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新華人壽保險股份有限公司

**NEW CHINA LIFE INSURANCE COMPANY LTD.**

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

**(Stock Code: 1336)**

## **2014 FIRST QUARTER REPORT**

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

The financial data in the 2014 First Quarter Report of the Company have been prepared in accordance with the PRC Accounting Standards for Business Enterprises and are unaudited.

### **§1 IMPORTANT INFORMATION**

- 1.1 The board of directors (the “Board”), the board of supervisors, directors, supervisors, and members of senior management of the Company warrant that this report is true, accurate and complete, and that there are no false representations, misleading statements or material omissions in this report, and are jointly and severally liable for this report.
- 1.2 The 2014 First Quarter Report of the Company was considered and approved at the 19th meeting of the fifth session of the Board on 29 April 2014, which 11 directors were required to attend and 10 of them attended in person. Director ZHAO Haiying authorized director MENG Xingguo to attend the meeting and vote on her behalf.
- 1.3 The financial statements of the Company for the first quarter of 2014 have been prepared in accordance with the PRC Accounting Standards for Business Enterprises and are unaudited.
- 1.4 Mr. KANG Dian, the chairman and Chief Executive Officer of the Company, Mr. CHEN Guogang, the Chief Financial Officer of the Company, Mr. GONG Xingfeng, the Chief Actuary of the Company and Ms. MENG Xia, the principal of the Accounting Department of the Company warrant the truthfulness, accuracy and completeness of the financial statements in the 2014 First Quarter Report.

## §2 BASIC INFORMATION OF THE COMPANY

### 2.1 Key accounting data and financial indicators

Unit: RMB in millions

	As of the end of the reporting period	As of the end of last year	Increase/ (decrease) compared to the end of last year
Total assets	596,543	565,849	5.4%
Shareholders' equity attributable to shareholders of the Company	40,872	39,312	4.0%
Net assets per share attributable to shareholders of the Company (RMB per share)	13.10	12.60	4.0%
	The reporting period	The same period of last year	Increase/ (decrease) compared to the same period of last year
Net cash flows from operating activities	26,844	14,931	79.8%
Weighted average net cash flows per share from operating activities (RMB per share)	8.60	4.79	79.5%
Operating Income	55,231	37,256	48.2%
Net profit attributable to shareholders of the Company	1,560	1,465	6.5%
Net profit attributable to shareholders of the Company after deducting non-recurring items	1,569	1,487	5.5%
Basic/diluted earnings per share (RMB per share)	0.50	0.47	6.4%
Basic earnings per share after deducting non-recurring items (RMB per share)	0.50	0.48	4.2%
Weighted average return on equity	3.89%	4.00%	N/A
Weighted average return on equity after deducting non-recurring items	3.91%	4.06%	N/A

Notes: Data and indicators of shareholders' equity refers to shareholders' equity attributable to shareholders of the Company, while that of net profit refers to net profit attributable to shareholders of the Company.

## 2.2 Deducting non-recurring items and amount

Unit: RMB in millions

Non-recurring items	From the beginning to the end of the reporting period
Losses on disposal of fixed assets, intangible assets and other long-term investment assets	–
Other non-recurring items	(11)
Effect of income tax expenses of non-recurring items	2
Attribute to minority interest	–
Total	(9)

## 2.3 Other key indicators

Unit: RMB in millions

Indicators	As of 31 March 2014/ For the three months ended 31 March 2014	As of 31 December 2013/ For the three months ended 31 March 2013	Increase/ (decrease) compared to 31 December 2013/ Increase/ (decrease) compared to the same period of 2013
Investment assets <sup>(1)</sup>	578,495	549,596	5.3%
Premiums earned	48,071	31,324	53.5%
Growth rate of earned premiums	53.5%	-10.2%	N/A
Net claims expense	3,931	2,683	46.5%
Surrender rate <sup>(2)</sup>	2.2%	1.9%	N/A

Notes:

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

For the three months ended 31 March 2014, the annualized total investment yield was 5.1%, the annualized total investment yield = (Investment income + Fair value gains/(losses) – Impairment losses on investment assets – Interest expenses for financial assets sold under agreements to repurchase)/(Average monthly investment assets – Average monthly financial assets sold under agreements to repurchase – Average monthly interest receivables)×365/90.

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

Unit: Share

<b>Total number of shareholders</b>	27,675 (including 27,318 A shareholders and 357 H shareholders)				
<b>Shares held by top ten shareholders</b>					
<b>Names of the shareholders</b>	<b>Classes of the shares</b>	<b>Percentage of the shareholding</b>	<b>Total number of shares held</b>	<b>Number of shares held with selling restrictions</b>	<b>Number of shares pledged or frozen</b>
HKSCC Nominees Limited <sup>(1)</sup>	Overseas legal person shares	32.13%	1,002,418,013	-	-
Central Huijin Investment Ltd.	State-owned shares	31.34%	977,530,534	974,173,154	-
Baosteel Group Corporation	State-owned legal person shares	15.11%	471,212,186	-	-
Beijing Hony 2010 Equity Investment Center (Limited Partnership)	Others	2.59%	80,853,658	-	-
Tibet Shannan Century Golden Resources Investment Management Limited	Domestic legal person shares	1.25%	39,143,368	-	34,143,368
Shanghai Shangyan Investment Center (Limited Partnership)	Others	1.16%	36,166,156	-	-
Vats Group Company Limited	Domestic legal person shares	1.02%	31,745,000	-	31,745,000
Beijing Taiji Huaqing Information System Co., Ltd.	Domestic legal person shares	0.83%	26,000,000	-	-
Special Securities Account for Securities Based Lending Products of Shenyin & Wanguo Securities Co., Ltd	Others	0.80%	24,810,000	-	-
Tibet Shannan Xinshang Investment Management Limited	Domestic legal person shares	0.76%	23,618,636	-	-
Description of related-party relationship or concerted action among the aforesaid shareholders	Tibet Shannan Xinshang Investment Management Limited is a subsidiary of CITIC Private Equity Funds Management Co., Ltd., and Shanghai Shangyan Investment Center (Limited Partnership) is the investment entity of a fund operated by CITIC Private Equity Funds Management Co., Ltd., thus the two are related parties. Save for the above, the Company is not aware of any related-party relationship among the shareholders or whether they are parties acting in concert.				

Note:

1. HKSCC Nominees Limited is a company that holds shares on behalf of the clients of the Hong Kong stock brokers and other participants of CCASS system including shares held by investors. The relevant rules of The Stock Exchange of Hong Kong Limited do not require such persons to declare whether their shareholdings are pledged or frozen. Therefore, HKSCC Nominees Limited is unable to calculate or provide the number of shares pledged or frozen.

<b>Shares held by top ten shareholders who are not subject to selling restrictions</b>		
<b>Name of shareholders</b>	<b>Number of shares held without selling restrictions</b>	<b>Types of shares</b>
HKSCC Nominees Limited	1,002,418,013	H
Baosteel Group Corporation	471,212,186	A
Beijing Hony 2010 Equity Investment Center (Limited Partnership)	80,853,658	A
Tibet Shannan Century Golden Resources Investment Management Limited	39,143,368	A
Shanghai Shangyan Investment Center (Limited Partnership)	36,166,156	A
Vats Group Company Limited	31,745,000	A
Beijing Taiji Huaqing Information System Co., Ltd.	26,000,000	A
Special Securities Account for Securities Based Lending Products of Shenyin & Wanguo Securities Co., Ltd	24,810,000	A
Tibet Shannan Xinshang Investment Management Limited	23,618,636	A
MA Debiao	15,963,414	A
Description of related-party relationship or concerted action among the aforesaid shareholders	Tibet Shannan Xinshang Investment Management Limited is a subsidiary of CITIC Private Equity Funds Management Co., Ltd., and Shanghai Shangyan Investment Center (Limited Partnership) is the investment entity of a fund operated by CITIC Private Equity Funds Management Co., Ltd., thus the two are related parties. Save for the above, the Company is not aware of any related-party relationship among the shareholders or whether they are parties acting in concert.	

### §3 SIGNIFICANT EVENTS

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

✓ Applicable    □ Not applicable

Unite: RMB in Millions

Items in the Balance sheet	As of 31 March 2014	As of 31 December 2013	Increase/ (decrease)	Main reasons for the changes
Cash and bank deposits	33,271	16,431	102.5%	Requirements for daily liquidity management
Financial assets at fair value through profit or loss	5,828	2,376	145.3%	Increase in debt securities in asset allocation
Financial assets purchased under agreements to resell	74	1,222	-93.9%	Requirements for daily liquidity management
Premiums receivables	3,090	1,581	95.4%	Uneven distribution of insurance business between quarters and increased accumulation of insurance business
Receivables from reinsurers	187	92	103.3%	Impact of the billing cycles of the reinsurance business
Constructions in process	822	629	30.7%	Purchase of office for branches
Premiums received in advance	208	432	-51.9%	Different time points of business underwriting
Brokerage and commission payable	1,175	876	34.1%	Increase in initial premiums collected from individual insurance agent channel in March 2014 compared to December 2013
Reinsurance payable	179	54	231.5%	Impact of reinsurance billing cycles
Other payable	6,415	1,815	253.4%	Increase in securities settlement accounts payable
Other liabilities	476	328	45.1%	Payment in the interests for subordinated term debts

Items in the statement of income	For the three months ended 31 March 2014	For the three months ended 31 March 2013	Increase/ (decrease)	Main reasons for the changes
Premium income	48,365	31,615	53.0%	Increase in the first year premiums
Fair value gains/(losses)	51	(280)	N/A	Fluctuation of the capital market
Foreign exchange gains/(losses)	84	(28)	N/A	Fluctuation of USD exchange rate
Surrenders	(10,576)	(7,338)	44.1%	Effect of life insurance market environment and increase in life insurance surrenders
Claims expense	(3,977)	(2,792)	42.4%	Increase in maturity benefit and annuity paid
Claims recoverable from reinsurers	46	109	-57.8%	Decrease in maturity benefits recoverable from reinsurers due to decrease of maturity benefits from certain reinsurance business
Increase in insurance contracts reserve	(32,796)	(20,780)	57.8%	Increase in premiums
Insurance reserves recoverable from reinsurers	3	(73)	N/A	Slowing decrease in insurance contract liabilities recoverable from reinsurers due to decrease of maturity benefits from certain reinsurance ceding business
Commission and brokerage expenses	(2,476)	(1,727)	43.4%	Increase in the first year premiums
Other operating expenses	(717)	(465)	54.2%	Increase in expenses of non-insurance contracts
Impairment losses	(257)	(186)	38.2%	Increase in available-for-sale financial assets which meet requirements of impairment
Other comprehensive income	(1)	72	N/A	Fluctuation of fair value of available-for-sale financial assets

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

✓ Applicable     Not applicable

### ***(I) Issuance of 2014 debt financing instruments***

To further enhance the Company's solvency adequacy ratio, the 16th meeting of the fifth session of the Board of the Company held on 22 January 2014 resolved to issue debt financing instruments with a period of more than 5 years and a total amount of not more than RMB5 billion in 2014 on the basis of the issuance plan of the 2013 debt financing instruments. The issuance of 2014 debt financing instruments of the Company is subject to the approval of the general meeting and the regulatory authorities.

### ***(II) Issuance of 2014 subordinated term debts***

To further enhance the Company's solvency adequacy ratio, the 17th meeting of the fifth session of the Board of the Company held on 26 March 2014 resolved to issue subordinated term debts with a period of more than 5 years and a total amount of not more than RMB5 billion in 2014. The issuance of 2014 subordinated term debts of the Company is subject to the approval of the general meeting and the regulatory authorities.

### ***(III) Proposed issuance of exchangeable bonds by a substantial shareholder of the Company***

The Company has received a written notice from Baosteel Group Corporation, a substantial shareholder of the Company, on 3 April 2014, informing the Company that Baosteel Group Corporation proposes to issue certain bonds that are exchangeable into a portion of Baosteel Group Corporation's current shareholding in the Company's A Shares (the "Issue"). For details of the Issue, please refer to the Announcement in Relation to Exchangeable Bonds Proposed to be Issued by a Substantial Shareholder of the Company published on 3 April 2014.

### ***(IV) Recovery for the monetary loss relating to the former chairman's misconduct***

To settle fund transactions and clarify the debtor-creditor relationship between the Company and Beijing Tianhuan Real Estate Development Co., Ltd. during the term of office of the former chairman, the Company filed a lawsuit with Chongqing Municipal Higher People's Court against Beijing Tianhuan Real Estate Development Co., Ltd. and New China Trust Co., Ltd. on 18 March 2013. On 25 December 2013, Chongqing Municipal Higher People's Court ruled that Beijing Tianhuan Real Estate Development Co., Ltd. should repay the principal of RMB575 million and the interests of its debts owed by the Company and New China Trust Co., Ltd. was irresponsible. During the reporting period, Beijing Tianhuan Real Estate Development Co., Ltd. refused to accept the first-instance ruling and has appealed to the Supreme People's Court.



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

✓ Applicable     Not applicable

#### ***(I) Controlling shareholders' commitment relating to avoidance of horizontal competition***

For details of the commitment made by Central Huijin Investment Ltd. (“Huijin”), the controlling shareholder of the Company, to avoid horizontal competition, please refer to the section titled “Substantial Shareholder – Relationship with Huijin” in the Prospectus dated 2 December 2011 issued by the Company.

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

#### ***(II) Pre-IPO shareholders' commitment to not transfer the Company's shares within a lock-up period***

For details of pre-IPO shareholders' commitment to not transfer the Company's shares within a lock-up period, please refer to the section titled “Share Capital – Lock-up Periods” in the Prospectus dated 2 December 2011 issued by the Company.

During the reporting period, Huijin, our controlling shareholder, was still fulfilling its commitment to not transfer the Company's shares within a lock-up period continuously and normally.

#### ***(III) Commitment relating to special dividend distribution and the establishment of a public investor protection mechanism***

For details of the commitment of special dividend distribution and the establishment of a public investor protection mechanism, please refer to the Announcement on the Declaration of Special Dividend issued by the Company on 26 July 2012. The special dividend distribution fund is used to cover other actual losses beyond the impairments and provisions as disclosed in the Prospectus arising from the former chairman's misconduct during the custody period.

During the reporting period, the commitment relating to the special dividend distribution was fully fulfilled. The commitment relating to the special dividend distribution fund which is used to cover other actual losses beyond the impairments and provisions as disclosed in the Prospectus arising from the former chairman's misconduct during the custody period is still being fulfilled continuously and normally.

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

Applicable     Not applicable

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

Beijing, China, 29 April 2014

*As at the date of this announcement, the Executive Director of the Company is KANG Dian; the Non-executive Directors are ZHAO Haiying, MENG Xingguo, LIU Xiangdong and ZHAO John Huan; and the Independent Non-executive Directors are CAMPBELL Robert David, CHEN Xianping, WANG Yuzhong, ZHANG Hongxin, ZHAO Hua and FONG Chung Mark.*

## §4 APPENDIX

NEW CHINA LIFE INSURANCE COMPANY LTD.

### Statement of Financial Position (unaudited)

31 March 2014

(All amounts in RMB million unless otherwise stated)

Assets	As of 31 March 2014 Group	As of 31 December 2013 Group	As of 31 March 2014 Company	As of 31 December 2013 Company
<b>Assets</b>				
Cash and bank deposits	33,271	16,431	32,515	15,479
Financial assets at fair value through profit or loss	5,828	2,376	5,725	2,327
Financial assets purchased under agreements to resell	74	1,222	74	1,168
Interest receivables	9,302	9,849	9,141	9,509
Premiums receivables	3,090	1,581	3,090	1,581
Receivables from reinsurers	187	92	187	92
Unearned premium reserves receivables from reinsurers	96	79	96	79
Claim reserves receivables from reinsurers	30	23	30	23
Reserves for life insurance receivables from reinsurers	2,710	2,717	2,710	2,717
Reserves for long-term health insurance receivables from reinsurance	46	43	46	43
Policy loans	10,947	8,841	10,947	8,841
Other receivables	2,580	2,517	2,640	3,017
Term deposits	161,732	165,231	161,408	164,820
Available-for-sale financial assets	141,444	127,895	141,070	127,876
Held-to-maturity investments	176,943	183,008	176,943	183,008
Investments classified as loans and receivables	28,167	24,401	8,156	4,390
Long-term equity investments	9,820	9,404	31,721	30,739
Statutory deposits	716	716	715	715
Investment properties	1,662	1,594	1,662	1,594
Fixed assets	3,766	3,842	3,526	3,601
Constructions in process	822	629	628	441
Intangible assets	1,496	1,512	1,482	1,497
Deferred tax assets	1,011	1,040	995	1,024
Other assets	568	569	791	969
Separate account assets	235	237	235	237
<b>Total assets</b>	<b>596,543</b>	<b>565,849</b>	<b>596,533</b>	<b>565,787</b>

**KANG Dian**  
*Chairman*

**CHEN Guogang**  
*Chief Financial Officer*

**GONG Xingfeng**  
*Chief Actuary*

**MENG Xia**  
*Head of Accounting  
Department*

NEW CHINA LIFE INSURANCE COMPANY LTD.

**Statement of Financial Position (unaudited) (continued)**

**31 March 2014**

(All amounts in RMB million unless otherwise stated)

<b>Liabilities and Equity</b>	<b>As of 31 March 2014 Group</b>	<b>As of 31 December 2013 Group</b>	<b>As of 31 March 2014 Company</b>	<b>As of 31 December 2013 Company</b>
<b>Liabilities</b>				
Financial assets sold under agreements to repurchase	42,861	52,211	42,861	52,211
Premiums received in advance	208	432	208	432
Brokerage and commission payable	1,175	876	1,175	876
Reinsurance payable	179	54	179	54
Salary and welfare payable	944	1,217	884	1,128
Taxes payable	266	363	245	335
Dividends payable	4	4	–	–
Claims payable	1,067	959	1,067	959
Other payable	6,415	1,815	6,402	1,780
Policyholder deposits	26,503	25,701	26,503	25,701
Unearned premiums liabilities	1,170	967	1,170	967
Outstanding claims liabilities	498	520	498	520
Reserves for life insurance	435,518	403,348	435,518	403,348
Reserves for long-term health insurance	22,694	22,046	22,694	22,046
Borrowings	15,000	15,000	15,000	15,000
Provisions	458	458	458	458
Other liabilities	476	328	476	327
Separate account liabilities	230	232	230	232
<b>Total liabilities</b>	<b>555,666</b>	<b>526,531</b>	<b>555,568</b>	<b>526,374</b>
<b>Shareholders' equity</b>				
Share capital	3,120	3,120	3,120	3,120
Capital reserve	22,987	22,988	22,986	22,988
Surplus reserve	1,458	1,458	1,458	1,458
General reserve	1,458	1,458	1,458	1,458
Retained earnings	11,849	10,289	11,943	10,389
Converted difference in Foreign Currency Statements	–	(1)	–	–
<b>Total equity attributable to shareholders of the Company</b>	<b>40,872</b>	<b>39,312</b>	<b>40,965</b>	<b>39,413</b>
Non-controlling interests	5	6	–	–
<b>Total shareholders' equity</b>	<b>40,877</b>	<b>39,318</b>	<b>40,965</b>	<b>39,413</b>
<b>Total liabilities and shareholders' equity</b>	<b>596,543</b>	<b>565,849</b>	<b>596,533</b>	<b>565,787</b>

**KANG Dian**  
*Chairman*

**CHEN Guogang**  
*Chief Financial Officer*

**GONG Xingfeng**  
*Chief Actuary*

**MENG Xia**  
*Head of Accounting  
Department*

**Statement of Income (unaudited)****For the three months ended 31 March 2014**

(All amounts in RMB million unless otherwise stated)

	For the three months ended 31 March		For the three months ended 31 March	
	2014 Group	2013 Group	2014 Company	2013 Company
<b>1. Operating Income</b>	55,231	37,256	55,200	37,250
Premiums earned	48,071	31,324	48,071	31,324
Premium income	48,365	31,615	48,365	31,615
Less: Premiums ceded out	(108)	(85)	(108)	(85)
Net change in unearned premiums liabilities	(186)	(206)	(186)	(206)
Investment income	6,895	6,113	6,884	6,107
Fair value gains/(losses)	51	(280)	51	(280)
Foreign exchange gains/(losses)	84	(28)	84	(28)
Other operating income	130	127	110	127
<b>2. Operating expenses</b>	(53,390)	(35,448)	(53,365)	(35,447)
Surrenders	(10,576)	(7,338)	(10,576)	(7,338)
Claims expense	(3,977)	(2,792)	(3,977)	(2,792)
Less: claims recoverable from reinsurers	46	109	46	109
Increase in insurance contracts reserve	(32,796)	(20,780)	(32,796)	(20,780)
Less: insurance reserves recoverables from reinsurers	3	(73)	3	(73)
Business tax and surcharges expenses	(36)	(26)	(30)	(23)
Commission and brokerage expenses	(2,476)	(1,727)	(2,476)	(1,727)
Administrative expenses	(2,635)	(2,189)	(2,631)	(2,193)
Less: expenses recoverable from reinsurers	31	19	31	19
Other operating expenses	(717)	(465)	(702)	(463)
Impairment losses	(257)	(186)	(257)	(186)
<b>3. Operating profit</b>	1,841	1,808	1,835	1,803
Add: Non-operating income	1	–	1	–
Less: Non-operating expenses	(12)	(30)	(12)	(26)
<b>4. Net profit before income tax expenses</b>	1,830	1,778	1,824	1,777
Less: Income tax	(270)	(312)	(270)	(312)
<b>5. Net profit</b>	<u>1,560</u>	<u>1,466</u>	<u>1,554</u>	<u>1,465</u>

**Statement of Income (unaudited) (continued)**

**For the three months ended 31 March 2014**

(All amounts in RMB million unless otherwise stated)

	For the three months ended 31 March		For the three months ended 31 March	
	2014 Group	2013 Group	2014 Company	2013 Company
<b>6. Attributable to:</b>				
Shareholders of the Company	1,560	1,465		
Non-controlling interests	–	1		
<b>7. Earnings per share</b>				
Basic earnings per share	RMB0.50	RMB0.47		
Diluted earnings per share	RMB0.50	RMB0.47		
<b>8. Other Comprehensive income</b>	(1)	72	(2)	72
<b>9. Total Comprehensive income</b>	<u>1,559</u>	<u>1,538</u>	<u>1,552</u>	<u>1,537</u>
Attributable to shareholders of the Company	1,559	1,537		
Attributable to non-controlling interests	–	1		

**KANG Dian**  
*Chairman*

**CHEN Guogang**  
*Chief Financial Officer*

**GONG Xingfeng**  
*Chief Actuary*

**MENG Xia**  
*Head of Accounting  
Department*

**Statement of Cash Flows (unaudited)**  
**For the three months ended 31 March 2014**

(All amounts in RMB million unless otherwise stated)

	For the three months ended 31 March		For the three months ended 31 March	
	2014 Group	2013 Group	2014 Company	2013 Company
<b>1. Cash flows from operating activities</b>				
Premium received	46,597	29,864	46,597	29,864
Net increase in policyholder deposits	557	–	557	–
Taxes return received	42	–	42	–
Cash received from other operating activities	115	146	76	140
<b>Sub-total of cash inflows from operating activities</b>	<u>47,311</u>	<u>30,010</u>	<u>47,272</u>	<u>30,004</u>
Cash paid for claims	(14,445)	(9,952)	(14,445)	(9,952)
Net cash paid from reinsurance business	(2)	(3)	(2)	(3)
Net decrease in policyholder deposits	–	(548)	–	(548)
Cash paid for brokerage and commission fees	(2,185)	(1,506)	(2,185)	(1,507)
Cash paid to and for employees	(2,148)	(1,880)	(2,059)	(1,826)
Cash paid for taxes and surcharges	(994)	(269)	(988)	(250)
Cash paid from other operating activities	(693)	(921)	(698)	(915)
<b>Sub-total of cash outflows from operating activities</b>	<u>(20,467)</u>	<u>(15,079)</u>	<u>(20,377)</u>	<u>(15,001)</u>
<b>Net cash flows from operating activities</b>	<u>26,844</u>	<u>14,931</u>	<u>26,895</u>	<u>15,003</u>
<b>2. Cash flows from investing activities</b>				
Cash received from sales and redemption of investments	42,046	23,347	41,610	22,835
Cash received from investment income	6,963	5,714	6,956	5,712
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	1	1	1	1
Cash received from financial assets purchased under agreements to resell	41,776	4,290	41,722	4,290
<b>Sub-total of cash inflows from investing activities</b>	<u>90,786</u>	<u>33,352</u>	<u>90,289</u>	<u>32,838</u>

**Statement of Cash Flows (unaudited) (continued)****For the three months ended 31 March 2014**

(All amounts in RMB million unless otherwise stated)

	<b>For the three months ended 31 March</b>		<b>For the three months ended 31 March</b>	
	<b>2014 Group</b>	<b>2013 Group</b>	<b>2014 Company</b>	<b>2013 Company</b>
Cash paid for investment	(53,334)	(36,796)	(52,565)	(35,757)
Net increase in policy loans	(2,106)	(603)	(2,106)	(603)
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(274)	(75)	(246)	(70)
Cash paid for financial assets purchased under agreements to resell	(40,691)	(4,290)	(40,691)	(4,290)
Cash paid from other investing activities	—	—	(70)	(59)
<b>Sub-total of cash outflows from investing activities</b>	<b>(96,405)</b>	<b>(41,764)</b>	<b>(95,678)</b>	<b>(40,779)</b>
<b>Net cash flows from investing activities</b>	<b>(5,619)</b>	<b>(8,412)</b>	<b>(5,389)</b>	<b>(7,941)</b>
<b>3. Cash flows from financing activities</b>				
Cash received from financial assets sold under agreements to repurchase	915,353	963,781	915,353	963,781
<b>Sub-total of cash inflows from financing activities</b>	<b>915,353</b>	<b>963,781</b>	<b>915,353</b>	<b>963,781</b>
Cash paid from financial assets sold under agreements to repurchase	(920,272)	(971,560)	(920,272)	(971,560)
<b>Sub-total of cash outflows from financing activities</b>	<b>(920,272)</b>	<b>(971,560)</b>	<b>(920,272)</b>	<b>(971,560)</b>
<b>Net cash flows from financing activities</b>	<b>(4,919)</b>	<b>(7,779)</b>	<b>(4,919)</b>	<b>(7,779)</b>
<b>4. Effect of foreign exchange rate changes</b>	<b>39</b>	<b>(2)</b>	<b>39</b>	<b>(2)</b>
<b>5. Net increase/(decrease) in cash and cash equivalents</b>	<b>16,345</b>	<b>(1,262)</b>	<b>16,626</b>	<b>(719)</b>
Add: Opening balance of cash and cash equivalents	18,570	25,065	17,407	24,262
<b>6. Closing balance of cash and cash equivalents</b>	<b>34,915</b>	<b>23,803</b>	<b>34,033</b>	<b>23,543</b>

**KANG Dian**  
Chairman

**CHEN Guogang**  
Chief Financial Officer

**GONG Xingfeng**  
Chief Actuary

**MENG Xia**  
Head of Accounting  
Department