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新華人壽保險股份有限公司

NEW CHINA LIFE INSURANCE COMPANY LTD.

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

(Stock Code: 01336)

2018 THIRD QUARTER REPORT

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

The financial data in the 2018 Third Quarter Report of the Company have been prepared in accordance with the PRC Accounting Standards for Business Enterprises and are unaudited.

§1 IMPORTANT INFORMATION

- 1.1 The board of directors of the Company (the “**Board**”), the board of supervisors of the Company 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.
- 1.2 The 2018 Third Quarter Report of the Company was considered and approved at the twenty-seventh meeting of the sixth session of the Board on 26 October 2018, which 14 directors were required to attend and 14 of them attended in person.
- 1.3 The financial statements of the Company for the third quarter of 2018 have been prepared in accordance with the PRC Accounting Standards for Business Enterprises and are unaudited.
- 1.4 Mr. WAN Feng, the Chairman of the Board, Mr. YANG Zheng, the Chief Financial Officer (Financial Principal) of the Company, Mr. GONG Xingfeng, the Chief Actuary of the Company and Mr. ZHANG Tao, the officer in charge of the Accounting Department of the Company warrant the truthfulness, accuracy and completeness of the financial statements in the 2018 Third Quarter Report.

§2 BASIC INFORMATION OF THE COMPANY

2.1 Key accounting data and financial indicators

Unit: RMB million

	As at 30 September 2018	As at 31 December 2017	Change
Total assets	753,256	710,275	6.1%
Shareholders' equity attributable to shareholders of the Company	66,611	63,715	4.5%
Net assets per share attributable to shareholders of the Company (<i>RMB per share</i>)	21.35	20.42	4.6%
For the nine months ended 30 September	2018	2017	Change
Net cash flows from operating activities	10,712	4,334	147.2%
Weighted average net cash flows per share from operating activities (<i>RMB per share</i>)	3.43	1.39	146.8%
For the nine months ended 30 September	2018	2017	Change
Operating income	123,496	115,590	6.8%
Net profit attributable to shareholders of the Company	7,702	5,042	52.8%
Net profit attributable to shareholders of the Company after deducting non-recurring items	7,749	5,122	51.3%
Basic/diluted earnings per share (<i>RMB per share</i>)	2.47	1.62	52.5%
Basic earnings per share after deducting non-recurring items (<i>RMB per share</i>)	2.48	1.64	51.2%
Weighted average return on equity	11.77%	8.18%	Increase by 3.59 percentage points
Weighted average return on equity after deducting non-recurring items	11.84%	8.31%	Increase by 3.53 percentage points

Note:

Data and indicators of shareholders' equity refer to shareholders' equity attributable to shareholders of the Company, while those of net profit refer to net profit attributable to shareholders of the Company.

2.2 Non-recurring items and amount

Unit: RMB million

	For the three months ended 30 September 2018	For the nine months ended 30 September 2018
Non-recurring items		
Gains/(Losses) on disposal of fixed assets, intangible assets and other long-term investment assets	(1)	(1)
Gains/(Losses) on other non-recurring items	(18)	(58)
Effect on the amount of income tax expenses of non-recurring items	3	12
Interests attributable to minority shareholders	—	—
	<hr/>	<hr/>
Total	(16)	(47)
	<hr/> <hr/>	<hr/> <hr/>

2.3 Other key indicators

Unit: RMB million

	As at 30 September 2018/For the nine months ended 30 September 2018	As at 31 December 2017/For the nine months ended 30 September 2017	Change
Investment assets ⁽¹⁾	720,308	688,315	4.6%
Premium income	100,008	89,840	11.3%
Premiums earned	97,601	88,426	10.4%
Growth rate of earned premiums	10.4%	-4.4%	Increase by 14.8 percentage points
Net claims expense	37,688	30,144	25.0%
In: Claims and death, invalid and medical benefits	5,459	4,190	30.3%
Maturity benefits and annuity paid	32,727	26,436	23.8%
Less: Claims recoverable from reinsurers	(498)	(482)	3.3%
Surrender rate ⁽²⁾	4.5%	4.7%	Decrease by 0.2 percentage points
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Notes:

- Investment assets of unit-linked contract accounts are included in investment assets.
- Surrender rate = Surrenders/(Opening balance of life insurance contract liabilities + Opening balance of long-term health insurance contract liabilities + Premium income of long-term insurance policies)

2.4 Solvency

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

Unit: RMB million

	As at 30 September 2018	As at 30 June 2018
Core capital	217,890	206,913
Actual capital	221,890	210,913
Minimum capital	81,203	77,669
Core solvency margin ratio	268.33%	266.40%
Comprehensive solvency margin ratio	<u>273.25%</u>	<u>271.55%</u>

Notes:

1. Core solvency margin ratio = core capital/minimum capital; comprehensive solvency margin ratio = actual capital/minimum capital.
2. For details of the solvency margin of the Company, please refer to the Company's website (www.newchinalife.com).

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

Unit: Share

Total number of shareholders	60,276 (including 59,990 A Share shareholders and 286 H Share shareholders)					
Shares held by top ten shareholders						
Names of the shareholders	Classes of the shares	Percentage of the shareholding	Total number of shares held	Number of shares held with selling restrictions	Number of shares pledged or frozen	Types of shares
HKSCC Nominees Limited ⁽²⁾	Overseas legal person shares	33.14%	1,033,836,156	-	-	H
Central Huijin Investment Ltd.	State-owned shares	31.34%	977,530,534	-	-	A
China Baowu Steel Group Corporation	State-owned legal person shares	12.09%	377,162,581	-	-	A
China Securities Finance Corporation Limited	State-owned legal person shares	2.99%	93,274,597	-	-	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	0.58%	18,200,000	-	-	A
Hong Kong Securities Clearing Company Limited ⁽³⁾	Overseas legal person shares	0.54%	16,751,622	-	-	A
Monetary Authority of Macau-Own Capital	Overseas legal person shares	0.34%	10,601,266	-	-	A
National Social Security Fund 112 Combination	State-owned legal person shares	0.30%	9,202,811	-	-	A
Bank of Communications Limited-Huaan Strategy Preferred Hybrid Securities Investment Fund	Others	0.29%	8,937,889	-	-	A
Description of related-party 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:

- As at the end of the reporting period, none of the Company's A Shares or H Shares was subject to selling restrictions.
- 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 Stock Exchange of Hong Kong Limited do not require such persons to declare whether their shareholdings are pledged or frozen. Therefore, HKSCC Nominees Limited is unable to calculate or provide the number of shares pledged or frozen.
- Hong Kong Securities Clearing Company Limited is the nominee for investors of Shanghai-Hong Kong Stock Connect programme.

§3 QUARTERLY BUSINESS ANALYSIS

3.1 Insurance Business

For the nine months ended 30 September 2018, the Company realized gross written premiums (GWP) of RMB100,008 million, increasing by 11.3% year on year. Renewal premiums rose 29.4% year on year to RMB78,264 million, a significant driver for the GWP growth; first year premiums (FYP) from long-term insurance business reached RMB17,241 million, decreasing by 34.2% year on year; premiums from short-term insurance business amounted to RMB4,503 million, increasing by 43.0% year on year.

Unit: RMB million

For the nine months ended

30 September	2018	Change	2017	2016
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Individual insurance channel

First year premiums from long-term insurance business	13,216	-34.4%	20,140	15,458
Regular premiums	13,175	-33.4%	19,781	14,535
Single premiums	41	-88.6%	359	923
Renewal premiums	64,582	29.9%	49,703	40,382
Premiums from short-term insurance business	2,567	79.5%	1,430	1,116
Total	<u>80,365</u>	<u>12.8%</u>	<u>71,273</u>	<u>56,956</u>

Bancassurance channel

First year premiums from long-term insurance business	4,021	-33.5%	6,050	24,631
Regular premiums	4,017	-33.2%	6,014	4,715
Single premiums	4	-88.9%	36	19,916
Renewal premiums	13,676	27.0%	10,766	10,297
Premiums from short-term insurance business	24	700.0%	3	2
Total	<u>17,721</u>	<u>5.4%</u>	<u>16,819</u>	<u>34,930</u>

Group insurance

First year premiums from long-term insurance business	4	-85.2%	27	57
Renewal premiums	6	20.0%	5	5
Premiums from short-term insurance business	1,912	11.4%	1,716	1,470
Total	<u>1,922</u>	<u>10.0%</u>	<u>1,748</u>	<u>1,532</u>

Gross Written premiums (GWP)	<u><u>100,008</u></u>	<u><u>11.3%</u></u>	<u><u>89,840</u></u>	<u><u>93,418</u></u>
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Unit: RMB million

For the nine months ended 30 September	2018	Change	2017	2016
Gross Written Premiums	100,008	11.3%	89,840	93,418
First year premiums from long-term insurance business	17,241	-34.2%	26,217	40,146
Single premiums	50	-88.1%	421	20,895
Regular premiums	17,191	-33.4%	25,796	19,251
Regular premiums with payment periods of ten years or more	10,506	-36.5%	16,537	11,175
Renewal premiums	78,264	29.4%	60,474	50,684
Premiums from short-term insurance business	4,503	43.0%	3,149	2,588

Note: To better reflect the business structure, the Company separates out the premiums from short term insurance business. Based on above changes, premiums from different distribution channels in 2016 and 2017 were restated.

3.2 Asset Management Business

For the nine months ended 30 September 2018, the annualized total investment yield was 4.8%, the annualized total investment yield = (Investment income + Fair value gains/(losses) – Impairment losses on investment assets – Interest expense of items sold under agreements to repurchase)/ (Average monthly investment assets balance – Average monthly financial assets sold under agreements to repurchase balance – Average monthly interest receivables balance) x 365/273.

§4 SIGNIFICANT EVENTS

4.1 Significant changes in key financial statement items and financial indicators and reasons for the changes

✓ Applicable □ Not applicable

Unit: RMB million

Items in the Balance sheet	As at 30 September 2018	As at 31 December 2017	Change	Main reasons for the changes
Cash and bank deposits	19,300	8,813	119.0%	Requirements for liquidity management
Financial assets measured at fair value through profit or loss	8,422	6,322	33.2%	Increase in corporate bonds
Financial assets purchased under agreements to resell	4,436	2,870	54.6%	Requirements for liquidity management
Interest receivables	9,901	7,164	38.2%	Increase in the interest of bonds receivable
Premiums receivables	5,075	2,338	117.1%	Uneven distribution of insurance business among quarters and accumulative increase of insurance business
Other receivables	3,307	1,435	130.5%	Increase in prepayments for real estate purchases
Term deposits	58,190	41,809	39.2%	Increase in term deposits due to episodic higher agreement deposit rate compared to the loan rate of PBOC
Statutory deposits	1,715	915	87.4%	Increase in shareholder's equity of the subsidiaries in insurance industry
Investment properties	6,871	4,741	44.9%	Increase in newly purchased investment properties
Constructions in process	3,927	2,563	53.2%	Some of the newly purchased real estate are not available for use yet

Items in the Balance sheet	As at 30 September 2018	As at 31 December 2017	Change	Main reasons for the changes
Deferred tax assets	1,423	36	3852.8%	Increase in deductible temporary differences
Financial assets sold under agreements to repurchase	33,314	19,925	67.2%	Requirements for liquidity management
Premiums received in advance	348	1,941	-82.1%	The influence of different business development pace
Brokerage and commission payable	2,967	1,801	64.7%	The influence of different business development pace
Reinsurance payable	840	237	254.4%	Increase in business ceded out
Claims payable	5,089	3,176	60.2%	Increase in maturity benefits payable
Other payables	3,814	1,972	93.4%	Increase in real estate payment payable
Unearned premiums liabilities	2,304	1,280	80.0%	Uneven distribution of short-term insurance business among quarters and increase in short-term insurance business
Other comprehensive income	(1,577)	1,597	Not Applicable	Decrease in fair value of available-for-sale equity financial assets due to the downturn of the capital market

Items in the statement of income	For the nine months ended 30 September 2018	For the nine months ended 30 September 2017	Change	Main reasons for the changes
Premiums ceded out	(1,511)	(923)	63.7%	Increase in business ceded out
Net change in unearned premiums liabilities	(896)	(491)	82.5%	Increase in short-term insurance business
Foreign exchange gains/(losses)	111	(268)	Not Applicable	Effect of fluctuation in foreign exchange rate of assets denominated in foreign currencies
Insurance reserves recoverable from reinsurers	260	49	430.6%	Increase in business ceded out
Expenses recoverable from reinsurers	412	120	243.3%	Increase in business ceded out
Income tax	(2,542)	(1,811)	40.4%	Increase in taxable income
Other comprehensive income, net of tax	(3,174)	907	Not Applicable	Decrease in fair value of available-for-sale equity financial assets due to the downturn of the capital market

4.2 Explanation and analysis of significant events and their impacts and solutions

Applicable Not applicable

4.3 Implementation of undertakings by the Company and its shareholders with over 5% shares

Applicable Not applicable

Controlling shareholder's commitment relating to avoidance of horizontal competition

For details of the commitment made by Central Huijin Investment Ltd., the controlling shareholder of the Company, to avoid horizontal competition, please refer to Announcement on the Conditions of None Fulfilled Commitments of the Company's Shareholders, Related Parties and the Company published on 13 February 2014 by the Company.

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

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

Applicable Not applicable

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

Beijing, China, 26 October 2018

As at the date of this announcement, the executive directors of the Company are WAN Feng and LI Zongjian; the non-executive directors are LIU Xiangdong, XIONG Lianhua, YANG Yi, WU Kunzong, HU Aimin, DACEY John Robert and PENG Yulong; and the independent non-executive directors are LI Xianglu, ZHENG Wei, CHENG Lie, NEOH Anthony Francis and GENG Jianxin.

§5 APPENDIX

NEW CHINA LIFE INSURANCE COMPANY LTD.

Statement of Financial Position (unaudited)

30 September 2018

(All amounts in RMB million unless otherwise stated)

	As at 30 September 2018 Group	As at 31 December 2017 Group	As at 30 September 2018 Company	As at 31 December 2017 Company
Assets				
Assets				
Cash and bank deposits	19,300	8,813	15,352	8,245
Financial assets measured at fair value through profit or loss	8,422	6,322	7,254	5,374
Financial assets purchased under agreements to resell	4,436	2,870	3,879	2,658
Interest receivables	9,901	7,164	9,700	6,790
Premiums receivables	5,075	2,338	5,075	2,338
Receivables from reinsurers	438	198	438	198
Unearned premium reserves receivables from reinsurers	199	71	199	71
Claim reserves receivable from reinsurers	26	22	26	22
Reserves for life insurance receivables from reinsurers	1,334	1,292	1,334	1,292
Reserves for long-term health insurance receivables from reinsurance	826	612	826	612
Policy loans	30,391	27,000	30,391	27,000
Other receivables	3,307	1,435	3,531	1,681
Term deposits	58,190	41,809	57,630	41,369
Available-for-sale financial assets	311,248	320,385	305,253	314,195
Held-to-maturity investments	213,334	206,321	213,275	206,262
Investments classified as loans and receivables	58,450	61,600	37,974	41,500
Long-term equity investments	4,711	4,896	40,474	35,445
Statutory deposits	1,715	915	715	715
Investment properties	6,871	4,741	6,871	4,540
Fixed assets	6,899	5,954	5,190	4,429
Constructions in process	3,927	2,563	2,628	1,526
Intangible assets	1,771	1,831	1,532	1,633
Deferred tax assets	1,423	36	1,390	2
Other assets	897	857	837	1,039
Separate account assets	165	230	165	230
Total assets	<u>753,256</u>	<u>710,275</u>	<u>751,939</u>	<u>709,166</u>

WAN Feng
Chairman

YANG Zheng
Chief Financial Officer

GONG Xingfeng
Chief Actuary

ZHANG Tao
Head of Accounting Department

NEW CHINA LIFE INSURANCE COMPANY LTD.

Statement of Financial Position (unaudited) (continued)

30 September 2018

(All amounts in RMB million unless otherwise stated)

	As at 30 September 2018 Group	As at 31 December 2017 Group	As at 30 September 2018 Company	As at 31 December 2017 Company
Liabilities and Equity				
Liabilities				
Financial liabilities measured at fair value through profit or loss	114	9	-	-
Financial assets sold under agreements to repurchase	33,314	19,925	33,282	19,925
Premiums received in advance	348	1,941	348	1,941
Brokerage and commission payable	2,967	1,801	2,967	1,801
Reinsurance payable	840	237	840	237
Salary and welfare payable	2,204	2,522	1,892	2,109
Taxes payable	1,540	1,551	1,512	1,479
Claims payable	5,089	3,176	5,089	3,176
Other payables	3,814	1,972	3,729	2,018
Policyholder deposits	39,688	33,711	39,688	33,711
Unearned premiums liabilities	2,304	1,280	2,304	1,280
Outstanding claims liabilities	962	827	962	827
Reserves for life insurance	528,424	523,016	528,424	523,016
Reserves for long-term health insurance	60,439	50,154	60,439	50,154
Borrowings	4,000	4,000	4,000	4,000
Provisions	29	29	29	29
Deferred tax liabilities	54	54	-	-
Other liabilities	347	130	345	129
Separate account liabilities	159	217	159	217
Total liabilities	686,636	646,552	686,009	646,049
Shareholders' equity				
Share capital	3,120	3,120	3,120	3,120
Capital reserve	23,944	23,954	23,942	23,952
Other comprehensive income	(1,577)	1,597	(1,597)	1,584
Surplus reserve	4,441	3,922	4,441	3,922
General reserve	3,922	3,922	3,922	3,922
Retained earnings	32,761	27,200	32,102	26,617
Total equity attributable to shareholders of the company	66,611	63,715	65,930	63,117
Non-controlling interests	9	8	-	-
Total shareholders' equity	66,620	63,723	65,930	63,117
Total liabilities and shareholders' equity	753,256	710,275	751,939	709,166

WAN Feng
Chairman

YANG Zheng
Chief Financial Officer

GONG Xingfeng
Chief Actuary

ZHANG Tao
Head of Accounting Department

NEW CHINA LIFE INSURANCE COMPANY LTD.

Statement of Income (unaudited)

For the nine months ended 30 September 2018

(All amounts in RMB million unless otherwise stated)

	For the nine months ended 30 September 2018 Group	For the nine months ended 30 September 2017 Group	For the nine months ended 30 September 2018 Company	For the nine months ended 30 September 2017 Company
1. Operating Income	123,496	115,590	123,262	115,371
Premiums earned	97,601	88,426	97,601	88,426
Premium income	100,008	89,840	100,008	89,840
Less: Premiums ceded out	(1,511)	(923)	(1,511)	(923)
Net change in unearned premiums liabilities	(896)	(491)	(896)	(491)
Investment income	25,319	26,775	25,234	26,681
In: Share of profit of associates	136	83	125	82
Fair value gains/(losses)	(55)	128	(39)	127
Foreign exchange gains/(losses)	111	(268)	111	(268)
Other gains	53	50	33	30
Other operating income	467	479	322	375
2. Operating expenses	(113,192)	(108,602)	(113,072)	(108,554)
Surrenders	(29,865)	(29,466)	(29,865)	(29,466)
Claims expense	(38,186)	(30,626)	(38,186)	(30,626)
Less: Claims recoverable from reinsurers	498	482	498	482
Increase in insurance contracts reserve	(21,483)	(22,721)	(21,483)	(22,721)
Less: Insurance reserves recoverable from reinsurers	260	49	260	49
Policyholder dividends	(106)	(1)	(106)	(1)
Business tax and surcharges expenses	(104)	(99)	(91)	(84)
Commission and brokerage expenses	(13,077)	(12,921)	(13,077)	(12,921)
Administrative expenses	(8,688)	(10,115)	(8,625)	(10,106)
Less: Expenses recoverable from reinsurers	412	120	412	120
Other operating expenses	(2,098)	(2,424)	(2,054)	(2,400)
Impairment losses	(755)	(880)	(755)	(880)

NEW CHINA LIFE INSURANCE COMPANY LTD.

Statement of Income (unaudited) (continued)

For the nine months ended 30 September 2018

(All amounts in RMB million unless otherwise stated)

	For the nine months ended 30 September 2018 Group	For the nine months ended 30 September 2017 Group	For the nine months ended 30 September 2018 Company	For the nine months ended 30 September 2017 Company
3. Operating profit	10,304	6,988	10,190	6,817
Add: Non-operating income	28	11	28	11
Less: Non-operating expenses	<u>(87)</u>	<u>(145)</u>	<u>(87)</u>	<u>(145)</u>
4. Net profit before income tax expenses	10,245	6,854	10,131	6,683
Less: Income tax	<u>(2,542)</u>	<u>(1,811)</u>	<u>(2,505)</u>	<u>(1,788)</u>
5. Net profit	<u>7,703</u>	<u>5,043</u>	<u>7,626</u>	<u>4,895</u>
(1) Classification of net profit				
Net profit from continuing operation	7,703	5,043	7,626	4,895
Net profit from discontinued operation	-	-	-	-
(2) Attributable to:				
Shareholders of the Company	7,702	5,042		
Non-controlling interests	1	1		
6. Earnings per share				
Basic earnings per share	RMB2.47	RMB 1.62		
Diluted earnings per share	RMB 2.47	RMB1.62		
7. Other Comprehensive income, net of tax	<u>(3,174)</u>	<u>907</u>	<u>(3,181)</u>	<u>904</u>
8. Total Comprehensive income	<u>4,529</u>	<u>5,950</u>	<u>4,445</u>	<u>5,799</u>
Attributable to shareholders of the Company	4,528	5,949		
Attributable to non-controlling interests	1	1		

WAN Feng
Chairman

YANG Zheng
Chief Financial Officer

GONG Xingfeng
Chief Actuary

ZHANG Tao
Head of Accounting Department

NEW CHINA LIFE INSURANCE COMPANY LTD.

Statement of Income (unaudited)

For the three months ended 30 September 2018

(All amounts in RMB million unless otherwise stated)

	For the three months ended 30 September 2018 Group	For the three months ended 30 September 2017 Group	For the three months ended 30 September 2018 Company	For the three months ended 30 September 2017 Company
1. Operating Income	39,827	38,497	39,750	38,413
Premiums earned	31,316	28,277	31,316	28,277
Premium income	32,138	28,601	32,138	28,601
Less: Premiums ceded out	(635)	(287)	(635)	(287)
Net change in unearned premiums liabilities	(187)	(37)	(187)	(37)
Investment income	8,102	10,186	8,118	10,132
In: Share of profit of associates	(85)	(35)	(85)	(35)
Fair value gains/(losses)	145	(10)	104	(4)
Foreign exchange gains/(losses)	91	(111)	92	(111)
Other gains	9	11	9	11
Other operating income	164	144	111	108
2. Operating expenses	(37,311)	(36,503)	(37,258)	(36,475)
Surrenders	(4,109)	(7,347)	(4,109)	(7,347)
Claims expense	(15,741)	(7,199)	(15,741)	(7,199)
Less: Claims recoverable from reinsurers	184	194	184	194
Increase in insurance contracts reserve	(9,290)	(14,012)	(9,290)	(14,012)
Less: Insurance reserves recoverable from reinsurers	99	1	99	1
Policyholder dividends	(71)	(1)	(71)	(1)
Business tax and surcharges expenses	(25)	(24)	(22)	(22)
Commission and brokerage expenses	(4,421)	(4,127)	(4,421)	(4,127)
Administrative expenses	(3,160)	(3,099)	(3,128)	(3,083)
Less: Expenses recoverable from reinsurers	184	53	184	53
Other operating expenses	(695)	(781)	(677)	(771)
Impairment losses	(266)	(161)	(266)	(161)

NEW CHINA LIFE INSURANCE COMPANY LTD.

Statement of Income (unaudited) (continued)

For the three months ended 30 September 2018

(All amounts in RMB million unless otherwise stated)

	For the three months ended 30 September 2018 Group	For the three months ended 30 September 2017 Group	For the three months ended 30 September 2018 Company	For the three months ended 30 September 2017 Company
3. Operating profit	2,516	1,994	2,492	1,938
Add: Non-operating income	20	7	20	7
Less: Non-operating expenses	<u>(39)</u>	<u>(26)</u>	<u>(39)</u>	<u>(26)</u>
4. Net profit before income tax expenses	2,497	1,975	2,473	1,919
Less: Income tax	<u>(594)</u>	<u>(169)</u>	<u>(594)</u>	<u>(181)</u>
5. Net profit	<u>1,903</u>	<u>1,806</u>	<u>1,879</u>	<u>1,738</u>
(1) Classification of net profit				
Net profit from continuing operation	1,903	1,806	1,879	1,738
Net profit from discontinued operation	-	-	-	-
(2) Attributable to:				
Shareholders of the Company	1,903	1,805		
Non-controlling interests	-	1		
6. Earnings per share				
Basic earnings per share	RMB 0.61	RMB 0.58		
Diluted earnings per share	RMB 0.61	RMB 0.58		
7. Other Comprehensive income, net of tax	<u>(1,070)</u>	<u>83</u>	<u>(1,075)</u>	<u>78</u>
8. Total Comprehensive income	<u>833</u>	<u>1,889</u>	<u>804</u>	<u>1,816</u>
Attributable to shareholders of the Company	833	1,888		
Attributable to non-controlling interests	-	1		

WAN Feng
Chairman

YANG Zheng
Chief Financial Officer

GONG Xingfeng
Chief Actuary

ZHANG Tao
Head of Accounting Department

NEW CHINA LIFE INSURANCE COMPANY LTD.

Statement of Cash Flows (unaudited)

For the nine months ended 30 September 2018

(All amounts in RMB million unless otherwise stated)

	For the nine months ended 30 September 2018 Group	For the nine months ended 30 September 2017 Group	For the nine months ended 30 September 2018 Company	For the nine months ended 30 September 2017 Company
1. Cash flows from operating activities				
Premium received	95,867	84,834	95,867	84,834
Net cash received from reinsurance business	–	276	–	276
Net increase in policyholder deposits	5,032	2,481	5,032	2,481
Cash received for taxes and surcharges	26	25	26	25
Cash received from other operating activities	678	1,478	512	1,589
Sub-total of cash inflows from operating activities	101,603	89,094	101,437	89,205
Cash paid for claims	(66,137)	(60,200)	(66,137)	(60,200)
Net cash paid from reinsurance business	(249)	–	(249)	–
Cash paid for brokerage and commission fees	(11,912)	(11,876)	(11,912)	(11,876)
Cash paid for policyholder dividends	(106)	(1)	(106)	(1)
Cash paid to and for employees	(6,619)	(7,781)	(6,212)	(7,437)
Cash paid for taxes and surcharges	(3,057)	(2,337)	(2,930)	(2,239)
Cash paid for other operating activities	(2,811)	(2,565)	(2,605)	(2,465)
Sub-total of cash outflows from operating activities	(90,891)	(84,760)	(90,151)	(84,218)
Net cash flows from operating activities	10,712	4,334	11,286	4,987

NEW CHINA LIFE INSURANCE COMPANY LTD.

Statement of Cash Flows (unaudited) (continued)

For the nine months ended 30 September 2018

(All amounts in RMB million unless otherwise stated)

	For the nine months ended 30 September 2018 Group	For the nine months ended 30 September 2017 Group	For the nine months ended 30 September 2018 Company	For the nine months ended 30 September 2017 Company
2. Cash flows from investing activities				
Cash received from sales and redemption of investments	109,878	200,733	104,882	200,518
Cash received from investment income	22,473	25,496	22,397	25,405
Net cash received from sales of fixed assets, intangible assets and other long-term assets	1	4	1	4
Cash received from financial assets purchased under agreements to resell	207,607	223,217	164,366	199,021
Cash received from acquisition of subsidiaries	9	–	–	–
Sub-total of cash inflows from investing activities	339,968	449,450	291,646	424,948
Cash paid for investment	(133,724)	(203,227)	(132,581)	(202,441)
Net increase in policy loans	(3,391)	(2,018)	(3,391)	(2,018)
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(4,546)	(1,855)	(4,278)	(1,811)
Cash paid for financial assets purchased under agreements to resell	(209,173)	(229,291)	(165,586)	(204,938)
Cash paid for other investing activities	(10)	–	(490)	(430)
Sub-total of cash outflows from investing activities	(350,844)	(436,391)	(306,326)	(411,638)
Net cash flows from investing activities	(10,876)	13,059	(14,680)	13,310

NEW CHINA LIFE INSURANCE COMPANY LTD.

Statement of Cash Flows (unaudited) (continued)

For the nine months ended 30 September 2018

(All amounts in RMB million unless otherwise stated)

	For the nine months ended 30 September 2018 Group	For the nine months ended 30 September 2017 Group	For the nine months ended 30 September 2018 Company	For the nine months ended 30 September 2017 Company
3. Cash flows from financing activities				
Cash received from investors	<u>115</u>	-	-	-
In: Capital injected into subsidiaries by non-controlling interests	115	-	-	-
Cash received from financial assets sold under agreements to repurchase	<u>4,097,708</u>	<u>5,725,542</u>	<u>4,095,526</u>	<u>5,725,542</u>
Sub-total of cash inflows from financing activities	<u>4,097,823</u>	<u>5,725,542</u>	<u>4,095,526</u>	<u>5,725,542</u>
Cash paid for dividends and interests	(1,569)	(1,958)	(1,569)	(1,958)
Cash paid for financial assets sold under agreements to repurchase	(4,085,726)	(5,733,385)	(4,083,576)	(5,733,385)
Cash paid for borrowings	-	(10,000)	-	(10,000)
Cash paid for other financing activities	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total of cash outflows from financing activities	<u>(4,087,300)</u>	<u>(5,745,343)</u>	<u>(4,085,145)</u>	<u>(5,745,343)</u>
Net cash flows from financing activities	<u>10,523</u>	<u>(19,801)</u>	<u>10,381</u>	<u>(19,801)</u>
4. Effect of exchange rate changes on cash and cash equivalents	<u>125</u>	<u>(148)</u>	<u>116</u>	<u>(156)</u>
5. Net increase/(decrease) in cash and cash equivalents	10,484	(2,556)	7,103	(1,660)
Add: Opening balance of cash and cash equivalents	<u>8,812</u>	<u>14,230</u>	<u>8,263</u>	<u>12,732</u>
6. Closing balance of cash and cash equivalents	<u><u>19,296</u></u>	<u><u>11,674</u></u>	<u><u>15,366</u></u>	<u><u>11,072</u></u>

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