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New China Life Insurance Company Ltd.
新華人壽保險股份有限公司

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

Stock Code : 1336

Interim Report 2016

IMPORTANT INFORMATION

1. The board of directors of the Company (the "Board"), the board of supervisors of the Company (the "Board of Supervisors") and the directors, supervisors, and members of senior management warrant the truthfulness, accuracy and completeness of the contents of this report, and that there are no false representations, misleading statements or material omissions in this report, and are legally liable for this report jointly and severally.

2. The 2016 Interim Report of the Company was considered and approved at the fifth meeting of the sixth session of the Board on 30 August 2016, 12 directors were required to attend the meeting and 10 of them attended in person. Director DACEY John Robert authorized Chairman of the Board WAN Feng, while director WU Kunzong authorized director HU Aimin to attend the meeting and vote on behalf of them.

3. The 2016 condensed consolidated interim financial information of the Company is unaudited.

4. Mr. WAN Feng, the Chairman of the Company, Mr. GONG Xingfeng, the Chief Actuary of the Company and Ms. MENG Xia, the officer in charge of the Accounting Department of the Company warrant the truthfulness, accuracy and completeness of the condensed consolidated interim financial information in the 2016 Interim Report.

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

Contents

SECTION 1 DEFINITIONS

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

the Company, New China Life, NCI	New China Life Insurance Company Ltd.
Asset Management Company	New China Asset Management Co., Ltd., a subsidiary of the Company
Asset Management Company (Hong Kong)	New China Asset Management (Hong Kong) Limited, a subsidiary of Asset Management Company
Huijin	Central Huijin Investment Ltd.
Baosteel Group	Baosteel Group Corporation
CIRC	China Insurance Regulatory Commission
CSRC	China Securities Regulatory Commission
SSE	Shanghai Stock Exchange
Hong Kong Stock Exchange or HKSE	The Stock Exchange of Hong Kong Limited
RMB	Renminbi
PRC, China	People's Republic of China, for purpose of this report, excluding Hong Kong, Macau and Taiwan
Company Law	Company Law of the PRC
Insurance Law	Insurance Law of the PRC
Securities Law	Securities Law of the PRC
PRC GAAP	China Accounting Standards for Business Enterprises issued by Ministry of Finance of the PRC, and the application guide, interpretation and other related regulations issued afterwards
IFRS	International Financial Reporting Standards as promulgated by the International Accounting Standards Board
Articles of Association	The articles of association of New China Life Insurance Company Ltd., approved by the first extraordinary general meeting of 2013 of the Company on 1 February 2013, and became effective as approved by the CIRC on 7 February 2013
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Model Code for Securities Transactions	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
Corporate Governance Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules
SFO	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

SECTION 2
CORPORATE INFORMATION

Legal Name in Chinese: 新華人壽保險股份有限公司
Abbreviation in Chinese: 新華保險

Legal Name in English: NEW CHINA LIFE INSURANCE COMPANY LTD.
Abbreviation in English: NCI

Legal Representative: WAN Feng

Board Secretary and Joint Company Secretary: ZHU Ying
Securities Representative: WANG Hongli
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Joint Company Secretary: MOK Ming Wai
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Fax: 852-35898555
Email: mandy.mok@tmf-group.com
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Registered Office: No. 1, East Hunan Road, Yanqing District, Beijing, PRC
Postal Code: 102100
Place of Business: NCI Tower, A12 Jianguomenwai Avenue, Chaoyang District, Beijing, PRC
Postal Code: 100022
Place of Business in Hong Kong: 36th Floor, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Website: http://www.newchinalife.com
Email: ir@newchinalife.com

Newspapers for Information Disclosure (A Share): China Securities Journal, Shanghai Securities News
Website for publishing the Interim Report (A Share): http://www.sse.com.cn
Website for publishing the Interim Report (H Share): http://www.hkexnews.hk
Place where copies of the Interim Report are kept: Board of Directors Office of the Company

Stock Exchange for A Share Listing: The Shanghai Stock Exchange
Stock Name for A Share: 新華保險
Stock Code for A Share: 601336
A Share Registrar: China Securities Depository and Clearing Corporation Limited, Shanghai Branch
Address: 36th Floor, China Insurance Building, 166 East Lujiazui Road, Pudong New District, Shanghai, PRC

Stock Exchange for H Share Listing: The Stock Exchange of Hong Kong Limited
Stock Name for H Share: NCI
Stock Code for H Share: 1336
H Share Registrar: Computershare Hong Kong Investor Services Limited
Address: Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Domestic Auditor: Ernst & Young Hua Ming LLP
Address: Level 16, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang An Avenue, Dong Cheng District, Beijing, PRC

International Auditor: Ernst & Young
Address: 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong

Domestic Legal Advisor: Commerce & Finance Law Offices
Address: 6th Floor, NCI Tower, A12 Jianguomenwai Avenue, Chaoyang District, Beijing, PRC

Hong Kong Legal Advisor: Davis Polk & Wardwell, Hong Kong Solicitors
Address: 18th Floor, The Hong Kong Club Building, 3A Chater Road, Hong Kong

SECTION 3
SUMMARY OF ACCOUNTING DATA AND OPERATING DATA

I. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE REPORTING PERIOD

Unit: RMB in millions

Key accounting data	January – June 2016	January – June 2015	Increase/ decrease over the corresponding period of last year
Total revenues	**87,050**	103,724	-16.1%
Gross written premiums and policy fees	**71,081**	72,738	-2.3%
Net profit before income tax	**4,232**	8,843	-52.1%
Net profit attributable to shareholders of the Company	**3,333**	6,752	-50.6%
Net cash flows from operating activities	**8,843**	3,433	157.6%

	30 June 2016	31 December 2015	Increase/ decrease as compared to the end of last year
Total assets	**686,039**	660,560	3.9%
Equity attributable to shareholders of the Company	**57,711**	57,835	-0.2%

Key financial indicators	January – June 2016	January – June 2015	Increase/ decrease over the corresponding period of last year
Basic weighted average earnings per share attributable to shareholders of the Company (RMB)	**1.07**	2.16	-50.5%
Diluted weighted average earnings per share attributable to shareholders of the Company (RMB)	**1.07**	2.16	-50.5%
Weighted average return on equity attributable to shareholders of the Company	**5.73%**	12.75%	decrease by 7.02 percentage points
Weighted average net cash flows from operating activities per share (RMB)	**2.83**	1.10	157.3%

	30 June 2016	31 December 2015	Increase/ decrease as compared to the end of last year
Net assets per share attributable to shareholders of the Company (RMB/share)	**18.50**	18.54	-0.2%

II. OTHER KEY FINANCIAL AND REGULATORY INDICATORS

Unit: RMB in millions

Indicator	January – June 2016/as of 30 June 2016	January – June 2015/as of 31 December 2015	Change
Investment assets	**666,135**	635,688	4.8%
Annualized total investment yield[1]	**5.3%**	10.5%	decrease by 5.2 percentage points
Gross written premiums and policy fees	**71,081**	72,738	-2.3%
Increase rate of gross written premiums and policy fees	**-2.3%**	8.7%	decrease by 11.0 percentage points
Benefits, claims and expenses	**82,209**	93,836	-12.4%

Note:

1. Annualized total investment yield = (Total investment income- interest expense of financial asserts sold under agreements to repurchase)/(average monthly investment assets- average monthly financial assets sold under agreements to repurchase- average monthly receivable interests)*2.

III. THE DISCREPANCY BETWEEN THE PRC GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

There is no difference between the consolidated net profit of the Company for the six months ended 30 June 2016 and the consolidated equity of the Company as of 30 June 2016 as stated in the condensed consolidated interim financial information prepared in accordance with the IFRS and the consolidated financial statements prepared in accordance with the PRC GAAP.

SECTION 4
MANAGEMENT DISCUSSION AND ANALYSIS

As a major life insurance company in the PRC, the Company is primarily engaged in the provision of life insurance products and services to individuals and institutions through its national branch network. Meanwhile, the Company also manages and utilizes its insurance assets through its subsidiaries Asset Management Company and Asset Management Company (Hong Kong).

Financial data and indicators in this report 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 the Company, and is presented in 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 the 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.

[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.

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%

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 (RMB in millions)	As a percentage of equity interests in that company at the beginning of the period (%)	As a percentage of equity interests in that company at the end of the period (%)	Carrying amount at the end of the period (RMB in millions)	Profits/ losses during the reporting period (RMB in millions)	Changes of Equity Ownership during the reporting period (RMB in millions)	Accounting classification	Source of securities
China Insurance Investment 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 (in millions)	Amount of capital utilized (RMB in millions)	Investment gains incurred (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 the 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 the 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.

WILLIS TOWERS WATSON'S REVIEW OPINION REPORT ON EMBEDDED VALUE

To the Directors of New China Life Insurance Company Ltd

New China Life Insurance Company Ltd ("NCI") has prepared embedded value results for the first half year ended 30 June 2016 ("EV Results"). The disclosure of these EV Results, together with a description of the methodology and assumptions that have been used, are shown in the Embedded Value section.

Towers Watson Management (Shenzhen) Consulting Co. Ltd, Beijing Branch ("WTW" or "we") has been engaged by NCI to review its EV Results as of 30 June 2016. This report is addressed solely to NCI in accordance with the terms of our engagement letter, and sets out the scope of our work and our conclusions. To the fullest extent permitted by applicable law, we do not accept or assume any responsibility, duty of care or liability to anyone other than NCI for or in connection with our review work, the opinions we have formed, or for any statement set forth in this report.

Scope of work

Our scope of work covered:

- A review of the methodology used to calculate the embedded value as at 30 June 2016, the value of one year's new business and the first half year's new business as at 30 June 2016 respectively ("Value of New Business"), in the light of the requirements of the "Life Insurance Embedded Value Reporting Guidelines" issued by the China Insurance Regulatory Commission ("CIRC") in September 2005;

- A review of the economic and operating assumptions used to calculate the embedded value and the Value of New Business as at 30 June 2016; and

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

  – the embedded value and the Value of New Business as at 30 June 2016;

  – the sensitivity tests of the value of in-force business and value of one year's new business as at 30 June 2016; and

  – the analysis of change of the embedded value from 31 December 2015 to 30 June 2016.

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

Opinion

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

- The embedded value methodology used by NCI is consistent with the requirements of the "Life Insurance Embedded Value Reporting Guidelines" issued by the CIRC. It is noted that the China Risk Oriented Solvency System ("C-ROSS") requirements have not been considered in the EV Results as of 30 June 2016, as updated Chinese Embedded Value guidance under C-ROSS has not been released. The methodology applied by NCI is a common methodology used to determine embedded values of life insurance companies in China at the current time;

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

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

- No changes have been assumed to the treatment of tax, but some sensitivity results relating to tax have been shown by NCI;

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

WTW confirms that the results shown in the Embedded Value section of NCI's 2016 interim report are consistent with those reviewed by WTW.

For and on behalf of WTW

Michael Freeman, FIAA **Wesley Cui, FSA, FCAA**

30 August 2016

1. BACKGROUND

In order to provide investors with an additional tool to understand our economic value and business results, we have prepared the Company's Embedded Value as at 30 June 2016 and have disclosed the relevant information in this section.

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

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

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

The embedded value and value of new business are prepared by us in accordance with the "Life Insurance Embedded Value Reporting Guidelines" (EV Guidelines) issued by the China Insurance Regulatory Commission in September 2005. The current Embedded Value report has been prepared making no allowance for the impact of the China Risk Oriented Solvency System ("C-ROSS") requirements as the Chinese EV guidance under C-ROSS has not been released as of 30 June 2016. The solvency reserves and statutory minimum solvency margin are determined according to regulations applicable immediately prior to C-ROSS commencing. Willis Towers Watson, an international firm of consultants, performed a review of our embedded value. The review statement from Willis Towers Watson is contained in the "Willis Towers Watson's Review Opinion Report on Embedded Value" section.

2. DEFINITIONS OF EMBEDDED VALUE

Our embedded value is the sum of the adjusted net worth and the value of in-force business allowing for the cost of capital supporting the Company's solvency margin.

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

- Net assets, defined as assets less PRC solvency reserves and other liabilities; and
- Net-of-tax adjustments for relevant differences between the market value and the book value of assets, together with relevant net-of-tax adjustments to certain liabilities.

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

The "value of in-force business" is the discounted value of the projected stream of future after-tax distributable profits for existing in-force business at the valuation date. The "value of new business" includes the "value of one year's new business" and the "value of the first half year's new business", which are the discounted values of the projected stream of future after-tax distributable profits for sales in the 12 months and 6 months immediately preceding the valuation date respectively. Distributable profits are the profits after reflecting PRC solvency reserves and cost of capital supporting the Company's solvency margin.

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

3. KEY ASSUMPTIONS

In determining the 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 a percentage 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 a percentage 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.

4. 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

Notes:

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 the 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

Notes:

1. Numbers may not be additive due to rounding.

2. The Value of the 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 the 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 the First Half Year's New Business.

5. Value of the First Half Year's New Business of the service and business development channel is included in the individual insurance agent channel.

5. 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.

6. SENSITIVITY TESTS

Sensitivity tests are performed under a range of alternative assumptions. In each of the sensitivity tests, only the assumption referred to is changed, with all other assumptions unchanged. The results are 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 50 bps higher	71,886	9,048
Investment Return 50 bps 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

I. IMPLEMENTATION OF PROFIT DISTRIBUTION POLICIES AND PROFIT DISTRIBUTION PLAN DURING THE REPORTING PERIOD

(I) Profit Distribution Policies

According to Article 265 of the Articles of Association, the major dividend distribution policies of the Company are set out below:

1. The Company may distribute dividends in the form of cash, shares or a combination of cash and shares. The Company may distribute interim profits.

2. If both the profits for the year and the accumulated undistributed profits of the Company are positive, the annual profit distribution plans will be formulated by the Board based on the Company's solvency margin ratio, business development and results of operations, subject to the laws and regulations and requirements promulgated by relevant competent authorities on solvency margin ratio in effect at that time; provided that the distributed profits in the form of cash each year shall be no less than 10% of the distributable profits of the parent company for the year.

3. The Company shall give priority to dividend distribution in the form of cash. Where the Company's operation is in a sound condition, and the Board is of the view that the share price of the Company fails to reflect its share capital scale and that the distribution of dividend in shares will be favorable to all shareholders of the Company as a whole, the Board may propose dividend distribution in shares, provided that the above conditions of cash dividend are fully met.

4. The Board shall thoroughly discuss the rationality of the profit distribution plan and produce a special resolution for submission to the general meeting for consideration. The independent non-executive directors ("INEDs") of the Company shall also express their independent opinions on the profit distribution plan. In considering the resolution of profit distribution plan at the general meeting, the Company shall maintain active communications and exchanges with shareholders, particularly medium and minority shareholders through various channels, consider carefully the feedbacks and demands of the medium and minority shareholders, and give timely response to the matters concerned by the medium and minority shareholders. Following a resolution on the profit distribution plan at the shareholders' general meeting, the Board shall implement the distribution of the dividends within two months from the convention of such general meeting.

The dividend distribution policies of the Company clarify the standards and percentage of dividend distribution, emphasize the roles of INEDs and pay attention to the communication with minority shareholders. The dividend distribution policies also stipulate in detail the conditions and procedures on the adjustments or changes of the dividend distribution policies and thus protect the legitimate rights of the medium and minority shareholders.

(II) Implementation of Profit Distribution Plan

The second meeting of the sixth session of the Board held on 29 March 2016 and the annual general meeting of 2015 held on 27 June 2016 considered and approved the *Proposal on the Profit Distribution Plan of the Year 2015*, respectively.

According to the above proposal, the net profit of the Company for the year 2015 in the audited financial statements is RMB8,533,683 thousand. Since there is no unrecovered deficit in the previous years, the distributable profit of the Company achieved within the year 2015 in the financial statements is RMB8,533,683 thousand. Based on a total of 3,119,546,600 issued shares, the Company distributed a cash dividend of RMB0.28 (including tax) per share to all shareholders of the Company, totaling RMB873,473,048, representing approximately 10% of the net profit of the Company for the year 2015 in accordance with the PRC GAAP. The undistributed amount will be retained as undistributed profit for distribution in 2016.

The Company published the *Announcement on the Voting Results of the Annual General Meeting of 2015 and Distribution of 2015 Annual Dividend* on 27 June 2016, declaring the implementation of the 2015 dividend distribution plan, and completed the distribution of the 2015 dividend on 10 August 2016.

II. THE PLANS OF PROPOSED INTERIM DIVIDEND AND INCREASE OF SHARES WITH THE USE OF CAPITAL RESERVE

The Company will neither distribute interim dividend nor increase shares with the use of capital reserve for the six months ended 30 June 2016.

III. SIGNIFICANT LITIGATION, ARBITRATION EVENTS AND GENERAL MEDIA DOUBTS

For details of litigations regarding the recovery for monetary loss relating to the former chairman Mr. GUAN Guoliang's misconduct during the reporting period, please refer to "X. Other significant events – (IV) Recovery for the monetary loss relating to the former chairman Mr. GUAN Guoliang's misconduct" in this section.

The above litigations had no material adverse effect on the Company's financial condition and continuous profitability.

During the reporting period, the Company had no general media doubts.

IV. NON-OPERATING CAPITAL ATTRIBUTABLE TO THE CONTROLLING SHAREHOLDER AND ITS RELATED PARTIES

During the reporting period, the Company had no non-operating capital attributable to the controlling shareholder and its related parties.

V. ACQUISITION AND DISPOSAL OF MATERIAL ASSETS, MERGER AND DIVISION

During the reporting period, there has been no acquisition or disposal of material assets by, or merger and division of the Company.

VI. CONNECTED TRANSACTIONS DURING THE REPORTING PERIOD

During the reporting period, the Company did not conduct any connected transaction or continuing connected transaction which shall comply with the requirements of Chapter 14A – Connected Transactions under the Hong Kong Listing Rules on reporting, announcement or independent shareholders' approval.

VII. SIGNIFICANT CONTRACTS AND THEIR PERFORMANCES

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

(II) During the reporting period, there was no external contract guarantee and the Company did not provide security for its subsidiaries;

(III) During the reporting period, the Company did not entrust other companies with cash asset management except for entrusting Asset Management Company and Asset Management Company (Hong Kong) with fund investment management;

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

VIII. FULFILLMENT OF COMMITMENTS OF THE COMPANY OR SHAREHOLDERS WITH OVER 5% SHARES DURING THE REPORTING PERIOD OR TILL THE REPORTING PERIOD

For details of the commitment made by 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 is being fulfilled continuously and normally.

IX. PENALTY AND RECTIFICATION OF THE COMPANY AND ITS DIRECTORS, SUPERVISORS, MEMBERS OF SENIOR MANAGEMENT AND SHAREHOLDERS WITH OVER 5% SHARES

During the reporting period, neither the Company, nor its directors, supervisors, members of senior management or shareholders with over 5% shares was subject to any investigation, administrative penalty or official censure by the CSRC, or public reprimand by stock exchanges.

X. OTHER SIGNIFICANT EVENTS

(I) Issuance of 2016 capital supplement bond

To ensure the Company has adequate solvency and to broaden the financing channels, and according to the 36th meeting of the fifth session of the Board held on 4 February 2016 and resolution of the first extraordinary meeting of 2016 held on 4 March 2016, the Company shall issue a capital supplement bond in the amount not exceeding RMB5.0 billion or equivalent amount in U.S. dollar in 2016. The issue of 2016 capital supplement bond is still subject to approvals of regulatory authorities.

Please refer to the *Supplementary Announcement on the First Extraordinary General Meeting of 2016* published on 19 February 2016 and the *Announcement on the Voting Results of the First Extraordinary General Meeting of 2016* and *Election of Employee Representative Supervisors for the Sixth Session of the Board of Supervisors* published on 4 March 2016 for details.

(II) Introduction of Strategic Investors by Subsidiary

The 30th meeting of the fifth session of the Board considered and approved the *Proposal on the Introduction of Strategic Investors by and Capital Increase of New China Excellence Health Investment Management Co., Ltd.* on 30 October 2015. On 22 January 2016, the registered capital of New China Excellence Health Investment Management Co., Ltd. (the "New China Health") increased to RMB1,126,692,900, among which the Company holds 45% of its equity interests. After the introduction of strategic investors, New China Health is no longer a subsidiary of the Company.

(III) Indirect investment in infrastructure projects

As of the end of the reporting period, the Company entrusted Asset Management Company with a total amount of RMB17.451 billion in the debt investment plan in infrastructure.

(IV) Recovery for the monetary loss relating to the misconduct of former chairman Mr. GUAN Guoliang

To settle the financial dealings and clear the debtor-creditor relationship between the Company and Beijing Tianhuan Real Estate Development Co., Ltd. during the term of office of the former chairman Mr. GUAN Guoliang, 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 together with interests of its debts to the Company. Beijing Tianhuan Real Estate Development Co., Ltd. refused to accept the first instance ruling and appealed to the Supreme People's Court. On 13 May 2014, the Supreme People's Court made the final ruling, which rejected the appeal instituted by Beijing Tianhuan Real Estate Development Co., Ltd. and sustained the first instance ruling of Chongqing Municipal Higher People's Court. The Company has applied to Chongqing Municipal Higher People's Court for compulsory execution against Beijing Tianhuan Real Estate Development Co., Ltd., and Chongqing Municipal Higher People's Court accepted the application and issued execution ruling. The Company received RMB15,807,978.56 as a result of the execution on 25 May 2016. The case is still in the process of execution.

XI. CORPORATE GOVERNANCE

Pursuant to the Company Law, the Insurance Law, the Securities Law and other applicable laws and regulations as well as the requirements of domestic and overseas regulatory authorities, the Company has established and improved the corporate governance system consisting of the general meeting, the Board, the Board of Supervisors and the senior management, and formed an operation mechanism under which the authorities, decision-making organs, supervisory organs and executive organs support and coordinate with each other with appropriate checks and balances. During the reporting period, the Company complied with the regulatory rules of the listing places, took effective measures to increase the operation efficiency of the Board, regulated and improved the information disclosure mechanism, enhanced communication with investors and improved transparency of the Company's operation.

During the reporting period, the Company held two general meetings, eight Board meetings and four Board of Supervisors' meetings in total. Meeting resolutions and relevant meeting documents have been published on the websites of the SSE, the HKSE and the Company as well as other relevant information disclosure media. The general meeting, the Board, the Board of Supervisors and the senior management all operated independently according to the Articles of Association and relevant rules and procedures, and effectively performed their respective duties.

The Company has established the executive committee system and the role of CEO since February 2013. Mr. WAN Feng was appointed as CEO concurrently as the Chairman of the Board in March 2016. The Board of the Company is of the view that the roles of Chairman and CEO 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. Major events of the Company shall be subject to complete thorough deliberation and decision-making procedures. All the above shall guarantee that the Chairman of the Board and CEO performs his duties efficiently and diligently.

Except for the above, during the reporting period, the Company observed all the other code provisions in the Corporate Governance Code contained in Appendix 14 to the Hong Kong Listing Rules, and adopted most of the best practices set out therein.

The Company has formulated the Administrative Measures for Shareholding and Changes Thereof of Directors, Supervisors and Senior Management of New China Life Insurance Co., Ltd. to regulate the securities transactions of directors, supervisors and senior management of the Company, the standard of which is not lower than that of the Model Code for Securities Transactions. Upon specific enquiries to all directors and supervisors, the Company confirmed that all the directors and supervisors have complied with the code of conduct specified in the Model Code for Securities Transactions and Administrative Measures for Shareholding and Changes Thereof of Directors, Supervisors and Senior Management of New China Life Insurance Co., Ltd..

This report has been reviewed at the seventh meeting of the Audit Committee of the Board in 2016. Save as disclosed in this report, from 1 January 2016 to 30 June 2016, there are no material changes affecting the Company's performance that need to be disclosed under paragraphs 32 and 40(2) of Appendix 16 to the Hong Kong Listing Rules.

SECTION 7
CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

I. CHANGES IN SHARE CAPITAL

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

Unit: share

	31 December 2015		Increase or decrease during the reporting period (+, -)					30 June 2016	
	Number	Percentage	New shares issued	Bonus shares	Transfer from reserve	Others	Sub-total	Number	Percentage
1. Shares with selling restrictions	–	–	–	–	–	–	–	–	–
2. Shares without selling restrictions									
(1) Ordinary Shares denominated in RMB	2,085,439,340	66.85%	–	–	–	–	–	2,085,439,340	66.85%
(2) Domestically listed foreign shares	–	–	–	–	–	–	–	–	–
(3) Overseas listed foreign shares (H Share)	1,034,107,260	33.15%	–	–	–	–	–	1,034,107,260	33.15%
(4) Others	–	–	–	–	–	–	–	–	–
Total	3,119,546,600	100.00%	–	–	–	–	–	3,119,546,600	100.00%
3. Total number of shares	3,119,546,600	100.00%	–	–	–	–	–	3,119,546,600	100.00%

II. SHAREHOLDERS

(I) Number of shareholders and their shareholdings

As of the end of the reporting period, there are 44,014 shareholders of the Company, including 43,414 A Share shareholders and 600 H Share shareholders.

Shares held by top ten shareholders

Unit: share

Name of the shareholders	Class of the shares	Percentage of the shareholding (%)	Total number of shares held	Increase or decrease of shareholding during the reporting period (+,-)	Number of shares held with selling restrictions[1]	Number of shares pledged or frozen	Type of shares
HKSCC Nominees Limited[2]	Overseas legal person shares	33.14	1,033,890,436	-57,100	–	–	H
Central Huijin Investment Ltd.	State-owned shares	31.34	977,530,534	–	–	–	A
Baosteel Group Corporation [3]	State-owned legal person shares	15.10	471,185,465	-26,721	–	164,973,279 shares pledged	A
China Securities Finance Corporation Limited	State-owned legal person shares	2.79	87,101,834	+2,928,387	–	–	A
Central Huijin Asset Management Ltd.	State-owned legal person shares	0.91	28,249,200	–	–	–	A
Beijing Taiji Huaqing Information System Co., Ltd.	Domestic legal person shares	0.71	22,080,000	–	–	–	A
Hong Kong Securities Clearing Company Limited[4]	Overseas legal person shares	0.40	12,424,789	-9,859,480	–	–	A
Tibet Shannan Xinshang Investment Management Limited	Domestic legal person shares	0.36	11,361,558	–	–	–	A
CUAM Fund-ICBC-CUAM-No. 53 Tianfuniu Asset Management Plan	Others	0.24	7,538,697	+1,806,319	–	–	A
ICBC-Harvest New Opportunity Flexible Allocation Mixed Launched Securities Investment Fund	Others	0.23	7,276,311	–	–	–	A
Description of connected relations or concerted action among the aforesaid shareholders	Central Huijin Asset Management Ltd. is a wholly owned subsidiary of Central Huijin Investment Ltd. Save for the above, the Company is not aware of any related-party relationship among the shareholders or whether they are parties acting in concert.						

Notes:

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

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

3. Baosteel Group has completed the issuance of exchangeable bonds on 12 December 2014. A total number of 165,000,000 A Shares of the Company held by Baosteel Group that are exchangeable from the Bonds and the entitlements of such shares have been transferred into a special trust account as guaranteed and trusted assets. For details, please refer to the announcement titled Announcement in Relation to the Completion of the Issuance of Exchangeable Bonds by A Substantial Shareholder of the Company and the Guarantee and Trust Registration for the Company's A Shares Held by The Shareholder published by the Company on 16 December 2014. As of the end of the reporting period, a total number of 26,721 A Shares of the Company held by Baosteel Group as guaranteed and trusted assets for the exchangeable bonds issued by Baosteel Group were exchanged into A Shares of the Company by exchangeable bonds holders.

4. Hong Kong Securities Clearing Company Limited is the nominee for investors of Shanghai-Hong Kong Stock Connect programme.

(II) Change of controlling shareholder and the actual controller

During the reporting period, there is no change in the controlling shareholder or the actual controller of the Company.

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

So far as the directors of the Company are reasonably aware of, as of 30 June 2016, Baosteel Group holds 471,185,465 A Shares of the Company, which account for 15.10% of the total issued shares of the Company, and 22.59% of the total issued A Shares of the Company.

In addition to the above, so far as the directors of the Company are reasonably aware of, as of 30 June 2016, the following persons (other than the directors, supervisors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which shall be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, and have been entered into the register maintained by the Company pursuant to Section 336 of the SFO:

	Name of substantial shareholders	Type of shares	Capacity	Number of shares	Percentage of the total shares issued	Percentage of the A shares issued	Percentage of the H shares issued	Long Position/ Short Position/ Interest in a lending pool
1	Central Huijin Investment Ltd.	A share	Beneficial owner	977,530,534	31.34	46.87	–	Long Position
			Interests of Controlled Corporation	28,249,200	0.91	1.35	–	Long Position
2	Swiss Re Ltd	H share	Interests of Controlled Corporation	152,857,800 (Note 3)	4.90	–	14.78	Long Position
3	Fosun International Holdings Ltd.	H share	Interests of Controlled Corporation	134,821,100 (Note 4)	4.32	–	13.04	Long Position
4	Fosun International Limited	H share	Interests of Controlled Corporation	103,719,200	3.32	–	10.03	Long Position
			Beneficial owner	31,101,900 (Note 4)	1.00	–	3.01	Long Position
5	GUO Guangchang	H share	Interests of Controlled Corporation	134,821,100 (Note 4)	4.32	–	13.04	Long Position
6	Goldman Sachs (UK) L.L.C.	H股	Interests of Controlled Corporation	85,326,194	2.74	–	8.25	Long Position
				9,691,237 (Note 5)	0.31	–	0.94	Short Position
7	Goldman Sachs Group UK Limited	H股	Interests of Controlled Corporation	85,326,194	2.74	–	8.25	Long Position
				9,691,237 (Note 5)	0.31	–	0.94	Short Position
8	Goldman Sachs International	H股	Beneficial owner	85,326,194	2.74	–	8.25	Long Position
				9,691,237 (Note 5)	0.31	–	0.94	Short Position
9	The Goldman Sachs Group, Inc.	H股	Interests of Controlled Corporation	88,811,661	2.85	–	8.59	Long Position
				50,837,426 (Note 5)	1.63	–	4.92	Short Position

Notes:

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

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

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

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

5. The Goldman Sachs Group, Inc. holds 100% of the shares of Goldman Sachs (UK) L.L.C., and Goldman Sachs (UK) L.L.C. holds 97.24% of the shares of Goldman Sachs Group UK Limited, and Goldman Sachs Group UK Limited holds 100% of the shares of Goldman Sachs International, so The Goldman Sachs Group, Inc., Goldman Sachs (UK) L.L.C., Goldman Sachs Group UK Limited are deemed to have interest in the Company's H shares.

   The Goldman Sachs Group, Inc. also holds equity interest in the shares of the Company through other companies controlled or indirectly controlled by it.

Save as disclosed above, as of 30 June 2016, the Company was not aware that there was any other person (other than the directors, supervisors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required, pursuant to Section 336 of the SFO, to be entered into the register maintained by the Company.

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

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

SECTION 8
DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

(I) Directors

The first extraordinary general meeting of 2016 held on 4 March 2016 considered and approved the *Proposal on the Election of Directors for the Sixth Session of the Board and the Supplemental Proposal on the Election of Directors for the Sixth Session of the Board*, and resolved to elect Mr. WAN Feng as an executive director for the sixth session of the Board, Mr. LI Zongjian, Mr. LIU Xiangdong, Ms. CHEN Yuanling, Mr. WU Kunzong, Mr. HU Aimin, Mr. DACEY John Robert, Mr. ZHANG Guozheng as non-executive directors for the Board, Mr. LI Xianglu, Mr. NEOH Anthony Francis, Mr. ZHENG Wei, Mr. CAMPBELL Robert David and Mr. FONG Chung Mark as independent non-executive directors for the sixth session of the Board. The annual general meeting of 2015 held on 27 June 2016 approved the *Proposal on the Election of Independent Non-executive Director for the Sixth Session of the Board,* and resolved to elect Mr. CHENG Lie as an independent non-executive director for the sixth session of the Board. As at the publication date of this report, except for Mr. NEOH Anthony Francis, the directors' qualifications of the above directors have all been approved by the CIRC.

The first meeting of the sixth session of the Board held on 24 March 2016 elected Mr. WAN Feng as the Chairman of the sixth session of the Board. The qualification of Mr. WAN Feng as the Chairman was approved by the CIRC.

Mr. KANG Dian, Ms. ZHAO Haiying, Mr. MENG Xingguo, Ms. CHEN Xianping, Mr. WANG Yuzhong, Mr. ZHANG Hongxin and Mr. ZHAO Hua, as directors of the fifth session of the Board, ceased to be directors of the Company on the date when the sixth session of the Board was formed.

The Board received Mr. CAMPBELL Robert David's resignation report as an independent non-executive director on 25 August 2016. The resignation took effect on the date when his resignation report was delivered to the Board. Please refer to the announcement titled *Resignation of Independent Non-executive Director* published by the Company on 26 August 2016 for details.

(II) Supervisors

The first extraordinary general meeting of 2016 held on 4 March 2016 approved the Proposal on the Election of Shareholder Representative Supervisors for the Sixth Session of the Board of Supervisors, and resolved to elect Mr. WANG Chengran, Mr. LIU Zhiyong and Mr. LIN Chi Fai Desmond as the shareholder representative supervisors for the sixth session of the Board of Supervisors. The sixth session of the Board of Supervisors comprised of the aforesaid supervisors together with Mr. WANG Zhongzhu and Mr. BI Tao, who were elected as the employee representative supervisors through democratic means including online voting by employees. As at the publication date of this report, the supervisors' qualifications of all the aforesaid supervisors were approved by the CIRC.

Ms. AI Bo, Mr. CHEN Xiaojun, Mr. LV Hongbo, Ms. LIU Yiying, Mr. ZHU Tao and Ms. YANG Jing, as supervisors of the fifth session of the Board of Supervisors, ceased to be supervisors of the Company on the date when the sixth session of the Board of Supervisors was formed.

The Board of Supervisors received Mr. LIN Chi Fai Desmond's resignation report to the Board as a supervisor of the Company on 31 July 2016. The resignation took effect on the date when his resignation report was delivered to the Board of Supervisors. Please refer to the *Announcement on Resignation of Supervisor* published by the Company on 1 August 2016 for details.

(III) Members of senior management

The first meeting of the sixth session of the Board held on 24 March 2016 appointed Mr. WAN Feng as the Chief Executive Officer of the Company, Mr. WAN Feng no longer served as the Chief Operation Officer (President) of the Company. The qualification of Mr. WAN Feng was approved by the CIRC. Mr. KANG Dian no longer served as the Chief Executive Officer of the Company.

Mr. SUN Yuchun tender his resignation report to the Company, and he no longer served as the assistant to the president and all the other positions of the Company since 20 August 2016.

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

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

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

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

As of 30 June 2016, according to the information available to the Company and the as far as our directors are aware of, there are no interests or short positions (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) held by our directors, supervisors and chief executive in our shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will be required to be entered into the register maintained by the Company pursuant to Section 352 of the SFO or which shall be notified to the Company and the HKSE pursuant to the Model Code for Securities Transactions.

SECTION 9
APPENDIX

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

International Auditor's Independent Review Report
To the Board of Directors of New China Life Insurance Company Ltd.
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements, set out on pages 60 to 124, which comprise the interim condensed consolidated statement of financial position of New China Life Insurance Company Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2016 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards, or accept liability to, any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Ernst & Young
Certified Public Accountants

Hong Kong
30 August 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016
(All amounts in RMB million unless otherwise stated)

	Notes	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	*7*	**4,549**	3,626
Debt financial assets		**425,434**	348,281
– Held-to-maturity	*8(1)*	**195,974**	177,502
– Available-for-sale	*8(2)*	**173,688**	116,668
– At fair value through profit or loss	*8(3)*	**3,213**	3,389
– Loans and receivables	*8(4)*	**52,559**	50,722
Equity financial assets		**99,220**	110,696
– Available-for-sale	*8(2)*	**85,304**	100,229
– At fair value through profit or loss	*8(3)*	**13,916**	10,467
Term deposits	*8(5)*	**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	*19*	**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

The notes on pages 66 to 124 form an integral part of the interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016
(All amounts in RMB million unless otherwise stated)

	Notes	**As at 30 June 2016 Unaudited**	As at 31 December 2015
LIABILITIES AND EQUITY			
Liabilities			
Insurance contracts			
Long-term insurance contract liabilities	*9*	**537,244**	522,799
Short-term insurance contract liabilities			
– Outstanding claims liabilities	*9*	**521**	559
– Unearned premiums liabilities	*9*	**1,409**	1,083
Investment contracts	*10*	**29,739**	27,166
Borrowings	*11*	**19,000**	19,000
Financial liabilities at fair value through profit or loss		**17**	22
Financial assets sold under agreements to repurchase	*12*	**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	*13*	**29**	29
Other liabilities		**7,913**	5,843
Current income tax liabilities		**947**	1,007
Deferred tax liabilities	*19*	**54**	853
Total liabilities		**628,321**	602,719
Shareholders' equity			
Share capital	*14*	**3,120**	3,120
Reserves	*15*	**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

The notes on pages 66 to 124 form an integral part of the interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

		For the six months ended 30 June	
	Notes	**2016 Unaudited**	2015 Unaudited
REVENUES			
Gross written premiums and policy fees	*16*	**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	*17*	**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	*18*	**(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	*19*	**(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	*20*	**1.07**	2.16
Diluted	*20*	**1.07**	2.16

The notes on pages 66 to 124 form an integral part of the interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

	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

The notes on pages 66 to 124 form an integral part of the interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

	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

	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	**–**	**–**	**(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**

The notes on pages 66 to 124 form an integral part of the interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

	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 beginning of period	**13,904**	14,503
Cash and cash equivalents at end of 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 end of period	**13,209**	19,920

The notes on pages 66 to 124 form an integral part of the interim condensed consolidated financial statements

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

1 BACKGROUND AND PRINCIPAL ACTIVITIES

New China Life Insurance Company Ltd. (the "Company") was established as a joint stock limited company in September 1996 in Beijing, the People's Republic of China (the "PRC") with the authorization of the State Council of the PRC and the approval by the People's Bank of China. The Company's initial registered capital on the date of incorporation was Renminbi ("RMB") 500 million. The registered capital was increased to RMB1,200 million in December 2000 and further increased to RMB2,600 million in March 2011, with the approval of the China Insurance Regulatory Commission (the "CIRC"). In December 2011, the Company completed its initial public offering of 158,540,000 of A share in the Shanghai Stock Exchange, and issued 358,420,000 H shares on the Hong Kong Stock Exchange.In January 2012, the Company exercised the right of H share overallotment in overseas markets, and issued 2,586,600 shares of H shares of the overallotment shares. Upon the approval of the CIRC, the company's registered capital was increased to RMB3,120 million. The address of the Company's registered office is No.1 East Hunan Road, Yanqing County, Beijing, the PRC.

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

As at 30 June 2016, the Company has equity interests in subsidiaries and consolidated structured entities as set out in Note 26. The Company, its subsidiaries and its consolidated structured entities are hereinafter collectively referred to as the "Group".

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

2 BASIS OF PREPARATION

The unaudited 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.

(All amounts in RMB million unless otherwise stated)

2 BASIS OF PREPARATION (Continued)

(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.

2 BASIS OF PREPARATION (Continued)

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

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 amortize 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 non-current 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 other comprehensive income 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 other comprehensive income 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 other comprehensive income. 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.

2 BASIS OF PREPARATION (Continued)

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

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.

2 BASIS OF PREPARATION (Continued)

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

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 the recognition 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 a new 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.

2 BASIS OF PREPARATION (Continued)

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

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

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.

(All amounts in RMB million unless otherwise stated)

2 BASIS OF PREPARATION (Continued)

(b) 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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Significant judgments

(1) Unbundling and classification of hybrid contracts

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

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

(2) Testing the significance of insurance risk

When determining whether the contracts (or policies) transfer significant insurance risk, the Group considers: (i) annuity contracts that transfer longevity risk are treated as insurance contracts; (ii) for non-annuity contracts, if the insurance risk ratio is greater than or equal to 5% at certain points of time during the duration of the contracts, they are treated as insurance contracts; the insurance risk ratio is derived by comparing the benefits paid with the benefits payable if the insured event did not occur.

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Significant judgments (Continued)

(2) Testing the significance of insurance risk (Continued)

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

(3) Operating lease – as the lessor

The Group, as the lessor, signs agreements with lessees when the investment properties are leased. According to the term of the lease agreement, the Group retains substantially all the rewards and risks of the ownership of investment properties. So the Group accounts for the lease as an operating lease.

Estimation uncertainty

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

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

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

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

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Estimation uncertainty (Continued)

(2) Fair value of financial assets

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

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

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

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

- Term deposits, statutory deposits, financial assets purchased under agreements to resell, financial assets sold under agreements to repurchase, policy loans, etc.:Fair values approximate their carrying amounts.

- Other financial assets: The fair values of other financial assets, including investment clearing account and litigation deposit, approximate their carrying amounts.

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

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Estimation uncertainty (Continued)

(4) Deferred income tax assets

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

(5) Contingencies and provisions

In the ordinary course of business, the Group may be involved in some contingencies including lawsuits and disputes. The adverse effects of the contingencies mainly include claims from insurance policies and other operations, including but not limited to the following: Former Chairman Mr. GUAN Guoliang Irregularities as described in Note 3(6) below; and pending lawsuits and disputes (Note 13). Provisions have been made on those claims when losses are probable and can be reasonably estimated taking into consideration legal advice. No provision has been made for events whose outcome cannot be reasonably estimated or contingencies that are unlikely to happen. Because contingency events develop over time, provisions recognized currently may be significantly different from final settlement amounts actually paid.

(6) Former Chairman Mr. GUAN Guoliang Irregularities

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

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

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Estimation uncertainty (Continued)

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

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

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

On 13 May 2014, the Supreme People's Court rejected Tianhuan Real Estate's appeal and upheld the verdict. On 8 July 2014, Chongqing Municipal Higher People's Court issued final order to Tianhuan Real Estate for payment, ruling that RMB815 million of Tianhuan Real Estate should be frozen or appropriated. On 24 November 2015, Beijing No.2 Intermediate People's Court deducted RMB16 million attributable to Tianhuan Real Estate from the bankruptcy of Shenzhen Huirun Co., Ltd. and issued a plan. On 25 May 2016, the Company received RMB16 million.

The Company does not have complete information regarding these Off-balance Sheet Repurchase Transactions or cash flows to or from those Off-balance Sheet Accounts. The Company is not able to assess the nature of these transactions, or clearly identify receivable or payable balances between the Company and those aforementioned former shareholders. The Company recorded funds received and paid described above as a net amount of RMB915 million as receivable from Off-balance Sheet Repurchase Transactions under "Other Assets". The Company has been in the process of recovering the abovementioned amounts through legal actions. The Company's management anticipated there has been significant uncertainty in recovering the balance and a provision of RMB915 million was made as at 30 June 2016 (as at 31 December 2015: RMB931 million).

(7) Taxation

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

4 CHANGE IN SIGNIFICANT ACCOUNTING ESTIMATES

Insurance contract liabilities are calculated using various actuarial assumptions, including assumptions on the discount rates, mortality rates, morbidity rates, lapse rates, policy dividend and expenses assumption.

These assumptions are determined by the Group on the basis of information obtained at the end of the reporting period. The Group resets these assumptions, when necessary, based on current information available at the end of reporting period. Variations of related insurance contract reserves due to changes in these assumptions are recognized in the condensed consolidated statement of comprehensive income. For the six months ended 30 June 2016, long-term insurance contract liabilities increased by RMB1,553 million, and profit before income tax decreased by RMB1,553 million due to the change in accounting estimates.

The above change in accounting estimates has been approved by the Board of Directors of the Company on 30 August 2016.

5 RISK MANAGEMENT

The condensed consolidated interim financial information does not include all risk management information and disclosures required in the consolidated annual financial statements; they should be read in conjunction with the Group's consolidated annual financial statements for the year ended 31 December 2015. There have been no changes in the Group's risk management process or in relevant risk management policies since 31 December 2015.

(1) Insurance risk

(a) Types of insurance risk

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

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

5 RISK MANAGEMENT (Continued)

(1) Insurance risk (Continued)

(a) *Types of insurance risk (Continued)*

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

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

(b) *Concentration of insurance risk*

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

(2) Financial risk

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

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

5 RISK MANAGEMENT (Continued)

(2) Financial risk (Continued)

(a) Market risk

(i) Interest rate risk

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

(ii) Price risk

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

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

(iii) Currency risk

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

5 RISK MANAGEMENT (Continued)

(2) Financial risk (Continued)

(b) Credit risk

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

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

Credit risk exposure

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

Collateral and other credit enhancements

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

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (Continued)

(2) Financial risk (Continued)

(b) Credit risk (Continued)

Credit quality

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

(c) Liquidity risk

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

(d) Risks relating to investments in trust products, bank wealth investment products, debt investment plans, equity investment plans,asset funding plans, asset management products and other unlisted equity investments

The Group's investments in trust products, bank wealth investment products, debt investment plans, equity investment plans, asset funding plans, asset management products and other unlisted equity investments are subject to the terms and conditions of the respective offering documents. The Group makes investment decisions after extensive due diligence of those underlying trust products, bank wealth investment products, debt investment plans, equity investment plans, asset funding plans, asset management products and other unlisted equity investments, their strategies and the overall quality of the underlying assets' managers. The Group continuously monitors the overall quality of those investments mentioned above after initial investment, and periodically reviews their extension, early redemption, liquidity, default risk and changes in market, economic or company specific conditions.

The carrying amount of investments in those trust products, bank wealth investment products, debt investment plans, equity investment plans,asset funding plans, asset management products and other unlisted equity investments is the best representation of the Group's maximum exposure to loss from those investments.

5 RISK MANAGEMENT (Continued)

(2) Financial risk (Continued)

(e) Matching risk of assets and liabilities

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

(3) Capital management

The Company's objectives for managing capital, which is actual capital calculated as the difference between admitted assets and admitted liabilities as defined of the CIRC, are to comply with the insurance capital requirements of the CIRC to meet the minimum capital and safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

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

Pursuant to "Notification of Related Matters on Official Implementation of China Risk Oriented Solvency System" released by the CIRC, insurance companies should implement Insurance Institution Solvency Regulations (NO.1 to NO.17) ("C-ROSS") from 1 January 2016. The Company computes solvency ratio in accordance with C-ROSS, and recognizes, assesses and manages variant risks from 1 January 2016.

(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (Continued)

(3) Capital management (Continued)

The table below summarises the solvency ratios of the Company under C-ROSS:

	As at 30 June 2016 Unaudited	As at 31 December 2015 Unaudited
Core capital	**159,055**	145,680
Actual capital	**178,055**	164,680
Minimum capital	**63,179**	58,613
Core solvency margin ratio	**251.75%**	248.54%
Comprehensive solvency margin ratio	**281.83%**	280.96%

(4) Fair value hierarchy

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

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

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

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

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

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (Continued)

(4) Fair value hierarchy (Continued)

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

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

The following table summarizes the quantitative inputs and assumptions used for financial instruments categorized in Level 3 of the fair value hierarchy as at 30 June 2016. The disclosure below excludes financial instruments for which the fair value approximates the carrying amount. This is the case because of the short term nature of certain trust products and bank wealth investment products, and the fact that the development of interest rates or similar financial variables has not led to any significant change in fair value for the six months ended 30 June 2016.

Available-for-sale financial assets	Fair value	Valuation technique	Significant unobservable inputs	Range	Relationship between unobservable inputs and fair value
Trust products	50,714	Discounted cash flow	Discount rate	4.3%~11%	The higher the discount rate, the lower the fair value.
Wealth investment products	76,140	Discounted cash flow	Discount rate	3.40%~4.28%	The higher the discount rate, the lower the fair value.

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (Continued)

(4) Fair value hierarchy (Continued)

(a) Assets and liabilities measured at fair value

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities measured at fair value as at 30 June 2016:

	Inputs to fair value measurement			
As at 30 June 2016 (Unaudited)	**Quoted prices in active markets Level 1**	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**	**Total**
Assets				
Available-for-sale financial assets				
– Equity financial assets	**67,853**	**909**	**500**	**69,262**
– Debt financial assets	**1,101**	**45,653**	**126,934**	**173,688**
Financial assets at fair value through profit or loss				
Held for trading				
– Equity financial assets	**13,753**	**25**	**–**	**13,778**
– Debt financial assets	**64**	**561**	**–**	**625**
Designated as at fair value through profit or loss				
– Equity financial assets	**–**	**138**	**–**	**138**
– Debt financial assets	**–**	**–**	**2,588**	**2,588**
Total	**82,771**	**47,286**	**130,022**	**260,079**
Liabilities				
Financial liabilities at fair value through profit or loss	**–**	**17**	**–**	**17**
Unit-linked contracts	**–**	**265**	**–**	**265**
Total	**–**	**282**	**–**	**282**

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(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (Continued)

(4) Fair value hierarchy (Continued)

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

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities measured at fair value as at 31 December 2015:

	Inputs to fair value measurement			
As at 31 December 2015	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
Assets				
Available-for-sale financial assets				
– Equity financial assets	83,213	2,142	500	85,855
– Debt financial assets	2,110	47,399	67,159	116,668
Financial assets at fair value through profit or loss				
Held for trading				
– Equity financial assets	10,305	26	–	10,331
– Debt financial assets	199	602	–	801
Designated as at fair value through profit or loss				
– Equity financial assets	–	136	–	136
– Debt financial assets	–	–	2,588	2,588
Total	95,827	50,305	70,247	216,379
Liabilities				
Financial liabilities at fair value through profit or loss	–	22	–	22
Unit-linked contracts	–	285	–	285
Total	–	307	–	307

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (Continued)

(4) Fair value hierarchy (Continued)

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

The Group recognized the transfers between each level at the dates of the transfers occurred.

The following table presents the transfers between Level 1 and Level 2 for the six months ended 30 June 2016 and for the year ended 31 December 2015:

For the six months ended 30 June 2016 (Unaudited)	**Level 1**	**Level 2**
Available-for-sale financial assets		
Equity financial assets		
– Transfer in	**850**	**388**
– Transfer out	**(388)**	**(850)**
Debt financial assets		
– Transfer in	**616**	**1,330**
– Transfer out	**(1,330)**	**(616)**
Financial assets at fair value through profit or loss		
Held for trading		
Equity financial assets		
– Transfer in	**16**	**1**
– Transfer out	**(1)**	**(16)**

For the year ended 31 December 2015	Level 1	Level 2
Available-for-sale financial assets		
Equity financial assets		
– Transfer in	809	1,548
– Transfer out	(1,548)	(809)
Debt financial assets		
– Transfer in	1,721	882
– Transfer out	(882)	(1,721)
Financial assets at fair value through profit or loss		
Held for trading		
Equity financial assets		
– Transfer in	92	–
– Transfer out	–	(92)

(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (Continued)

(4) Fair value hierarchy (Continued)

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

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

There were no transfers into or out of Level 3 for the six months ended 30 June 2016 and for the year ended 31 December 2015.

The changes in Level 3 financial assets are analyzed below:

	Available-for-sale financial assets			Financial assets at fair value through profit or loss	
	Equity financial assets	**Debt financial assets**	**Subtotal**	**Designated as at fair value through profit or loss – Debt financial assets**	**Total**
1 January 2015	174	60,704	60,878	2,588	63,466
Purchase	500	42,323	42,823	–	42,823
Maturity	(174)	(35,868)	(36,042)	–	(36,042)
31 December 2015	500	67,159	67,659	2,588	70,247
1 January 2016	**500**	**67,159**	**67,659**	**2,588**	**70,247**
Purchase	**–**	**82,225**	**82,225**	**–**	**82,225**
Maturity	**–**	**(22,450)**	**(22,450)**	**–**	**(22,450)**
30 June 2016 (Unaudited)	**500**	**126,934**	**127,434**	**2,588**	**130,022**

There are no material gains or losses recognized in other comprehensive income for the six months ended 30 June 2016 that are attributable to level 3 financial assets held by the Group as at 30 June 2016 (as at 31 December 2015: Nil).

(All amounts in RMB million unless otherwise stated)

5 RISK MANAGEMENT (Continued)

(4) Fair value hierarchy (Continued)

(b) Assets and liabilities for which disclosed at fair value

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

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

The following tables provide the Group's assets and liabilities not measured at fair value as at 30 June 2016 and 31 December 2015:

As at 30 June 2016 (Unaudited)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Held-to-maturity	**8,436**	**203,527**	**–**	**211,963**
Loans and receivables	**–**	**–**	**52,559**	**52,559**
Total	**8,436**	**203,527**	**52,559**	**264,522**
Liabilities				
Borrowings	**–**	**(19,452)**	**–**	**(19,452)**
Total	**–**	**(19,452)**	**–**	**(19,452)**

As at 31 December 2015	Level 1	Level 2	Level 3	Total
Assets				
Held-to-maturity	8,138	185,398	–	193,536
Loans and receivables	–	13	50,709	50,722
Investment properties	–	–	3,208	3,208
Total	8,138	185,411	53,917	247,466
Liabilities				
Borrowings	–	(19,492)	–	(19,492)
Total	–	(19,492)	–	(19,492)

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

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

6 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.

	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

For the six months ended 30 June 2016
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6 SEGMENT INFORMATION (Continued)

	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

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6 SEGMENT INFORMATION (Continued)

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

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

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

7 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

	As at 30 June 2016 Unaudited	As at 31 December 2015
Associates		
China Jinmao Holdings Group Limited ("China Jinmao")	**2,823**	2,822
Beijing Zijin Century Real Estate Co., Ltd. ("Zijin Century") (i)	**758**	763
New China Capital International Management Limited ("New China Capital International")	**24**	26
Beijing MJ Health Screening Center Co., Ltd. ("MJ Health")	**10**	15
Nanjing Weiyuanzhou Real Estate Co., Ltd. ("Weiyuanzhou") (ii)	**190**	–
Joint venture		
New China Life Excellent Health Investment Management Co., Ltd. ("New China Health") (iii)	**744**	–
Total	**4,549**	3,626

7 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

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

(ii) On 22 September 2015, the Company signed a share transfer agreement with Weiyuanzhou and Tang Wei, the shareholder of Weiyuanzhou, for the purchase of 40% of the shares of Weiyuanzhou. The Company needs to pay RMB192 million according to the agreement, and up to the date of the interim condensed consolidated financial statements, the Company has paid RMB38 million. On 14 April 2016, the business license of Weiyuanzhou had been revised according to the share transfer transaction.

(iii) On 4 December 2015, the Company and New China Health, signed an investment agreement with iKang Guobin Healthcare Group Ltd. ("iKang Guobin") and Shenzhen Top Spring Puchang Investment Management Co., Ltd. ("Top Spring Puchang"). iKang Guobin and Top Spring Puchang subscribed RMB507 million and RMB113 million of the additional registered capital respectively with RMB765 million and RMB170 million paid in cash. On 22 January 2016, New China Health changed the registered capital to RMB1,127 million. After the change, the Company, iKang Guobin and Top Spring Puchang hold 45%, 45% and 10% of the shares respectively. As the Company and iKang Guobin has joint control over New China Health, New China Health is classified as an investment in joint venture since 1 January 2016.

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

Except China Jinmao, the above investments in associates and joint ventures are non-public entities, and there is no quoted market price available. As at 30 June 2016, the stock price of China Jinmao was HKD2.18 per share.

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

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8 FINANCIAL ASSETS

(1) Held-to-maturity investments

	As at 30 June 2016 Unaudited	As at 31 December 2015
Debt financial assets		
Government bonds	**62,467**	45,834
Financial bonds	**31,129**	29,724
Corporate bonds	**43,224**	42,792
Subordinated bonds	**59,154**	59,152
Total	**195,974**	177,502
Debt financial assets		
Listed	**27,348**	26,538
Unlisted	**168,626**	150,964
Total	**195,974**	177,502

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

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

Maturity	**As at 30 June 2016 Unaudited**	As at 31 December 2015
Within 1 year (including 1 year)	**2,533**	1,411
After 1 year but within 3 years (including 3 years)	**25,689**	19,815
After 3 years but within 5 years (including 5 years)	**18,043**	21,783
After 5 years	**149,709**	134,493
Total	**195,974**	177,502

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8 FINANCIAL ASSETS (Continued)

(2) Available-for-sale financial assets

	As at 30 June 2016 Unaudited	As at 31 December 2015
Debt financial assets		
Government bonds	**301**	40
Financial bonds	**3,028**	3,387
Corporate bonds	**30,495**	31,841
Subordinated bonds	**12,930**	14,241
Trust products	**50,714**	49,903
Wealth investment products	**76,140**	17,176
Asset management plans	**80**	80
Subtotal	**173,688**	116,668
Equity financial assets		
Funds	**32,413**	42,570
Stock	**25,811**	31,820
Preferred stock	**1,101**	913
Asset management plans	**9,937**	10,552
Private equity	**1,779**	996
Equity investment plans	**3,200**	3,200
Other unlisted equity investments	**11,063**	10,178
Subtotal	**85,304**	100,229
Total	**258,992**	216,897
Debt financial assets		
Listed	**6,323**	7,356
Unlisted	**167,365**	109,312
Subtotal	**173,688**	116,668
Equity financial assets		
Listed	**31,132**	37,614
Unlisted	**54,172**	62,615
Subtotal	**85,304**	100,229
Total	**258,992**	216,897

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(All amounts in RMB million unless otherwise stated)

8 FINANCIAL ASSETS (Continued)

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

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

Maturity	As at 30 June 2016 Unaudited	As at 31 December 2015
Within 1 year (including 1 year)	**65,707**	23,621
After 1 year but within 3 years (including 3 years)	**44,197**	22,534
After 3 years but within 5 years (including 5 years)	**40,381**	35,796
After 5 years	**23,403**	34,717
Total	**173,688**	116,668

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

(All amounts in RMB million unless otherwise stated)

8 FINANCIAL ASSETS (Continued)

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

	As at 30 June 2016 Unaudited	As at 31 December 2015
Held for trading		
Debt financial assets		
Government bonds	**45**	–
Corporate bonds	**151**	367
Subordinated bonds	**429**	434
Debt financial assets subtotal	**625**	801
Equity financial assets		
Funds	**12,914**	9,701
Stocks	**864**	630
Equity financial assets subtotal	**13,778**	10,331
Subtotal	**14,403**	11,132
Designated as at fair value through profit or loss		
Debt financial assets		
Asset management plans	**2,588**	2,588
Debt financial assets subtotal	**2,588**	2,588
Equity financial assets		
Preferred stock	**138**	136
Equity financial assets subtotal	**138**	136
Subtotal	**2,726**	2,724
Total	**17,129**	13,856
Debt financial assets		
Listed	**68**	206
Unlisted	**3,145**	3,183
Subtotal	**3,213**	3,389
Equity financial assets		
Listed	**1,392**	1,048
Unlisted	**12,524**	9,419
Subtotal	**13,916**	10,467
Total	**17,129**	13,856

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

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8 FINANCIAL ASSETS (Continued)

(4) Loans and receivables

	As at 30 June 2016 Unaudited	As at 31 December 2015
Government bonds	**–**	13
Asset funding plans (i)	**20,000**	20,000
Debt investment plans (ii)	**31,149**	29,299
Subordinated debt	**1,410**	1,410
Total	**52,559**	50,722

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

Orient No.1 Funding Plan was set up by the Group in April 2013. The aggregate principal amount is RMB10,000 million. With the funding plan, the Group disburses loans to the party mentioned below. The Group's exposure is limited to the outstanding principal and interest. Under this 10-year funding plan, China Orient Asset Management Co. ("Orient Asset") should repay the principal and interest when due. Orient Asset has the right to redeem the debts at the end of the 7th year. The title documents of certain assets owned by Orient Asset, which were verified by the plan manager of the Funding Plan, are co-managed by Orient Asset and the plan manager. This co-management serves as a credit enhancement for this funding plan.

Huarong No.1 Funding Plan was set up by the Group in December 2013. The aggregate principal amount is RMB10,000 million. With the funding plan, the Group disburses loans to the party mentioned below. The Group's exposure is limited to the outstanding principal and interest. Under this 7-year funding plan, China Huarong Asset Management Co. ("Huarong Asset") should repay the principal and interest when due. Huarong Asset has the right to redeem the debts at the end of the 5th year. The title documents of certain assets owned by Huarong Asset, which were verified by the plan manager of the Funding Plan,which are co-managed by Huarong Asset, the Trustee and the plan manager. This co-management serves as a credit enhancement for this funding plan.

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

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8 FINANCIAL ASSETS (Continued)

(5) Term deposits

The due dates of the term deposits are as follows:

Maturity	**As at 30 June 2016 Unaudited**	As at 31 December 2015
Within 1 year (including 1 year)	**57,163**	69,534
After 1 year but within 3 years (including 3 years)	**18,836**	47,045
After 3 years but within 5 years (including 5 years)	**15,100**	11,100
Total	**91,099**	127,679

9 INSURANCE CONTRACT LIABILITIES

(1) Process used to determine assumptions

(a) Discount rate assumption

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

In developing discount rate assumptions, the Group considers investment experience, current and future investment portfolios and the trend of the yield curve. The discount rate reflects the future economic outlook as well as the Group's investment strategy. The expected discount rates with risk margins of the Group as at 30 June 2016 and 31 December 2015 are as follows:

	Discount rate assumption
30 June 2016 (Unaudited)	**4.75%-5.23%**
31 December 2015	4.75%-5.23%

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(All amounts in RMB million unless otherwise stated)

9 INSURANCE CONTRACT LIABILITIES (Continued)

(1) Process used to determine assumptions (Continued)

(a) Discount rate assumption (Continued)

For life insurance contracts whose future insurance benefits are not affected by investment yields of corresponding investment portfolios, the Group uses the discount rate assumption to assess the time value impacts based on the "yield curve of liability computation benchmark for insurance contracts" published on the "China Bond" website, with consideration of liquidity spreads, taxation impacts and other relevant factors.The expected discount rates of the Group as at 30 June 2016 and 31 December 2015 are as follows:

	Discount rate assumption
30 June 2016 (Unaudited)	**3.47%-5.74%**
31 December 2015	3.57%-5.93%

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

(b) Mortality and morbidity assumption

The Group bases its mortality assumption on the China Life Insurance Life Mortality Table (2000-2003), adjusted where appropriate to reflect the Group's historical mortality rate. The main source of uncertainty with life insurance contracts is epidemics, such as bird flu, AIDS and SARS, and wide-ranging lifestyle changes could result in deterioration in future mortality rate, thus leading to an inadequate liability provision. Similarly, continuous advancements in medical care and social welfare could result in improvements in the longevity that exceed the assumption used in the estimates to determine the liabilities for contracts where the Group is exposed to longevity risk.

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

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

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9 INSURANCE CONTRACT LIABILITIES (Continued)

(1) Process used to determine assumptions (Continued)

(c) Expenses assumption

The Group's expenses assumption is determined based on actual experience analysis, with consideration of future inflation, expressed on both pre-policy/insured and a percent-of-premium basis. The Group's expenses assumption is affected by certain factors, such as inflation and market competition. The Group determines expense assumption based on the information obtained at the end of each reporting period with the consideration of risk margin.

	Individual life insurance		Group life insurance	
	RMB per policy	% of premium	RMB per insured	% of premium
30 June 2016 (Unaudited)	**85-95**	**1.20%-1.55%**	**55**	**0.45%**
31 December 2015	85-95	1.20%-1.55%	55	0.45%

(d) Policy dividend assumption

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

(e) Lapse rate and other assumptions

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

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

9 INSURANCE CONTRACT LIABILITIES (Continued)

(2) Net liabilities of insurance contracts

	As at 30 June 2016 Unaudited	As at 31 December 2015
Gross		
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
Total, gross	**539,174**	524,441
Recoverable from reinsurers		
Long-term insurance contracts	**(2,088)**	(3,180)
Short-term insurance contracts		
– Outstanding claims liabilities	**(21)**	(32)
– Unearned premiums liabilities	**(92)**	(53)
Total, ceded	**(2,201)**	(3,265)
Net		
Long-term insurance contract liabilities	**535,156**	519,619
Short-term insurance contract liabilities		
– Outstanding claims liabilities	**500**	527
– Unearned premiums liabilities	**1,317**	1,030
Total, net	**536,973**	521,176

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10 LIABILITIES OF INVESTMENT CONTRACTS

	As at 30 June 2016 Unaudited	As at 31 December 2015
Investment contracts excluding unit-linked contracts	**29,474**	26,881
Unit-linked contracts	**265**	285
Total	**29,739**	27,166

11 BORROWINGS

Upon the approval of the CIRC in September 2011, the Company completed an offering of 10-year subordinated debt in an aggregated principal amount of RMB5,000 million, and with an interest rate of 5.7% per annum. The Company has the right to redeem the debt partially or wholly at the end of the fifth year. If the Company does not exercise the redemption right or partially exercise the redemption right, the interest rate will step up to 7.7% per annum beginning in the sixth year until the maturity date.On 26 July 2016, the fourth meeting of the sixth session of the Board of Directors approved the early redemption of the subordinated debt with the amount of RMB5,000 million in September 2016.

Upon the approval of the CIRC in July 2012, the Company completed an offering of 10-year subordinated debt in an aggregated principal amount of RMB10,000 million, and with an interest rate of 4.6% per annum. The Company has the right to redeem the debts partially or wholly at the end the fifth year. If the Company does not exercise the redemption right or partially exercise the redemption right, the interest rate will step up to 6.6% per annum beginning in the sixth year until the maturity date.

Upon the approval of the CIRC in November 2014, the Company completed an offering of 10-year subordinated debt in an aggregate principal amount of RMB4,000 million, and with an interest rate of 5.6% per annum. The Company has the right to redeem the debts partially or wholly at the end of the fifth year. If the Company does not exercise the redemption right or partially exercise the redemption right, the interest rate will step up to 7.6% per annum beginning in the sixth year until the maturity date.

The repayment of principal and interests of the subordinated debt is subordinated to policy liabilities and other liabilities but prior to the Company's equity capital.

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(All amounts in RMB million unless otherwise stated)

12 FINANCIAL ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

	As at 30 June 2016 Unaudited	As at 31 December 2015
By market		
Inter-bank market	**7,546**	4,890
Stock exchange	**21,285**	14,926
Total	**28,831**	19,816
By collateral		
Bonds	**28,831**	19,816
Total	**28,831**	19,816

Maturity	**As at 30 June 2016 Unaudited**	As at 31 December 2015
Within 3 months (including 3 months)	**28,831**	19,816
Total	**28,831**	19,816

As at 30 June 2016, bonds with par value of RMB7,727 million (as at 31 December 2015: RMB4,932 million) were pledged as collateral for financial assets sold under agreements to repurchase resulting from repurchase transactions entered into by the Group in the inter-bank market. The collateral is restricted from trading during the period of the repurchase transactions.

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

As at 30 June 2016, the amount of financial assets deposited in the collateral pool was RMB30,258 million (as at 31 December 2015: RMB31,874 million). The collateral is restricted from trading during the period of the repurchase transaction. The Group can withdraw the exchange-traded bonds from the collateral pool in a short period of time under the condition that the value of certain bonds is no less than the balance of the related repurchase transactions.

13 PROVISIONS

	Lawsuits and disputes
As at 1 January 2016	**29**
Increase	**–**
Decrease	**–**
As at 30 June 2016 (Unaudited)	**29**

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

14 SHARE CAPITAL

All shares of the Company issued are fully paid common shares. The par value per share is RMB1. The Company's number of shares is as follows:

	As at 30 June 2016 Unaudited	As at 31 December 2015
Number of shares registered, issued and fully paid at RMB1 per share (million)	**3,120**	3,120

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(All amounts in RMB million unless otherwise stated)

15 RESERVES

	As at 30 June 2016 Unaudited	As at 31 December 2015
Share premium	**23,964**	23,964
Other reserve	**(44)**	–
Unrealized income	**1,122**	3,662
Surplus reserve	**2,945**	2,955
Reserve for general risk	**2,945**	2,955
Total	**30,932**	33,536

16 GROSS WRITTEN PREMIUMS AND POLICY FEES

	For the six months ended 30 June	
	2016 Unaudited	2015 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

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

17 INVESTMENT INCOME

	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

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(All amounts in RMB million unless otherwise stated)

18 ADMINISTRATIVE EXPENSES

	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

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

19 TAXATION

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

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

	For the six months ended 30 June	
	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:

	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 unrecognized deferred tax assets arising from deductible losses and deductible temporary differences	**18**	19
Adjustment to the current tax of prior years	**–**	(1)
Effect of 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.

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

19 TAXATION (Continued)

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

	Financial assets	Insurance liability and others	Total
Net deferred tax assets			
As at 1 January 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.

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

19 TAXATION (Continued)

(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:

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

20 EARNINGS PER SHARE

(1) Basic

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

	For the six months ended 30 June	
	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).

21 DIVIDEND

Pursuant to a resolution approved at shareholders' general meeting on 27 June 2016, a final dividend of RMB0.28 per ordinary share (inclusive of tax) totalling RMB873 million was declared.

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS

(1) Related parties

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

Significant related parties	Relationships
New China Asset Management Co., Ltd. ("New China Asset Management")	Subsidiary of the Company
Yunnan New China Insurance Agency Co., Ltd. ("Yunnan New China")	Subsidiary of the Company
Xinhua Village Health Technology (Beijing) Co., Ltd. ("Health Technology")	Subsidiary of the Company
Xinhua Village Seniors Business Management (Beijing) Co., Ltd. ("Xinhua Seniors")	Subsidiary of the Company
Xinhua Village Shanggu (Beijing) Real Estate Co., Ltd. ("Shanggu Real Estate")	Subsidiary of the Company
New China Electronic Commerce Co., Ltd. ("Electronic Commerce")	Subsidiary of the Company
Hefei New China Life Supporting Construction Operation Management Co., Ltd. ("Hefei Supporting Operation")	Subsidiary of the Company
New China Asset management (Hong Kong) Co., Ltd. ("Asset Management Company (Hong Kong)")	Subsidiary of the Company
Xinhua Village Seniors Investment Management (Hainan) Co., Ltd. ("Hainan Seniors")	Subsidiary of the Company
Beijing Century Haoran Power Science and Technology Development Co., Ltd. ("Haoran Power")	Subsidiary of the Company
Guangzhou Yuerong Project Construction Management Co., Ltd. ("Guangzhou Yuerong")	Subsidiary of the Company
Orient No.1 Funding Plan	Subsidiary of the Company
Huarong No.1 Funding Plan	Subsidiary of the Company
New China-Mingdao Appreciation Asset Management Product ("Mingdao Fund")	Subsidiary of the Company
MJ Health	Associate of the Company
Zijin Century	Associate of the Company
New China Capital International	Associate of the Company
China Jinmao	Associate of the Company
Weiyuanzhou	Associate of the Company
New China Health	Joint venture of the Company
Central Huijin Investment Ltd. ("Huijin")	Shareholder that has significant influence over the Company

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(2) Significant transactions with related parties

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

	For the six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
Transactions between the Group and other related parties		
– Interest from bonds issued by Huijin (i)	**15**	6
– Cash dividends received from MJ Health	**1**	–
– Cash dividends received from New China Capital International (ii)	**13**	–
– Cash dividends from China Jinmao (iii)	**71**	–
– Health check and service fee paid to New China Health (iv)	**7**	Not Applicable
– Rent earned from New China Health (v)	**3**	Not Applicable
Transactions between the Company and its subsidiaries		
– Capital contribution to Hainan Seniors (Note 26(iv))	**203**	225
– Investment management fee to New China Asset Management (vi)	**184**	155
– Capital contribution to Xinhua Seniors (Note 26(ii))	**102**	–
– Investment management fee to Asset Management Company (Hong Kong) (vi)	**26**	13
– Rent paid to Haoran Power (vii)	**16**	–
– Rent earned from New China Asset Management (v)	**3**	2
– IT service fee paid to Electronic Commerce (viii)	**2**	2
– Conference and training fees paid to Health Technology (ix)	**2**	–
– Investment management fee to Mingdao Fund	**1**	–
– Health check and service fee paid to New China Health (iv)	**Not applicable**	5
– Rent earned from New China Health (v)	**Not applicable**	1

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(2) Significant transactions with related parties (Continued)

(i) Bond interest from Huijin

Huijin became a shareholder of the Company in 2009 and directly held 31.34% of the Company's shares as at 30 June 2016. Huijin is a state-owned investment company approved by the State Council. The function of Huijin is to hold specific equity investments to the extent of capital contributions on behalf of the State Council in order to maintain and increase the value of state-owned assets. Huijin should not undertake any commercial activities or intervene routine operation of the investee. The Group and Company conduct transactions with other entities that are controlled by, under common control or significant influence of Huijin, including deposit, investment custody, agency sales of insurance products and re-insurance transactions.

In 2010 and 2015, the Company purchased bonds issued by Huijin at a par value of RMB300 million and RMB500 million from the inter-bank market respectively. As at 30 June 2016, the carrying value of these bonds was RMB800 million (as at 31 December 2015: RMB799 million). The recognised bond interest for the six months ended 30 June 2016 was RMB15 million (for the six months ended 30 June 2015: RMB6 million).

(ii) Cash dividends received from New China Capital International

For the six months ended 30 June 2016, the Company received cash dividends amounted to RMB13 million from New China Capital International.

(iii) Cash dividends from China Jinmao

On 2 June 2016, China Jinmao announced dividend distribution,and the cash dividends shared by the Group amounted to RMB71 million.

(iv) Health service fee paid to New China Health

The Company entered into a contract with New China Health. According to the contract, the Company purchased health service from New China Health for underwriting review, employee welfare,marketing and agent incentive plan, etc. Approximately RMB7 million of expenses were incurred for the six months ended 30 June 2016 (for the six months ended 30 June 2015: RMB5 million).

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(2) Significant transactions with related parties (Continued)

(v) Office rental contracts

The Company leases part of the office building located in International City Unit AB at Wuhan, part of the office building located in Blue Ocean Unit A, Green Central Plaza at Hohhot, and part of the office building located in European City at Nanjing to New China Health. The accrued rent revenue for the six months ended 30 June 2016 was RMB3 million (for the six months ended 30 June 2015:RMB1 million).

The Company leases part of New China Life Building at 12 Jianguomenwai Avenue, Chaoyang District, Beijing to New China Asset Management as its office. The accrued rent revenue for the six months ended 30 June 2016 was RMB3 million (for the six months ended 30 June 2015: RMB2 million).

(vi) Investment management service agreement

The Company and New China Asset Management entered into an annual investment management service agreement for entrusted investments in 2016. According to this agreement, New China Asset Management provides investment management services to the Company and independently makes investment decisions in accordance with investment guidance stipulated by the Company. The Company is entitled to all investment returns and bears all losses (subject to negotiation on a case by case basis) from the entrusted investment funds. The Company pays the basic service fee, floating management fee and performance management fee to New China Asset Management. The Company has the right to deduct fees based on the performance of New China Asset Management or other reasons such as the violation of the agreement.

The Company and Asset Management Company (Hong Kong) entered into an annual investment management service agreement for entrusted investments in 2016. According to this agreement, Asset Management Company (Hong Kong) provides investment management services to the Company and independently makes investment decisions in accordance with investment guidance stipulated by the Company. The Company is entitled to all investment returns and bears all losses (subject to negotiation on a case by case basis) from the entrusted investment funds. The Company pays the basic service fee, floating management fee and performance management fee to Asset Management Company (Hong Kong). The Company has the right to deduct fees based on the performance of Asset Management Company (Hong Kong) or other reasons such as the violation of the agreement.

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(2) Significant transactions with related parties (Continued)

(vii) Rent paid to Haoran Power

The Company entered into a lease contract with Haoran Power in 2016. According to the contract, the Company rent part of the office building located at No.137 Jinghaisan Avenue, Yi Zhuang, Daxing District, Beijing from Haoran Power. The accrued rent expense for the six months ended 30 June 2016 was RMB16 million (for the six months ended 30 June 2015: Nil).

(viii) IT service fee paid to Electronic Commerce

In 2015, the Company signed a 2-year agreement on cooperation with Electronic Commerce. According to the contract, Electronic Commerce would provide support on website operation and online service, expansion and marketing on channel of cooperation. The service and management expenses totalling RMB2 million was accrued for the six months ended 30 June 2016 (for the six months ended 30 June 2015: RMB2 million).

(ix) Conference and training fees paid to Health Technology

The Company paid for conference and training service fees to Health Technology. Approximately RMB2 million of expenses were incurred for the six months ended 30 June 2016 (for the six months ended 30 June 2015: Nil).

The office rentals of New China Asset Management and New China Health are based on the prices agreed by both of the deal. The investment management fees to New China Asset Management and Asset Management Company (Hong Kong) are calculated based on the negotiated service charge rates and the scale of investments. The health service fee to New China Health is based on the market price. The rent paid to Haoran Power is based on the price agreed by both of the deal. The information technology services fee to Electronic Commerce and the conference and training fees to Health Technology are based on the price agreed by transaction parties.

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(3) Related party balances

	Group	
	As at 30 June 2016 (Unaudited)	As at 31 December 2015
Interest receivable		
Huijin	**24**	9
Dividends receivables		
China Jinmao	**71**	–
Other receivables		
New China Health	**2**	Not applicable

	Company	
	As at 30 June 2016 (Unaudited)	As at 31 December 2015
Receivables from subsidiaries		
Hefei Supporting Operation	**207**	207
Xinhua Seniors	**63**	43
Hainan Seniors	**20**	–
Health Technology	**17**	17
New China Health	**Not applicable**	5
Payables to subsidiaries		
New China Asset Management	**32**	108
Asset Management Company (Hong Kong)	**14**	–
Haoran Power	**5**	–
New China Health	**Not applicable**	1

No provisions are held against receivables from related parties.

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

(All amounts in RMB million unless otherwise stated)

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(4) Key management's remuneration

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

	For the six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
Payroll and welfare	**20**	23

(5) Transactions with state-owned enterprises

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

As at 30 June 2016, most of bank deposits were with state-owned banks; the issuers of debt financial assets held by the Group were mainly state-owned enterprises; most investments were entrusted to state-owned enterprises. For the six months ended 30 June 2016, a large portion of its group insurance business of the Group was with state-owned enterprises; the majority of bancassurance brokerage charges were paid to state-owned banks and postal office; almost all of the reinsurance agreements of the Group were entered into with a state-owned reinsurance company; and most of the bank deposit interest income was from state-owned banks.

23 CONTINGENCIES

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

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

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24 COMMITMENTS

(1) Capital commitments

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

	As at 30 June 2016 Unaudited	As at 31 December 2015
Contracted but not provided for	**2,133**	2,250
Authorized but not contracted for	**43**	522
Total	**2,176**	2,772

(2) Operating lease commitments

The future aggregate minimum lease payments due under non-cancellable operating leases are as follows:

	As at 30 June 2016 Unaudited	As at 31 December 2015
Within 1 year (including 1 year)	**447**	489
Between 1 and 2 years (including 2 years)	**289**	339
Between 2 and 3 years (including 3 years)	**149**	209
After 3 years	**185**	478
Total	**1,070**	1,515

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(All amounts in RMB million unless otherwise stated)

24 COMMITMENTS (Continued)

(3) Operating lease rental receivables

The Group leases its investment properties under various rental agreements. Future minimum lease receivables under non-cancellable operating leases are as follows:

	As at 30 June 2016 Unaudited	As at 31 December 2015
Within 1 year (including 1 year)	**151**	95
Between 1 and 5 years (including 5 years)	**200**	101
After 5 years	**10**	–
Total	**361**	196

(4) Investment commitments

The Group has signed contracts to purchase equity investments. As at 30 June 2016, a total amount of RMB1,455 million (unaudited) was disclosed as investment commitment contracted but not provided for (as at 31 December 2015: RMB2,240 million).

25 SUBSEQUENT EVENTS

There are no significant subsequent events that need to be disclosed by the Group.

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(All amounts in RMB million unless otherwise stated)

26 INVESTMENTS IN SUBSIDIARIES

The basic information of the Company's subsidiaries as at 30 June 2016, all unlisted,is as follows:

	Place of incorporation and operation	Principal activities	Registered/ committed capital	Group's interest
New China Asset Management	Beijing, China	Asset management	RMB500 million	99.4%
Yunnan New China (i)	Kunming, China	Insurance agency	RMB5 million	100%
Health Technology	Beijing, China	Real estate property development and training	RMB632 million	100%
Xinhua Seniors (ii)	Beijing, China	Service	RMB562 million	100%
Shanggu Real Estate	Beijing, China	Real estate property development	RMB15 million	100%
Electronic Commerce	Beijing, China	Electronic commerce	RMB100 million	100%
Hefei Supporting Operation (iii)	Hefei, China	Real estate property investment and management	RMB500 million	100%
Hainan Seniors (iv)	Qionghai, China	Real estate	RMB1,908 million	100%
Guangzhou Yuerong	Guangzhou, China	Real estate property investment and management	RMB10 million	100%
Asset Management Company (Hong Kong)	Hong Kong, China	Asset management	HKD50 million	99.6%
Haoran Power	Beijing, China	Technological development	RMB500 million	100%
Orient No.1 Funding Plan	Not applicable	Project investment	RMB10 billion	100%
Huarong No.1 Funding Plan	Not applicable	Project investment	RMB10 billion	100%
Mingdao Fund	Not applicable	Project investment	RMB180 million	88.8%

(i) The fifteenth meeting of the Executive Committee of the Board of Directors of the Company in 2015 approved the "Reporting on the Dissolution of Yunnan New China Insurance Agency Co., Ltd." As at 30 August 2016, Yunnan New China has not yet completed cancellation.

(ii) In the fourth meeting of the Executive Committee of the Board of Directors of the Company in 2015, the Company decided to increase the capital of Xinhua Seniors with RMB102 million.On 19 April 2016, the Company injected RMB102 million to Xinhua Seniors as capital contribution. As at 30 June 2016, the paid-in capital of Xinhua Seniors contributed by the Company was RMB664 million. On 3 August 2016, the business license has been updated accordingly.

(iii) On 12 March 2015, the registered capital of Hefei Supporting Operation increased to RMB500 million, and the business license was updated accordingly. On 29 April 2016, Hefei Supporting Operation has changed its legal representative to Cong Linou. As at 30 August 2016, the Company has not paid the increased capital.

(iv) On 13 May 2015, the Company increased the registered capital of Hainan Seniors from RMB760 million to RMB1,908 million. According to the new articles of Hainan Seniors, the Company shall contribute the capital in cash no later than 29 April 2018. The Company injected RMB96 million, RMB47 million, and RMB60 million on 29 January 2016, 6 May 2016 and 27 June 2016 respectively. As at 30 June 2016, the actual amount of capital contribution of Hainan Seniors paid by the Company was RMB1,047 million.

(All amounts in RMB million unless otherwise stated)

27 THE CHANGE OF CONSOLIDATION SCOPE

Disposal of subsidiaries

The Company lost control on New China Health and New China Health's subsidiaries in 2016. The date of losing control was 1 January 2016. Therefore New China Health and its subsidiaries were out of the consolidation scope since 1 January 2016. Please refer to note 7 (iii) for more details.

Name of the entity	Place of incorporation	Principal activities	Group's interest
New China Health	Beijing, China	Investment management and management consulting	100%
New China Life Health Xian Clinic Co., Ltd.	Xian, China	Health management	100%
New China Life Excellent Health Wuhan Clinic Co., Ltd.	Wuhan, China	Health management	100%
New China Life Excellent (Yantai) Health Management Co., Ltd.	Yantai, China	Health management	100%
New China Life Excellent Qingdao Clinic Co., Ltd.	Qingdao, China	Health management	100%
New China Life Excellent Baoji Clinic Co., Ltd.	Baoji, China	Health management	100%
New China Life Excellent Chongqing Clinic Co., Ltd.	Chongqing, China	Health management	100%
New China Life Excellent (Changsha) Health Management Co., Ltd.	Changsha, China	Health management	100%
Chengdu Jinjiang New China Life Excellent Clinic Co., Ltd.	Chengdu, China	Health management	100%
Zhengzhou New China Life Excellent Health Management Co., Ltd.	Zhengzhou, China	Health management	100%
Hefei Shushan New China Life Excellent Clinic Co., Ltd.	Hefei, China	Health management	100%
Hohhot New China Life Excellent Clinic Co., Ltd.	Hohhot, China	Health management	100%
New China Life Excellent Clinic (Jinan) Co., Ltd.	Jinan, China	Health management	100%
Nanjing New China Life Excellent Clinic Co., Ltd.	Nanjing, China	Health management	100%
Tangshan New China Life Excellent Clinic Co., Ltd.	Tangshan, China	Health management	100%
Changde New China Life Excellent Clinic Co., Ltd.	Changde, China	Health management	100%
Hangzhou New China Life Excellent Clinic Co., Ltd.	Hangzhou, China	Health management	100%
New China Life Excellent Health Technology (Beijing) Co., Ltd.	Beijing, China	Health management	100%
New China Health Management Human Resources (Jiangsu) Co., Ltd.	Nanjing, China	Human resource management	100%

For the six months ended 30 June 2016
(All amounts in RMB million unless otherwise stated)

27 THE CHANGE OF CONSOLIDATION SCOPE (Continued)

Disposal of subsidiaries (Continued)

Consolidated financial information of New China Health is as follows:

	Book value as at 31 December 2015
Current assets	967
Non-current assets	200
Current liabilities	(883)
	284
Non-controlling interests	–
Fair value of the residual interest held by the Company	765
Gains on the disposal	481
Consideration of the disposal	–

	2015
Revenues	190
Costs	158
Net loss	(101)

28 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements have been approved for issue by the Board of Directors on 30 August 2016.

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