. Renewal premiums amounted to RMB4,699 million, representing an increase of 34.0% as compared to the same period of last year.

The service and business development channel reinforced the instruction of the Fundamental Management Measures on Individual Insurance Agents (2014 Edition) (the "Fundamental Management Measures") so that a large number of monthly actual active individual insurance agents was maintained to facilitate rapid business growth. As at 30 June 2016, the number of individual insurance agents of the service and business development channel reached 41,000, representing a decrease of 2.4% as compared to the end of last year. The number of monthly actual active individual insurance agents[1] was over 30,000 and the monthly average actual turnover rate reached 78.8%.

(2) Group insurance business

For the reporting period, GWP from the group insurance business of the Company was RMB860 million, which remained stable as compared to the same period of last year.

2. *Analysis by types of insurance products*

Unit: RMB in millions

	January-June 2016	January-June 2015	**Change**
GWP	**71,035**	72,661	-2.2%
Traditional insurance	**30,080**	34,631	-13.1%
First year premiums	**24,295**	33,325	-27.1%
Renewal premiums	**5,785**	1,306	343.0%
Participating insurance(1)	**28,670**	29,262	-2.0%
First year premiums	**5,322**	1,871	184.4%
Renewal premiums	**23,348**	27,391	-14.8%
Universal insurance	**19**	19	–
First year premiums	**–(2)**	–(2)	–
Renewal premiums	**19**	19	–
Unit-linked insurance	**–(2)**	–(2)	–
First year premiums	**–(2)**	–(2)	–
Renewal premiums	**–(2)**	–(2)	–
Health insurance	**11,534**	8,181	41.0%
First year premiums	**5,361**	3,599	49.0%
Renewal premiums	**6,173**	4,582	34.7%
Accident insurance	**732**	568	28.9%
First year premiums	**685**	535	28.0%
Renewal premiums	**47**	33	42.4%

1 Actual active individual insurance agents refers to those who were in service in the statistical period and sold at least one enforced insurance policy with first year commission of not less than RMB600.

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.

During the first half of 2016, the Company adhered to its direction of "returning to the essence of insurance" and put great effort in developing protection-type products based on product innovative strategies. For the reporting period, premiums from health insurance, accident insurance, traditional insurance and participating insurance amounted to RMB11,534 million, RMB732 million, RMB30,080 million and RMB28,670 million, representing an increase of 41.0% and 28.9% and a decrease of 13.1% and 2.0% as compared to the same period of last year respectively. Premiums from other insurance businesses amounted to RMB19 million in aggregate, accounting for 0.03% of the total GWP.

3. *Analysis by geographic regions*

Unit: RMB in millions

	January-June 2016	January-June 2015	**Change**
GWP	**71,035**	72,661	-2.2%
Eastern China	**15,285**	15,879	-3.7%
Central China	**14,167**	14,392	-1.6%
Northern China	**14,009**	13,508	3.7%
Southern China	**9,958**	11,669	-14.7%
Other regions	**17,616**	17,213	2.3%

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 and Shanxi; Eastern China covers branches of Shanghai, Jiangsu, Zhejiang, Shandong, Ningbo and Qingdao; Southern China covers branches of Guangdong, Shenzhen, Fujian, Xiamen, Hainan and Guangxi; Central China covers branches of Henan, Hunan, Hubei, Anhui and Jiangxi; Northwestern China covers branches of Xinjiang, Shaanxi, Gansu, Ningxia and Qinghai; Southwestern China covers branches of Yunnan, Guizhou, Sichuan and Chongqing; Northeastern China covers branches of Heilongjiang, Jilin, Liaoning and Dalian.

In the first half of 2016, approximately 75.2% of the GWP of the Company were contributed by the four regions with relatively developed economy or larger population, namely, Eastern China, Central China, Northern China and Southern China.

II. ASSET MANAGEMENT BUSINESS

The Company has always taken 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 the first half of 2016, the use of insurance proceeds was faced with increased difficulties and risks. On the one hand, with the economic downturn, the acceleration of the interest rate liberalization and the terminal interest rate being dragged down, the financial market entered into a low-yield era, which aggravated the "asset shortage". On the other hand, following an overwhelming decline early this year, the stock market was in a downturn without any sign of systemic recovery. As at the end of June, the SSE Composite Index recorded a fall of 17.2%.

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. In terms of equity investment, the Company continued with its overall defensive strategy and the idea of fundamental and transaction investments, to exercise effective management of positions and rigorous control over bid prices, making gains via band trade. In relation to fixed income investment, the Company maintained its investment strategy to focus on senior interest rate debt and set prevention of credit risk as its first priority for the year. Regarding investment in non-standard assets, the allocation stressed alternatives and wealth management products issued by commercial banks with good liquidity and eligible risk return. As for bonds investment, the allocation shifted weight to interest rate debt and municipal bonds to seize the opportunity of the bond yield adjustment in the first half of the year.

In the first half of 2016, due to the frequent occurrence of downgrades of credit rating of issuers and events of default in the credit products market, it was expected that rigid repayment would be gradually changed. In response to such market change, the Company further enhanced its credit risk management system. On the one hand, the Company improved the strength of its credit risk assessment team through additional staff recruitment and business training and reviewed the assessment method, model and process on credit risk systematically so as to further standardize and improve the effectiveness of credit risk assessment. On the other hand, the Company further tightened up the standards and approval hierarchy for new investment in credit products to place stringent control on the new exposure of credit risk. The Company also increased its frequency of tracking its holdings of credit products such that it was able to discover the bonds of the industries with overcapacity and credit risk showing signs of deterioration and to reduce its holdings in such bonds in time. As a result, the Company effectively avoided the impact from events of default and other credit risk events.

As at 30 June 2016, investment in non-standard assets amounted to 206,650 million, accounting for 31.0% of the total investment assets of the Company, representing an increase of 8.4 percentage points as compared to the end of last year. Commercial banking wealth management products, which accounted for 36.8% of the total investments in non-standard assets, represented the largest portion among all the investment products, representing an increase of 24.9 percentage points as compared to the end of last year. The main reason is that the high security and relatively short term of commercial banking wealth management products can smoothly release the allocation pressure of the large amount of matured fund of the Company, while bringing relatively good returns. Underlying assets covered various areas such as financial institutions, infrastructure facilities and real estate, among which financial institutions and infrastructure facilities combined accounted for 82.1%. The non-standard assets invested by the Company generally possessed high credit rating, of which AAA rating accounted for 97.9% (excluding equity financial products and commercial banking wealth management products). The Company incorporated a proper credit enhancement measure for non-standard assets. For assembled fund trust plans, except where leading enterprises in the industry or parent companies of large financial institutions acted as direct repayment parties, the remaining plans all had credit enhancement by way of guarantee, security and repurchase terms. The infrastructure and real estate investment plans guaranteed by banks accounted for 70.2% of the total, and the remaining infrastructure and real estate investment plans were all provided with irrevocable guarantee of joint liability by large state-owned enterprises. All asset funding plans and special asset management plans were incorporated with credit enhancement arrangement by way of repurchase agreement, joint management of assets and guarantee of joint liability.

1. *Investment portfolio*

Unit: RMB in millions

	As at 30 June 2016	As at 31 December 2015	**Change**
Investment assets [1]	**666,135**	635,688	4.8%
Classified by investment type			
Term deposits [2]	**91,099**	127,679	-28.6%
Debt securities	**425,434**	348,281	22.2%
– Bonds	**244,763**	229,235	6.8%
– Trust Products	**50,714**	49,903	1.6%
– Debt Plan [3]	**31,149**	29,299	6.3%
– Project Asset Support Plan	**20,000**	20,000	0.0%
– Others [4]	**78,808**	19,844	297.1%
Equity securities	**103,769**	114,322	-9.2%
– Funds	**45,327**	52,271	-13.3%
– Stocks [5]	**27,914**	33,499	-16.7%
– Investments in associates and joint ventures	**4,549**	3,626	25.5%
– Others [6]	**25,979**	24,926	4.2%
Cash and cash equivalents [2]	**13,209**	13,904	-5.0%
Other investments [7]	**32,624**	31,502	3.6%
Classified by investment purpose			
Financial assets at fair value through profit or loss	**17,129**	13,856	23.6%
Available-for-sale financial assets	**258,992**	216,897	19.4%
Held-to-maturity investment	**195,974**	177,502	10.4%
Loans and other receivables [8]	**189,491**	223,807	-15.3%
Investments in associates and joint ventures	**4,549**	3,626	25.5%

Notes:

1. Relevant investment assets comprise of corresponding investment assets in individual account assets.

2. 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.

3. Debt plan mainly consists of infrastructure and real estate funding projects.

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

5. Stocks include common stocks and preferred stocks.

6. Others include equity asset management products, private equity, equity plans, other unlisted equity securities.

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

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

As at the end of the reporting period, the scale of investment assets of the Company amounted to RMB666,135 million, representing an increase of 4.8% as compared to the end of last year, which was mainly attributable to the net cash inflows from the Company's insurance business.

As at the end of the reporting period, term deposits amounted to RMB91,099 million, accounting for 13.7% of total investment assets and representing a decrease of 6.4 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 certain term deposits.

As at the end of the reporting period, debt securities amounted to RMB425,434 million, accounting for 63.9% of total investment assets and representing an increase of 9.1 percentage points as compared to the end of last year, which was mainly due to the increase of the allocation of non-standard investment assets in the wealth management products among debt securities.

As at the end of the reporting period, equity securities amounted to RMB103,769 million, accounting for 15.6% of total investment assets, representing a decrease of 2.4 percentage points as compared to the end of last year, which was mainly due to the decrease of investments in stocks and funds by the Company in view of the market trend.

As at the end of the reporting period, cash and cash equivalents accounted for 2.0% of total investment assets, representing a decrease of 0.2 percentage point as compared to the end of last year, which was mainly due to the allocation of investment assets and the need for liquidity management.

As at the end of the reporting period, other investment assets accounted for 4.9% of total investment assets, which was basically the same as compared to the end of last year.

In terms of investment purposes, as at the end of the reporting period, the percentage of available-for-sale financial assets increased by 4.8 percentage points as compared to the end of last year, mainly due to the increase of allocation of non-standard investment assets in the wealth management products.

2. *Investment income*

Unit: RMB in millions

	January-June 2016	January-June 2015	**Change**
Interest income from cash and cash equivalents	**38**	66	-42.4%
Interest income from term deposits	**3,087**	4,250	-27.4%
Interest income from debt securities	**9,587**	9,062	5.8%
Dividend income from equity securities (1)	**2,839**	1,032	175.1%
Interest income from other investment assets (2)	**510**	496	2.8%
Net investment income(3)	**16,061**	14,906	7.7%
Realized gains/(losses) on investment assets	**345**	16,479	-97.9%
Unrealized gains/(losses)	**(175)**	(122)	43.4%
Impairment losses on investment assets	**(458)**	(21)	2,081.0%
Effect of losing control over subsidiaries	**481**	N/A	N/A
Share of results of associates and joint ventures under equity method (1)	**39**	238	-83.6%
Total investment income (4)	**16,293**	31,480	-48.2%
Annualized net investment yield (%)(5)	**5.2%**	4.8%	Increased by 0.4 percentage points
Annualized total investment yield (%)(5)	**5.3%**	10.5%	Decreased by 5.2 percentage points

Notes:

1. Cash dividend received from associates and joint ventures 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 securities and other investment assets and dividend income from equity securities.

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 and joint ventures under equity method + effect of losing control over subsidiaries.

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) *2.

The Company achieved a total investment income of RMB16,293 million during the reporting period, representing a decrease of 48.2% as compared to the same period of last year. The annualized total investment yield was 5.3%, representing a decrease of 5.2 percentage points as compared to the same period of last year, which was mainly due to the decrease of realized gains on investment assets.

The Company achieved a net investment income of RMB16,061 million during the reporting period, representing an increase of 7.7% as compared to the same period of last year. The annualized net investment yield was 5.2%, representing an increase of 0.4 percentage point as compared to the same period of last year.

The realized gains, unrealized gains and losses on investment assets and impairment losses on investment assets amounted to a loss of RMB288 million in aggregate, a turn to loss from the gain of RMB16,336 million in aggregate for the same period of last year. This was mainly because of a substantial decrease in the Company's realized gains on investment assets as compared to the same period of last year due to the downturn in the fluctuated capital market.

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	GRGBANKING	251.40	12.20	200.61	19.92	-36.67
2	Stock	03366X	OCT (Asia) (Limited)	128.84	40.00	138.46	13.75	9.57
3	Stock	000801	SICHUAN JIUZHOU	79.76	5.96	73.45	7.29	-6.02
4	Stock	002299	SUNNER	67.42	2.50	64.75	6.43	-2.68
5	Stock	000978	GTCL	55.48	4.23	44.48	4.42	-10.80
6	Stock	600079	HWHG	44.94	2.55	42.76	4.25	-2.18
7	Stock	001979	CMSK	46.27	2.86	40.78	4.05	-2.46
8	Stock	600999	CMS	39.00	2.28	37.63	3.74	-0.81
9	Stock	600261	ZHEJIANG YANKON	33.08	4.18	29.54	2.93	-5.75
10	Stock	002033	LIJIANG TOURISM	30.64	2.02	25.61	2.54	-4.23
			Investments in other securities held at the end of the reporting period	296.72	N/A	308.89	30.68	-4.31
			Profits/losses of investments in securities sold during the reporting period	N/A	N/A	N/A	N/A	-73.61
			Total	1,073.55	N/A	1,006.96	100.00	-139.95

Notes:

1. Securities investments stated in this table represent investments such as stock, options and convertible bonds, etc., ordered in accordance with the carrying amount at the end of the period. Among this, investments in stock and convertible bonds only include the accounting parts of financial assets calculated at fair value and recorded as unrealized gains/(losses) of the reporting period.

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	308.00	5.20	4.21	1,784.44	340.38	-56.96	Available for sale	Purchase
600900	CYPC	1,093.38	0.03	0.41	1,116.78	–	19.26	Available for sale	Purchase
002415	HIKVISION	393.13	0.51	0.51	663.16	14.42	-45.32	Available for sale	Purchase
002007	HUALAN BIO.	512.22	2.53	2.25	656.95	26.10	75.79	Available for sale	Purchase
600085	TRT	406.91	1.68	1.36	555.95	50.23	-375.26	Available for sale	Purchase
600153	C&D INC.	339.86	1.54	1.53	521.67	5.26	-127.29	Available for sale	Purchase
002152	GRGBANKING	535.91	2.22	1.91	509.52	4.13	-126.42	Available for sale	Purchase
360009	農行優2	500.00	1.25	1.25	500.00	27.50	–	Available for sale	Purchase
601098	CNS	298.66	1.51	1.42	462.51	14.63	-165.90	Available for sale	Purchase
002385	DBN	421.38	0.61	1.39	457.76	2.35	1.66	Available for sale	Purchase
Other securities held at the end of the reporting period		21,844.64	N/A	N/A	19,682.75	-335.15	-3,842.45	N/A	N/A
Total		26,654.09	N/A	N/A	26,911.49	149.85	-4,642.89	N/A	N/A

Notes:

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

2. 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	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	Profits/ losses during the reporting period	Changes of Equity Ownership during the reporting period	Accounting classification	Source of securities
	(RMB in millions)	*(%)*	*(%)*	*(RMB in millions)*	*(RMB in millions)*	*(RMB in millions)*		
China Insurance Investment Co., Ltd.	36.00	3	3	36.00	–	–	Available for sale	Promotion

Note: Other than the investment mentioned above and the subsidiaries and associates and joint ventures 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	Amount of capital utilized	Investment gains incurred
	(in millions)	*(RMB in millions)*	*(RMB in millions)*
Purchase	842.36	11,597.07	N/A
Sale	1,030.47	N/A	160.01

III. PRINCIPAL CONTENTS AND ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

(I) Analysis of principal components of balance sheet

1. Principal assets

Unit: RMB in millions

Items	As at 30 June 2016	As at 31 December 2015	Change
Investment properties	**3,174**	2,177	45.8%
Debt securities	**425,434**	348,281	22.2%
– Held-to-maturity	**195,974**	177,502	10.4%
– Available-for-sale	**173,688**	116,668	48.9%
– At fair value through profit or loss	**3,213**	3,389	-5.2%
– Loans and receivables	**52,559**	50,722	3.6%
Equity securities	**99,220**	110,696	-10.4%
– Available-for-sale	**85,304**	100,229	-14.9%
– At fair value through profit or loss	**13,916**	10,467	33.0%
Term deposits	**91,099**	127,679	-28.6%
Premiums receivable	**3,001**	1,525	96.8%
Deferred tax assets	**169**	6	2,716.7%
Other assets	**2,851**	9,284	-69.3%
Other assets not included in the above assets	**61,091**	60,912	0.3%
Total	**686,039**	660,560	3.9%

Investment properties

As at the end of the reporting period, the investment in investment properties increased by 45.8% as compared to the end of 2015. This was mainly because the Company rented out certain available-for-use offices purchased by its branches, turning those offices into investment properties from construction in progress.

Debt securities

As at the end of the reporting period, debt securities increased by 22.2% as compared to the end of 2015, mainly due to the increase in the allocation of non-standard assets in the wealth management products of available-for-sale financial assets and the increase in the allocation of government bonds assets in the held-to-maturity assets.

Equity securities

As at the end of the reporting period, equity securities decreased by 10.4% as compared to the end of 2015, mainly due to the reduction of investment in stocks and funds by the Company in view of the market trend.

Term deposits

As at the end of the reporting period, term deposits decreased by 28.6% as compared to the end of 2015, mainly due to the decrease of allocation of term deposits resulted from the maturity of certain term deposits.

Premiums receivable

As at the end of the reporting period, premiums receivable increased by 96.8% as compared to the end of 2015, mainly due to the uneven distribution among the quarters and the cumulative growth of insurance business.

Deferred tax assets

As at the end of the reporting period, deferred tax assets increased by 2,716.7% as compared to the end of 2015, mainly due to the downturn in the fluctuated capital market, the decrease in carrying amount of available-for-sale financial assets of Company, as well as the increase in brokerage and commission expenses, resulting in the excess of deductible temporary differences over taxable temporary differences. Net amount of deferred tax is stated as deferred tax assets accordingly.

Other assets

As at the end of the reporting period, other assets decreased by 69.3% as compared to the end of 2015, mainly due to the decrease in investment clearing amount receivable.

2. *Principal liabilities*

Unit: RMB in millions

	As at 30 June 2016	As at 31 December 2015	**Change**
Insurance contracts	**539,174**	524,441	2.8%
Long-term insurance contract liabilities	**537,244**	522,799	2.8%
Short-term insurance contract liabilities			
– Outstanding claims liabilities	**521**	559	-6.8%
– Unearned premiums liabilities	**1,409**	1,083	30.1%
Investment contracts	**29,739**	27,166	9.5%
Financial assets sold under agreements to repurchase	**28,831**	19,816	45.5%
Benefits, claims and surrenders payable	**2,290**	1,624	41.0%
Premiums received in advance	**141**	2,823	-95.0%
Reinsurance liabilities	**186**	95	95.8%
Other liabilities	**7,913**	5,843	35.4%
Deferred tax liabilities	**54**	853	-93.7%
Other liabilities not included in the above liabilities	**19,993**	20,058	-0.3%
Total	**628,321**	602,719	4.2%

Insurance contracts

As at the end of the reporting period, insurance contracts liabilities increased by 2.8% as compared to the end of 2015, mainly due to the cumulative growth of the Company's insurance business and the accumulation of insurance obligations.

Financial assets sold under agreements to repurchase

As at the end of the reporting period, financial assets sold under agreements to repurchase increased by 45.5% as compared to the end of 2015, mainly due to the allocation of investment assets and the need for liquidity management of the Company.

Benefits, claims and surrenders payable

As at the end of the reporting period, benefits, claims and surrenders payable increased by 41.0% as compared to the end of 2015, primarily due to the increase in maturities payable.

Premiums received in advance

As at the end of the reporting period, premiums received in advance decreased by 95.0% as compared to the end of 2015, mainly due to the difference in the timing of underwriting policies of insurance business.

Reinsurance liabilities

As at the end of the reporting period, the reinsurance liabilities increased by 95.8% as compared to the end of 2015, mainly due to the increase of reinsurance business.

Other liabilities

As at the end of the reporting period, other liabilities increased by 35.4% as compared to the end of 2015, mainly due to the increase of interests payable of subordinated debt of the Company, the increase of brokerage and commission expenses, and the cash dividend and dividend distribution resolved at the general meeting of the Company.

Deferred tax liabilities

As at the end of the reporting period, deferred tax liabilities decreased by 93.7% as compared to the end of 2015, first, due to the downturn in the fluctuated capital market, the decrease in carrying amount of available-for-sale financial assets of Company, as well as the increase in brokerage and commission expenses, resulting in the excess of deductible temporary differences over taxable temporary differences. Net amount of deferred tax of the Company is stated as deferred tax assets accordingly. Second, deferred tax liabilities, for the difference of carrying amount of investment in New China Life Excellent Health Investment Management Co., Ltd. ("**New China Health**") between the consolidated level and the Company level, was accrued due to losing control over New China Health.

3. Shareholders' equity

As at the end of the reporting period, equity attributable to shareholders of the Company amounted to RMB57,711 million, representing a decrease of 0.2% as compared to the end of 2015, mainly due to the downturn in the fluctuated capital market, and the decrease in other comprehensive income as compared to the end of 2015 resulted from the decrease in carrying amount of available-for-sale financial assets of Company.

(II) Analysis of Principal Components of the Income Statement

1. Revenues

Unit: RMB in millions

Component	**January-June 2016**	January-June 2015	**Change**
Gross written premiums and policy fees	**71,081**	72,738	-2.3%
Less: premiums ceded out	**(446)**	(333)	33.9%
Net written premiums and policy fees	**70,635**	72,405	-2.4%
Net change in unearned premiums liabilities	**(287)**	(151)	90.1%
Net premiums earned and policy fees	**70,348**	72,254	-2.6%
Investment income	**16,255**	31,226	-47.9%
Other income	**447**	244	83.2%
Total	**87,050**	103,724	-16.1%

GWP and policy fees

During the reporting period, GWP and policy fees amounted to RMB71,081 million, representing a decrease of 2.3% as compared to the same period of last year, mainly due to the decrease in premium income from new contracts as compared to the same period of last year as a result of the adjustment of product structure of the Company.

Premiums ceded out

During the reporting period, premiums ceded out amounted to RMB446 million, representing an increase of 33.9% as compared to the same period of last year, mainly due to the growth of the reinsurance business and the decrease in policy surrenders recovered from reinsurers.

Net change in unearned premiums liabilities

During the reporting period, net change in unearned premiums liabilities amounted to RMB287 million, representing an increase of 90.1% as compared to the same period of last year, mainly due to the growth of the short-term insurance business and its uneven distribution among the quarters.

Investment income

During the reporting period, investment income amounted to RMB16,255 million, representing a decrease of 47.9% as compared to the same period of last year, mainly due to the significant decrease in realized gains on investment assets as a result of the downturn in the fluctuated capital market.

Other income

During the reporting period, other income amounted to RMB447 million, representing an increase of 83.2% as compared to the same period of last year, mainly due to the increase in exchange gains resulted from the upward trend in exchange rate of US dollars.

2. *Insurance business expenditures and other expenses*

Unit: RMB in millions

Component	**January-June 2016**	January-June 2015	**Change**
Insurance benefits and claims	**(67,766)**	(81,070)	-16.4%
Claims and net change in outstanding claims liabilities	**(528)**	(484)	9.1%
Life insurance death and other benefits	**(46,076)**	(51,797)	-11.0%
Increase in long-term insurance contract liabilities	**(21,162)**	(28,789)	-26.5%
Investment contract benefits	**(530)**	(706)	-24.9%
Commission and brokerage expenses	**(7,421)**	(5,170)	43.5%
Administrative expenses	**(6,319)**	(5,750)	9.9%
Other expenses	**(173)**	(1,140)	-84.8%
Total	**(82,209)**	(93,836)	-12.4%

Insurance benefits and claims

During the reporting period, insurance benefits and claims amounted to RMB67,766 million, representing a decrease of 16.4% as compared to the same period of last year, mainly due to the decrease in surrenders.

Increase in long-term insurance contract liabilities

During the reporting period, increase in long-term insurance contract liabilities amounted to RMB21,162 million, representing a decrease of 26.5% as compared to the same period of last year, mainly due to the change in business structure and the expiry of some of the reinsurance businesses.

Investment contract benefits

During the reporting period, investment contract benefits amounted to RMB530 million, representing a decrease of 24.9% as compared to the same period of last year, mainly due to the decrease in the interest expense of universal insurance.

Other expenses

During the reporting period, other expenses amounted to RMB173 million, representing a decrease of 84.8% as compared to the same period of last year, mainly due to the decrease in business tax and surcharges from investment business and interest expenses of securities sold under agreements to repurchase.

3. Income tax

During the reporting period, income tax expenses were RMB898 million, representing a decrease of 57.0% as compared to the same period of last year, mainly due to the decrease in taxable income.

4. Net profit

During the reporting period, the Company achieved RMB3,333 million for the net profit attributable to the shareholders of the Company, representing a decrease of 50.6% as compared to the same period of last year, mainly due to the decrease of realized net gains on investment assets leading to the significant decrease in investment income as compared to the same period of last year and after re-determining the discount rate assumption of reserves of traditional insurance contracts in accordance to the moving average of the yield curve of the interbank fixed rate governmental bonds of 750 workdays as published by China Government Securities Depository Trust & Clearing Co. Ltd. on 30 June 2016 by the Company, the change of the reserve funds for insurance contracts due to such change of assumption was recorded in the profit statement, causing the decrease of profit before tax.

5. Other comprehensive income

During the reporting period, other comprehensive income was negative RMB2,540 million, while it was RMB2,473 million in the same period of last year, mainly due to the decrease of other comprehensive income as a result of the decrease in carrying amount of available-for-sale financial assets in the reporting period.

(III) Analysis of consolidated statement of cash flows

Unit: RMB in millions

Component	**January-June 2016**	January-June 2015	**Change**
Net cash flows from operating activities	**8,843**	3,433	157.6%
Net cash flows from investing activities	**(25,689)**	33,164	N/A
Net cash flows from financing activities	**16,039**	(31,162)	N/A

1. Net cash flows from operating activities

Net cash flows generated from operating activities of the Company for the first half of 2016 and 2015 amounted to RMB8,843 million and RMB3,433 million respectively. Cash inflows generated from operating activities of the Company were primarily comprised of cash premiums received. Cash premiums received from existing insurance contracts during the first half of 2016 and 2015 amounted to RMB66,908 million and RMB69,578 million respectively.

Cash outflows due to the operating activities of the Company for the first half of 2016 and 2015 amounted to RMB61,170 million and RMB67,405 million respectively. Cash outflows due to the operating activities of the Company were primarily comprised of benefits and claims expenses paid in cash, 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 for the existing insurance contracts for the first half of 2016 and 2015 amounted to RMB46,866 million and RMB52,463 million respectively, and the above changes were primarily influenced by the Company's business development and the payment.

2. Net cash flows from investing activities

Net cash flows generated from investing activities of the Company for the first half of 2016 and 2015 amounted to negative RMB25,689 million and RMB33,164 million, respectively. Cash inflows generated from investing activities of the Company for the first half of 2016 and 2015 amounted to RMB188,516 million and RMB277,153 million, respectively. Cash inflows generated from investing activities of the Company were primarily comprised of cash received from recovery of investments, cash received from investment returns and cash received from the sale of financial assets purchased under agreement to resell, etc.

Cash outflows due to the investing activities of the Company for the first half of 2016 and 2015 amounted to RMB214,205 million and RMB243,989 million, respectively. Cash outflows due to the investing activities of the Company were primarily comprised of cash paid for investments, cash paid for financial assets purchased under agreements to resell, net increase in policy loans, cash paid for the purchase of fixed assets, intangible assets and other long-term assets, etc.

3. *Net cash flows from financing activities*

Net cash flows generated from financing activities of the Company for the first half of 2016 and 2015 amounted to RMB16,039 million and negative RMB31,162 million, respectively. Cash inflows generated from financing activities of the Company for the first half of 2016 and 2015 amounted to RMB1,797,798 million and RMB2,314,548 million, respectively. Cash inflows generated from financing activities of the Company were primarily comprised of cash received from the financial assets sold under agreements to repurchase, etc.

Cash outflows due to the financing activities of the Company for the first half of 2016 and 2015 amounted to RMB1,781,759 million and RMB2,345,710 million, respectively. Cash outflows due to the financing activities of the Company were primarily comprised of cash paid for the financial assets sold under agreements to repurchase.

4. *Source and use of liquidity*

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

The cash and bank deposits of the Company provide us with liquidity resources to meet the requirements of cash outflows. As at the end of the reporting period, cash and cash equivalents amounted to RMB13,209 million. In addition, substantially all of the Company's term deposits were available for utilization, subject to penalty interest. As at the end of the reporting period, the term deposits of the Company amounted to RMB91,099 million. The investment portfolio of the Company also provides us with liquidity resources to meet the requirements of unexpected cash outflows. As at the end of the reporting period, the book value of debt securities amounted to RMB425,434 million, and the book value of equity securities amounted to RMB99,220 million.

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

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

IV. ANALYSIS BY COMPONENT

(I) Solvency

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

Unit: RMB in millions

	As at 30 June 2016	As at 31 December 2015	**Reason(s) of Change**
Core capital	**159,055**	145,680	Gains and losses for the current period, changes in fair value of investment assets and growth in insurance business
Actual capital	**178,055**	164,680	
Minimum capital	**63,179**	58,613	Growth and structural change in insurance and investment business
Core solvency margin ratio	**251.75%**	248.54%	
Comprehensive solvency margin ratio	**281.83%**	280.96%	

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

(II) Gearing Ratio

	As at 30 June 2016	As at 31 December 2015
Gearing ratio	**91.6%**	91.2%

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 6 months ended 30 June	2016	2015
Swiss Reinsurance Company Ltd., Beijing Branch	**309**	236
China Life Reinsurance Company Ltd.	**131**	91
Others[1]	**6**	6
Total	**446**	333

Notes: 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

For a certain period of time in the future, the macro-environment will remain complex and the life insurance sector will face new opportunities and challenges. With respect to the macro-economy, the lingering heavy downward pressure and the low-interest-rate market will pose obstacles to the management of assets and liabilities under life insurance. With regard to social security, the social security reform process of China is gathering pace. Stimulated by the "Ten National Policies" and other policies, protection-type insurance such as commercial medical and pension insurance business will become a pillar of social security and lead the life insurance sector to a new stage of development. As for regulatory policies, the implementation of China's second generation of solvency supervision system, the C-ROSS, will set higher requirements for capital management, investment decision making, risk control and compliance of life insurance companies.

The year 2016 marks the 20th anniversary of the Company as well as the beginning of the "Thirteenth Five-Year Plan" period. Facing the opportunities and challenges, the Company will adhere to the principle of returning to the essence of insurance, focus on the growth of value and the theme of "accelerating transformation and development and strengthening self-operation capabilities" and make all efforts to perform the following tasks:

Firstly, the Company will continue to optimize business structure. The Company will accelerate the development of regular premium operations, especially those with premium payment periods of ten years or more, and redouble efforts to develop protection-type products in the area of health, pension and accident, and persistently enrich product variety.

Secondly, the Company will enhance self-management capability. The Company will enhance self-management capability of institutions by improving the budget management system and using the leverage of expenses apportionment.

Thirdly, the Company will strengthen its sales force. The Company will set high performance rate and productivity as targets and use the Fundamental Management Measures for performance evaluation in the promotion of sales force building. Importance will be attached to education and training in order to enhance self-operation capabilities of sales heads.

Fourthly, the Company will persist in a prudent investment strategy. With respect to equity investment, the Company will exercise rigorous control over positions whilst proactively seeking investments with manageable risk and definite returns. For fixed income investment, the Company will maintain strict control over credit risk and market risk, moderately increase allocation of interest-bearing debt and proactively seek financial products with risk/return profile suitable for insurance funds. Furthermore, management after investment will be further strengthened and risk-based disposal plans will be prepared in advance.

Fifthly, the Company will safeguard risk prevention bottom lines. Along with the enforcement of the C-ROSS, the Company will strengthen the construction of comprehensive risk management systems, develop tools for risk management, improve relevant system process and reinforce internal control and auditing supervision. Comprehensive risk screening will be carried out in compliance with regulatory requirements.

INTERIM RESULTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

Unit: RMB in millions

	Notes	For the six months ended 30 June 2016 Unaudited	2015 Unaudited
REVENUES			
Gross written premiums and policy fees	*1*	**71,081**	72,738
Less: premiums ceded out		**(446)**	(333)
Net written premiums and policy fees		**70,635**	72,405
Net change in unearned premiums liabilities		**(287)**	(151)
Net premiums earned and policy fees		**70,348**	72,254
Investment income	*2*	**16,255**	31,226
Other income		**447**	244
Total revenues		**87,050**	103,724
BENEFITS, CLAIMS AND EXPENSES			
Insurance benefits and claims			
Claims and net change in outstanding claims liabilities		**(528)**	(484)
Life insurance death and other benefits		**(46,076)**	(51,797)
Increase in long-term insurance contract liabilities		**(21,162)**	(28,789)
Investment contract benefits		**(530)**	(706)
Commission and brokerage expenses		**(7,421)**	(5,170)
Administrative expenses	*3*	**(6,319)**	(5,750)
Other expenses		**(173)**	(1,140)
Total benefits, claims and expenses		**(82,209)**	(93,836)
Share of profits and losses of associates and joint ventures		**39**	255
Finance costs		**(648)**	(1,300)
Profit before income tax		**4,232**	8,843
Income tax expense	*4*	**(898)**	(2,090)
Net profit for the period		**3,334**	6,753
Net profit for the period attributable to:			
– Owners of the parent		**3,333**	6,752
– Non-controlling interests		**1**	1
Earnings per share (RMB)			
Basic	*5*	**1.07**	2.16
Diluted	*5*	**1.07**	2.16

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2016

Unit: RMB in millions

	For the six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
Net profit for the period	**3,334**	6,753
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Available-for-sale financial assets		
Gains/(Losses) arising from fair value changes	**(9,088)**	25,419
Gains transferred to profit or loss from other comprehensive income	**(374)**	(16,123)
Impairment transferred to profit or loss from other comprehensive income	**458**	21
Changes in liabilities for insurance and investment contracts arising from net unrealized gains	**5,662**	(6,019)
Currency translation differences	**3**	–
Share of other comprehensive income of associates under the equity method and the effect on liabilities for insurance and investment contracts	**(48)**	–
Income tax relating to components of other comprehensive income	**847**	(825)
Total other comprehensive income for the period, net of tax	**(2,540)**	2,473
Total comprehensive income for the period	**794**	9,226
Total comprehensive income for the period attributable to:		
– Owners of the parent	**793**	9,225
– Non-controlling interests	**1**	1

NOTES:

1 GROSS WRITTEN PREMIUMS AND POLICY FEES

Unit: RMB in millions

	For the six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
Gross written premiums		
– Long-term insurance contracts	**69,127**	71,074
– Short-term insurance contracts	**1,908**	1,587
Subtotal	**71,035**	72,661
Policy fees		
– Investment contracts	**46**	77
Gross written premiums and policy fees	**71,081**	72,738

2 INVESTMENT INCOME

Unit: RMB in millions

	For the six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
Interest income from bank deposits	**3,136**	4,329
Held-to-maturity investments		
– Interest income	**4,172**	4,108
Available-for-sale financial assets		
– Interest income	**3,613**	3,276
– Dividend income	**2,636**	739
– Net realized gains	**363**	16,112
– Impairment losses on equity financial assets	**(458)**	(21)
Interest income from loans and receivables	**1,685**	1,531
Interest income from policy loans	**493**	459
Effect of losing control over subsidiaries	**481**	–
Financial assets at fair value through profit or loss		
– Interest income	**117**	147
– Fair value losses	**(175)**	(122)
– Dividend income	**203**	276
– Net realised gains/(losses)	**(18)**	367
Interest income from financial assets purchased under agreements to resell	**6**	24
Others	**1**	1
Total	**16,255**	31,226

3 ADMINISTRATIVE EXPENSES

Unit: RMB in millions

	For the six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
Employee benefit expenses (including directors' emoluments)	**4,750**	4,069
Operating lease expense	**381**	387
Depreciation and amortization	**245**	217
Entertainment fees	**121**	202
Insurance guarantee fund	**120**	120
Travel and conference fees	**113**	214
Official fees	**97**	106
Electronic equipment operating costs	**54**	22
Postal fees	**52**	57
Promotional printing costs	**49**	64
Supervision fees	**47**	30
Advertising fees	**43**	44
Vehicle use fees	**20**	25
Auditors' remuneration and consulting fees	**9**	8
Others	**218**	185
Total	**6,319**	5,750

4 TAXATION

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax 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 six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
Current tax	**998**	1,896
Deferred tax	**(100)**	194
Total income tax	**898**	2,090

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

Unit: RMB in millions

	For the six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
Profit before income tax	**4,232**	8,843
Tax computed at the statutory tax rate in China	**1,058**	2,211
Non-taxable income (i)	**(843)**	(519)
Expenses not deductible for tax purpose (i)	**667**	383
Effect of unrealized deferred tax assets arising from deductible losses and deductible temporary differences	**18**	19
Adjustment to the current tax of prior years	**–**	(1)
Effect on different tax rate used by subsidiaries	**(2)**	(3)
Income taxes at effective tax rate	**898**	2,090

(i) Non-taxable income mainly includes government bond interest income and funds dividend income. Expenses not deductible for tax purposes mainly include those expenses such as commission and brokerage expenses, 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 during the period are as follows:

Unit: RMB in millions

	Financial assets	**Insurance liability and others**	**Total**
Net deferred tax assets			
As at 1 January 2015	(2)	38	36
Charged to net profit	–	(38)	(38)
Charged to other comprehensive income	2	–	2
As at 30 June 2015 (Unaudited)	–	–	–
Net deferred tax liabilities			
As at 1 January 2015	(2,305)	2,288	(17)
(Charged)/credited to net profit	30	(186)	(156)
(Charged)/credited to other comprehensive income	(2,332)	1,505	(827)
As at 30 June 2015 (Unaudited)	(4,607)	3,607	(1,000)
Net deferred tax assets			
As at 1 January 2016	(3)	9	6
(Charged)/credited to net profit	(3,549)	2,850	(699)
(Charged)/credited to other comprehensive income	2,251	(1,404)	847
Charged to other reserve	–	15	15
As at 30 June 2016 (Unaudited)	(1,301)	1,470	169
Net deferred tax liabilities			
As at 1 January 2016	(3,875)	3,022	(853)
(Charged)/credited to net profit	3,875	(3,076)	799
(Charged)/credited to other comprehensive income	–	–	–
As at 30 June 2016 (Unaudited)	–	(54)	(54)

As at 30 June 2016, the Group recognized deferred income tax assets to the extent that it was probable that future taxable profits would be available against which the temporary differences could be utilized.

(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 Group has no deductible temporary differences which no deferred tax asset is recognized. The amount of unused tax losses for which no deferred tax asset is recognized is as follows:

Unit: RMB in millions

	As at 30 June 2016 Unaudited	As at 31 December 2015
Deductible losses	**290**	495

5 EARNINGS PER SHARE

(1) Basic

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

Unit: RMB in millions

	For the six months ended 30 June	
	2016 Unaudited	2015 Unaudited
Net profit attributable to owners of the parent (RMB in millions)	**3,333**	6,752
Weighted average number of ordinary shares issued (in millions)	**3,120**	3,120
Basic earnings per share (RMB)	**1.07**	2.16

(2) Diluted

The Company has no dilutive potential ordinary shares. Diluted earnings per share is the same as basic earnings per share for the six months ended 30 June 2016 (for the six months ended 30 June 2015 (unaudited): same).

6 DIVIDENDS

A dividend of RMB0.28 (tax included) per share for the year 2015, approximately totalling RMB873 million, was approved at the annual general meeting on 27 June 2016.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

Unit: RMB in millions

	As at 30 June 2016 Unaudited	As at 31 December 2015
ASSETS		
Property, plant and equipment	**6,255**	6,827
Investment properties	**3,174**	2,177
Intangible assets	**1,798**	1,693
Investments in associates and joint ventures	**4,549**	3,626
Debt financial assets	**425,434**	348,281
– Held-to-maturity	**195,974**	177,502
– Available-for-sale	**173,688**	116,668
– At fair value through profit or loss	**3,213**	3,389
– Loans and receivables	**52,559**	50,722
Equity financial assets	**99,220**	110,696
– Available-for-sale	**85,304**	100,229
– At fair value through profit or loss	**13,916**	10,467
Term deposits	**91,099**	127,679
Statutory deposits	**716**	716
Policy loans	**22,330**	20,879
Financial assets purchased under agreements to resell	**115**	91
Accrued investment income	**9,463**	9,816
Premiums receivable	**3,001**	1,525
Deferred tax assets	**169**	6
Reinsurance assets	**2,656**	3,360
Other assets	**2,851**	9,284
Cash and cash equivalents	**13,209**	13,904
Total assets	**686,039**	660,560

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 30 June 2016

Unit: RMB in millions

	As at 30 June 2016 Unaudited	As at 31 December 2015
LIABILITIES AND EQUITY		
Liabilities		
Insurance contracts		
Long-term insurance contract liabilities	**537,244**	522,799
Short-term insurance contract liabilities		
– Outstanding claims liabilities	**521**	559
– Unearned premiums liabilities	**1,409**	1,083
Investment contracts	**29,739**	27,166
Borrowings	**19,000**	19,000
Financial liabilities at fair value through profit or loss	**17**	22
Financial assets sold under agreements to repurchase	**28,831**	19,816
Benefits, claims and surrenders payable	**2,290**	1,624
Premiums received in advance	**141**	2,823
Reinsurance liabilities	**186**	95
Provisions	**29**	29
Other liabilities	**7,913**	5,843
Current income tax liabilities	**947**	1,007
Deferred tax liabilities	**54**	853
Total liabilities	**628,321**	602,719
Shareholders' equity		
Share capital	**3,120**	3,120
Reserves	**30,932**	33,536
Retained earnings	**23,659**	21,179
Equity attributable to owners of the parent	**57,711**	57,835
Non-controlling interests	**7**	6
Total equity	**57,718**	57,841
Total liabilities and equity	**686,039**	660,560

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

Unit: RMB in millions

	For the six months ended 30 June 2016 (Unaudited)					
	Attributable to owners of the parent					
	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 January 2016	**3,120**	**33,536**	**21,179**	**57,835**	**6**	**57,841**
Net profit for the period	–	–	3,333	3,333	1	3,334
Other comprehensive income	–	(2,540)	–	(2,540)	–	(2,540)
Total comprehensive income	**–**	**(2,540)**	**3,333**	**793**	**1**	**794**
Effect of losing control over subsidiaries	**–**	**(20)**	**20**	**–**	**–**	**–**
Others	**–**	**(44)**	**–**	**(44)**	**–**	**(44)**
Dividends paid *(Note 6)*	–	–	(873)	(873)	–	(873)
Total transactions with owners	**–**	**–**	**(873)**	**(873)**	**–**	**(873)**
As at 30 June 2016	**3,120**	**30,932**	**23,659**	**57,711**	**7**	**57,718**

	For the six months ended 30 June 2015 (Unaudited)					
	Attributable to owners of the parent					
	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 January 2015	3,120	30,300	14,939	48,359	5	48,364
Net profit for the period	–	–	6,752	6,752	1	6,753
Other comprehensive income	–	2,473	–	2,473	–	2,473
Total comprehensive income	–	2,473	6,752	9,225	1	9,226
Dividends paid	–	–	(655)	(655)	–	(655)
Total transactions with owners	–	–	(655)	(655)	–	(655)
As at 30 June 2015	3,120	32,773	21,036	56,929	6	56,935

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

Unit: RMB in millions

	For the six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
Operating activities		
Cash generated from operating activities	**9,905**	5,626
Tax paid	**(1,062)**	(2,193)
Net cash inflow from operating activities	**8,843**	3,433
Investing activities		
Cash received/(paid) for investing activities, net	**(40,785)**	16,529
Proceeds from disposal of property, plant and equipment, intangible assets and other assets	**1**	2
Purchases of property, plant and equipment, intangible assets and other assets	**(932)**	(591)
Interest received	**13,382**	15,257
Dividends received	**2,707**	945
Financial assets purchased under agreements to resell, net	**(62)**	1,022
Net cash inflow/(outflow) from investing activities	**(25,689)**	33,164
Financing activities		
Financial assets sold under agreements to repurchase, net	**16,039**	(31,162)
Net cash inflow/(outflow) from financing activities	**16,039**	(31,162)
Effects of exchange rate changes on cash and cash equivalents	**112**	(18)
Cash and cash equivalents at the beginning of the period	**13,904**	14,503
Cash and cash equivalents at the end of the period	**13,209**	19,920
Analysis of balances of cash and cash equivalents		
Cash at banks and in hand	**13,142**	19,681
Short-term bank deposits	**67**	239
Cash and cash equivalents at the end of the period	**13,209**	19,920

SEGMENT INFORMATION

The Group's operating segments for the six months ended 30 June 2016 are the same with the segments of the Group for the six months ended 30 June 2015 and the year ended 31 December 2015.

Unit: RMB in millions

	For the six months ended 30 June 2016 (Unaudited)				
	Insurance		Others	Elimination	Total
	Individual	Group			
Revenues					
Gross written premiums and policy fees	70,058	1,023	–	–	71,081
Less: premiums ceded out	(350)	(96)	–	–	(446)
Net written premiums and policy fees	69,708	927	–	–	70,635
Net change in unearned premiums liabilities	(55)	(232)	–	–	(287)
Net premiums earned and policy fees	69,653	695	–	–	70,348
Investment income	15,762	167	(18)	344	16,255
Including: inter-segment revenue	(5)	–	(339)	344	–
Other income	279	10	392	(234)	447
Including: inter-segment revenue	3	(1)	232	(234)	–
Total revenues	85,694	872	374	110	87,050
Benefits, claims and expenses					
Insurance benefits and claims					
Claims and net change in outstanding claims liabilities	(270)	(258)	–	–	(528)
Life insurance death and other benefits	(45,934)	(142)	–	–	(46,076)
Increase in long-term insurance contract liabilities	(21,139)	(23)	–	–	(21,162)
Investment contract benefits	(502)	(28)	–	–	(530)
Commission and brokerage expenses	(7,238)	(183)	–	–	(7,421)
Administrative expenses	(5,851)	(502)	(199)	233	(6,319)
Including: inter-segment expenses	(211)	(18)	(4)	233	–
Other expenses	(95)	(25)	(53)	–	(173)
Total benefits, claims and expenses	(81,029)	(1,161)	(252)	233	(82,209)
Share of results of associates and joint ventures	55	1	(17)	–	39
Finance costs	(613)	(35)	–	–	(648)
Net profit before income tax	4,107	(323)	105	343	4,232
Income tax expense	–	–	(844)	(54)	(898)
Including: inter-segment expenses	–	–	54	(54)	–
Net profit for the period	4,107	(323)	(739)	289	3,334
Other segment information:					
Depreciation and amortization	(251)	(21)	(8)	–	(280)
Interest income	13,102	147	(27)	–	13,222
Impairment	(427)	(15)	–	–	(442)
Share of profit of associates and joint ventures under the equity method	55	1	(17)	–	39
Capital expenditure	–	–	877	–	877

SEGMENT INFORMATION (CONTINUED)

Unit: RMB in millions

	For the six months ended 30 June 2015 (Unaudited)				
	Insurance		Others	Elimination	Total
	Individual	Group			
Revenues					
Gross written premiums and policy fees	71,841	897	–	–	72,738
Less: premiums ceded out	(223)	(110)	–	–	(333)
Net written premiums and policy fees	71,618	787	–	–	72,405
Net change in unearned premiums liabilities	(66)	(85)	–	–	(151)
Net premiums earned and policy fees	71,552	702	–	–	72,254
Investment income	30,700	407	119	–	31,226
Other income	99	5	319	(179)	244
Including: inter-segment revenue	3	–	176	(179)	–
Total revenues	102,351	1,114	438	(179)	103,724
Benefits, claims and expenses					
Insurance benefits and claims					
Claims and net change in outstanding claims liabilities	(220)	(264)	–	–	(484)
Life insurance death and other benefits	(51,711)	(86)	–	–	(51,797)
Increase in long-term insurance contract liabilities	(28,672)	(117)	–	–	(28,789)
Investment contract benefits	(654)	(52)	–	–	(706)
Commission and brokerage expenses	(5,027)	(143)	–	–	(5,170)
Administrative expenses	(5,205)	(493)	(231)	179	(5,750)
Including: inter-segment expenses	(160)	(15)	(4)	179	–
Other expenses	(971)	(43)	(126)	–	(1,140)
Total benefits, claims and expenses	(92,460)	(1,198)	(357)	179	(93,836)
Share of results of associates	265	4	(14)	–	255
Finance costs	(1,203)	(97)	–	–	(1,300)
Net profit before income tax	8,953	(177)	67	–	8,843
Income tax expense	–	–	(2,090)	–	(2,090)
Net profit for the period	8,953	(177)	(2,023)	–	6,753
Other segment information:					
Depreciation and amortization	(217)	(20)	(10)	–	(247)
Interest income	13,650	180	44	–	13,874
Impairment	(23)	(1)	–	–	(24)
Share of profit of associates under the equity method	265	4	(14)	–	255
Capital expenditure	–	–	444	–	444

SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities as at 30 June 2016 and 31 December 2015:

Unit: RMB in millions

As at 30 June 2016 (Unaudited)	**Insurance**		**Others**	**Elimination**	**Total**
	Individual	**Group**			
Segment assets	**661,293**	**6,588**	**18,204**	**(46)**	**686,039**
Segment liabilities	**599,040**	**6,196**	**23,131**	**(46)**	**628,321**

As at 31 December 2015	Insurance		Others	Elimination	Total
	Individual	Group			
Segment assets	630,545	6,185	23,939	(109)	660,560
Segment liabilities	573,111	5,945	23,772	(109)	602,719

BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board. The condensed consolidated interim financial information should be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**").

The accounting policies applied are consistent with those of the consolidated annual financial statements for the year ended 31 December 2015, as described in those annual financial statements, except for the adoption of new standards and interpretations effective as at 1 January 2016.

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

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

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
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
IAS 16 and IAS 41 Amendments	*Agriculture: Bearer Plants*	1 January 2016
Annual Improvements 2012-2014 Cycle	*Amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34*	1 January 2016

IFRS 11 Amendments – Accounting for Acquisitions of Interests in Joint Operations

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 *Business Combinations* principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity,are under common control of the same ultimate controlling party. The amendment has no significant impact on the Group's consolidated financial statement since the Group has no joint operation as at 30 June 2016.

IAS 16 and IAS 38 Amendments – Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, are venue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments have no significant impact on the Group's consolidated financial statement given that the Group has not used a revenue-based method to depreciate its noncurrent assets.

IAS 1 Amendments – Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1.

- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated.

- That entities have flexibility as to the order in which they present the notes to financial statements.

- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Group's consolidated financial statements have complied with the amendments.

IFRS 10, IFRS 12 and IAS 28 Amendments – Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 *Consolidated Financial Statements*.

The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

The amendments to IAS 28 *Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any significant impact on the Group as the Group does not apply the consolidation exception.

IFRS 14 – Regulatory Deferral Accounts

IFRS 14 allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements.IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

IAS 16 and IAS 41 Amendments – Agriculture: Bearer Plants

The amendments to IAS 16 and IAS 41 Agriculture change the scope of IAS 16 to include biological assets that meet the definition of bearer plants (e.g., fruit trees). As a result of the amendments, bearer plants will be subject to all there cognition and measurement requirements in IAS 16, including the choice between the cost model and revaluation model for subsequent measurement. Agricultural produce growing on bearer plants (e.g., fruit growing on a tree) will remain within the scope of IAS 41.

In addition, government grants relating to bearer plants will be accounted for in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, instead of IAS 41. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The amendment has no significant impact on the Group's consolidated financial statement since the Group does not have any bearer plants as at 30 June 2016.

Annual Improvements 2012-2014 Cycle – Amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered anew plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IFRS 7 – Financial Instruments: Disclosures

(i) *Servicing contracts*

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) *Applicability of the amendments to IFRS 7 to condensed interim financial statements*

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 – Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 – Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

These amendments do not have any significant impact on the Group.

(2) New accounting standards and amendments issued but are not effective for the financial year beginning 1 January 2016

Standards/Amendments	Content	Effective for annual periods beginning on or after
IFRS 10 and IAS 28 Amendments	*Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	Note
IFRS 9	*Financial Instruments*	1 January 2018
IFRS 15	*Revenue from Contracts with Customers*	1 January 2018
IFRS 16	*Leases*	1 January 2019
IAS 7 Amendments	*Disclosure Initiative*	1 January 2017
IAS 12 Amendments	*Recognition of Deferred Tax Assets for Unrealized Losses*	1 January 2017
IFRS 2 Amendments	*Classification and Measurement of Share-based Payment Transactions*	1 January 2018

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.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

EMBEDDED VALUE

1. Key Assumptions

In determining the embedded value and the value of new business as at 30 June 2016, we have assumed that the Company continues to operate as a going concern under the current economic and regulatory environment. The operational assumptions are mainly based on the results of experience analyses, together with reference to the overall experience of the Chinese life insurance industry, as well as with regard to expected future operating experience. As such, these assumptions represent our best estimates of the future based on information currently available at the valuation date.

Risk Discount Rate

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

Investment Returns

The investment return assumptions as at 30 June 2016 are shown below for the different funds respectively.

Investment Return Assumptions for VIF and VNB as at 30 June 2016

	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.

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 percentages of the standard industry mortality tables: "China Life Tables (2000 to 2003)".

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 percentages of "China Life Insurance Experienced Critical Illness Table (2006 to 2010)".

Discontinuance Rates

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

Expenses

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

Commission and Handling Fees

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

Policyholder Bonuses and Dividends

The assumptions regarding policyholder dividends have been derived in accordance with our current policyholder bonus and dividend policy, whereby 70% of surplus arising from participating business is paid to policyholders.

Tax

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

In addition, the tax of short-term accident business is based on related tax regulation.

Cost of Holding Required Capital

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

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

Other Assumptions

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

Our current reinsurance arrangements have been assumed to remain unaltered.

2. Embedded Value Results

The table below shows our embedded value and value of new business as at 30 June 2016 and their corresponding results as at prior valuation date.

Unit: RMB in millions

Valuation Date	30 June 2016	31 December 2015
Adjusted Net Worth	**48,018**	49,990
Value of In-Force Business Before Cost of Capital	**76,525**	66,875
Cost of Capital	**(14,860)**	(13,586)
Value of In-Force Business After Cost of Capital	**61,665**	53,289
Embedded Value	**109,684**	103,280
Value of One Year's New Business		
Value of One Year's New Business Before Cost of Capital	**9,204**	8,247
Cost of Capital	**(1,945)**	(1,626)
Value of One Year's New Business After Cost of Capital	**7,259**	6,621

Note:

1. Numbers may not be additive due to rounding.

2. The first year premiums used to calculate the Value of One Year's New Business as at 30 June 2016 and 31 December 2015 were RMB47,948 million and RMB51,202 million respectively.

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	**30 June 2016**	30 June 2015
Value of First Half Year's New Business by Distribution Channel		
Individual insurance agent channel	**3,897**	3,298
Bancassurance channel	**207**	176
Group insurance channel	**(55)**	(45)
Total	**4,049**	3,428

Note:

1. Numbers may not be additive due to rounding.

2. The Value of First Half Year's New Business as at 30 June 2015 is recalculated using assumptions as at 31 December 2015.

3. The first year premiums used to calculate the Value of First Half Year's New Business as at 30 June 2016 and 30 June 2015 were RMB35,227 million and RMB38,622 million respectively.

4. The impact of major reinsurance contracts has been reflected in Value of First Half Year's New Business.

5. Value of First Half 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 2015 to 30 June 2016, calculated at a risk discount rate of 11.5%, is shown below.

Unit: RMB in millions

Analysis of Change in EV from 31 December 2015 to 30 June 2016 at a Risk Discount Rate of 11.5%

1.	**EV at the beginning of period**	**103,280**
2.	Impact of Value of New Business	4,049
3.	Expected Return	5,071
4.	Operating Experience Variances	1,471
5.	Economic Experience Variances	(3,246)
6.	Operating Assumption Changes	–
7.	Economic Assumption Changes	–
8.	Capital Injection/Shareholder Dividend Payment	(873)
9.	Others	(496)
10.	Value Change Other Than Life Insurance Business	428
11.	**EV at the end of period**	**109,684**

Note: Numbers may not be additive due to rounding.

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

2. Value of New Business as measured at the point of issuing.

3. Expected Return on ANW and value of in-force business during the relevant period.

4. Reflects the difference between the actual operating experience in the period (including mortality, morbidity, discontinuance rates and expenses) and the assumed.

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

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

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

8. Capital Injection and other dividend payment to shareholders.

9. Other miscellaneous items.

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

4. Sensitivity Tests

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

Unit: RMB in millions

VIF and Value of One Year's New Business Sensitivity Results as at 30 June 2016

Scenarios	**VIF after CoC**	**VNB after CoC**
Base Scenario	61,665	7,259
Risk Discount Rate at 12%	58,551	6,679
Risk Discount Rate at 11%	65,003	7,884
Investment Return 50bps higher	71,886	9,048
Investment Return 50bps lower	51,413	5,462
Expenses 10% higher (110% of Base)	60,004	6,221
Expenses 10% lower (90% of Base)	63,328	8,298
Discontinuance Rates 10% higher (110% of Base)	60,664	6,675
Discontinuance Rates 10% lower (90% of Base)	62,630	7,834
Mortality 10% higher (110% of Base)	61,365	7,211
Mortality 10% lower (90% of Base)	61,968	7,307
Morbidity and Loss Ratio 10% higher (110% of Base)	60,098	6,906
Morbidity and Loss Ratio 10% lower (90% of Base)	63,241	7,614
Profit Sharing between Participating Policyholders and Shareholders is assumed to be 75%/25% instead of 70%/30%	56,562	7,098
Statutory Minimum Solvency Margin 50% higher (150% of Base)	58,664	6,286
Taxable Income Based on China Accounting Standards	60,401	6,459

CORPORATE GOVERNANCE

The Company has established the executive committee system and the role of Chief Executive Officer since February 2013. Mr. WAN Feng, Chairman of the board of directors of the Company (the "**Board**"), has served as the Chief Executive Officer since March 2016. 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. Meanwhile, the Company has established various roles and committees such as the President (Chief Operation Officer), executive committee and six functional committees, the duties of which have been clearly defined in the articles of association of the Company. Major events of the Company shall be subject to complete deliberation and decision-making procedures. All the above shall guarantee that the Chairman and Chief Executive Officer performs his duties efficiently and diligently. Except for the above, during the reporting period, the Company observed all 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.

2016 INTERIM DIVIDEND

The Board did not propose any interim dividend for the six months ended 30 June 2016.

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

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

REVIEW OF ACCOUNTS

The Audit Committee of the Board, in conjunction with the Company's external auditors, have reviewed the unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2016, including the accounting principles and practices.

PUBLICATION OF INTERIM REPORT

The Company's 2016 interim report will be published on the Company's website (www.newchinalife.com) and the HKExnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) in due course.

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

Beijing, China, 30 August 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, HU Aimin, DACEY John Robert and ZHANG Guozheng; and the Independent Non-executive Directors are LI Xianglu, ZHENG Wei, FONG Chung Mark and CHENG Lie.