

新華人壽保險股份有限公司 NEW CHINA LIFE INSURANCE CO., LTD.

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

Stock Code : 01336



Interim Report
2022





IMPORTANT INFORMATION

1. The Board of Directors, the Board of Supervisors and directors, supervisors and members of senior management of the Company guarantee the correctness, accuracy and completeness of the contents of interim report, and that there is no false representation, misleading statement or material omission in this report, and are legally liable for this report jointly and severally.
2. The Interim Report 2022 of the Company was considered and approved at the 34th meeting of the seventh session of the Board on 30 August 2022, which 15 directors were required to attend and 15 of them attended in person.
3. The 2022 interim condensed consolidated financial statements of the Company are unaudited.
4. The Company neither distributed interim dividend with profit earned for the reporting period nor increased share capital with capital reserve in the first half of 2022.
5. Mr. XU Zhibin, chairman of the Board, Mr. LI Quan, chief executive officer and president, Mr. YANG Zheng, chief financial officer and person in charge of finance, Mr. GONG Xingfeng, chief actuary and Mr. ZHANG Tao, the officer in charge of accounting department of the Company, guarantee the correctness, accuracy and completeness of the interim condensed consolidated financial information in the Interim Report 2022.
6. In addition to the facts stated herein, this report includes some forward-looking statements and analysis, which may differ from the actual results of the Company in the future. The Company does not make any warranty or undertaking upon its future performance. Investors are advised to exercise caution.
7. No non-operating funds were misappropriated by the controlling shareholder or its related parties for the Company.
8. No external guarantee provided by the Company violated the decision-making procedures of the Company.
9. No more than half of directors of the Company could not guarantee the correctness, accuracy and completeness of this report.
10. The major risks of the Company include market risk, credit risk, insurance risk, operational risk, reputation risk, strategic risk, liquidity risk, etc. The Company has taken various measures to effectively manage and control all sorts of risks. Please refer to the "Management Discussion and Analysis" of this report for details.

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

the Company, New China Life, NCI	The general term of New China Life Insurance Company Ltd., its subsidiaries and its consolidated structured entities
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
CIC	China Investment Corporation
Huijin	Central Huijin Investment Ltd.
China Baowu	China Baowu Steel Group Corporation Limited
CBIRC	China Banking and Insurance Regulatory Commission
SSE	Shanghai Stock Exchange
Hong Kong Stock Exchange, HKSE	The Stock Exchange of Hong Kong Limited
RMB	Renminbi
pt	Percentage point(s)
P.R.C., China	People's Republic of China, for the purpose of this report only, excluding Hong Kong, Macau and Taiwan
P.R.C. GAAP	China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the P.R.C., and its application guide, interpretation and other related regulations issued thereafter
IFRS	International Financial Reporting Standards as promulgated by the International Accounting Standards Board
Articles of Association	Articles of Association of New China Life Insurance Company Ltd.
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	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 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)
Board, Board of Directors	The board of directors of the Company
Board of Supervisors	The board of supervisors of the Company

CORPORATE INFORMATION

BASIC INFORMATION

Legal Name in Chinese	新華人壽保險股份有限公司(簡稱「新華保險」)
Legal Name in English	NEW CHINA LIFE INSURANCE COMPANY LTD. (“NCI”)
Legal Representative	XU Zhibin
Registered Office	No.16, East Hunan Road, Yanqing District, Beijing, P.R.C. (Zhongguancun Yanqing Park)
Historic Change of Registered Office	The Company changed its registered office from No.1, East Hunan Road, Yanqing District, Beijing, P.R.C. to current address in November 2019.
Postal Code	102100
Place of Business	NCI Tower, A12 Jianguomenwai Avenue, Chaoyang District, Beijing, P.R.C.
Postal Code	100022
Place of Business in Hong Kong	31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Website	http://www.newchinalife.com
Email	ir@newchinalife.com
Customer Service and Complaint Hotline	95567

CONTACT INFORMATION

Board Secretary/Joint Company Secretary	GONG Xingfeng
Securities Representative	XU Xiu
Telephone	86-10-85213233
Fax	86-10-85213219
Email	ir@newchinalife.com
Address	13th Floor, NCI Tower, A12 Jianguomenwai Avenue, Chaoyang District, Beijing, P.R.C.
Joint Company Secretary	NG Sau Mei
Telephone	852-35898647
Fax	852-35898359
Email	Jojo.Ng@tmf-group.com
Address	31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong

INFORMATION DISCLOSURE AND PLACE FOR OBTAINING THE REPORT

Newspapers and Websites for Publishing Interim Report (A Share)	China Securities Journal, http://epaper.cs.com.cn Shanghai Securities News, https://www.cnstock.com
Websites of Stock Exchange for Publishing Interim Report	http://www.sse.com.cn (A Share) http://www.hkexnews.hk (H Share)
Place Where Copies of Interim Report are Kept	Board of Directors Office of the Company

STOCK INFORMATION

Stock Type	Stock Exchange	Stock Name	Stock Code
A Share	The Shanghai Stock Exchange	新華保險	601336
H Share	The Stock Exchange of Hong Kong Limited	NCI	01336

OTHER RELEVANT INFORMATION

A Share Registrar	China Securities Depository and Clearing Corporation Limited, Shanghai Branch
Address	No.188 Yanggao South Road, Pilot Free Trade Zone, Shanghai, China
H Share Registrar	Computershare Hong Kong Investor Services Limited
Address	Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Domestic Auditor	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Address	30/F, 222 East Yan'an Road, Huangpu District, Shanghai, China
Signing Certified Public Accountants	MA Qianlu and YANG Li
International Auditor	Deloitte Touche Tohmatsu
Address	35/F, One Pacific Place, 88 Queensway, Hong Kong SAR, China
Domestic Legal Advisor	Commerce & Finance Law Offices
Address	12-14th Floor, China World Office 2, No. 1 Jianguomenwai Avenue, Beijing, China
Hong Kong Legal Advisor	Clifford Chance LLP
Address	27th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong

BUSINESS OVERVIEW



Founded in September 1996, New China Life is a large and nationwide life insurance company with its headquarters in Beijing. New China Life offers comprehensive life insurance products and services to individual customers and institutional customers through nationwide distributional networks and diversified marketing channels, manages and deploys insurance funds through its subsidiaries, including Asset Management Company and Asset Management Company (Hong Kong). New China Life was simultaneously listed on the SSE and the HKSE in 2011.

Unit: RMB in millions

1,188,526

Total assets

258,873

Embedded value

2,112

Value of the first half year's new business

5,187

Net profit attributable to shareholders of the Company

124,085

Total revenues

104,500

Equity attributable to shareholders of the Company

4.2%

Annualized total investment yield

240.90%

Comprehensive solvency margin ratio

MANAGEMENT DISCUSSION AND ANALYSIS

I. FINANCIAL ANALYSIS

(I) Key accounting data and financial indicators

1. Key Accounting Data

Unit: RMB in millions

For the six months ended 30 June	2022	2021	Increase/ decrease over the corresponding period of last year
Total revenues	124,085	130,386	-4.8%
Gross written premiums and policy fees	102,643	100,641	2.0%
Profit before income tax	4,543	12,086	-62.4%
Net profit attributable to shareholders of the Company	5,187	10,546	-50.8%
Net cash flows from operating activities	57,271	42,068	36.1%

	As at 30 June 2022	As at 31 December 2021	Increase/ decrease as compared to the end of last year
Total assets	1,188,526	1,127,721	5.4%
Total liabilities	1,084,007	1,019,207	6.4%
Equity attributable to shareholders of the Company	104,500	108,497	-3.7%

SECTION 4

MANAGEMENT DISCUSSION AND ANALYSIS

2. Key Financial Indicators

Unit: RMB in millions

For the six months ended 30 June	2022	2021	Increase/ decrease over the corresponding period of last year
Basic weighted average earnings per share attributable to shareholders of the Company (RMB)	1.66	3.38	-50.9%
Diluted weighted average earnings per share attributable to shareholders of the Company (RMB)	1.66	3.38	-50.9%
Weighted average return on equity attributable to shareholders of the Company	4.77%	9.93%	-5.16pt
Weighted average net cash flows from operating activities per share (RMB)	18.36	13.48	36.2%

	As at 30 June 2022	As at 31 December 2021	Increase/ decrease as compared to the end of last year
Net assets per share attributable to shareholders of the Company (RMB)	33.49	34.77	-3.7%

(II) Other key financial and regulatory indicators

Unit: RMB in millions

Indicators	For the six months ended 30 June 2022/ As at 30 June 2022	For the six months ended 30 June 2021/ As at 31 December 2021	Change
Investment assets	1,140,365	1,082,803	5.3%
Annualized total investment yield ⁽¹⁾	4.2%	6.5%	-2.3pt
Gross written premiums and policy fees	102,643	100,641	2.0%
Growth rate of gross written premiums and policy fees	2.0%	3.9%	-1.9pt
Benefits, claims and expenses	119,116	118,178	0.8%
Surrender rate ⁽²⁾	1.0%	1.0%	–

Notes:

1. Annualized total investment yield = (total investment income – interest expenses of financial assets sold under agreements to repurchase)/(monthly average investment assets – monthly average financial assets sold under agreements to repurchase – monthly average interest receivables)*2.
2. Surrender rate = surrenders for the reporting period/(balance of life insurance and long-term health insurance contract liabilities at the beginning of the period + premium income of long-term insurance contracts).

(III) The discrepancy between the P.R.C. GAAP and the IFRS

There is no difference in the consolidated net profit of the Company for the six months ended 30 June 2022 and the consolidated equity of the Company as at 30 June 2022 as stated in the interim condensed financial statements prepared in accordance with the IFRS and the P.R.C. GAAP.

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MANAGEMENT DISCUSSION AND ANALYSIS

(IV) The main items and reasons of the change beyond 30% in the interim condensed consolidated financial statements

Unit: RMB in millions

Balance Sheet	As at 30 June 2022	As at 31 December 2021	Change	Reason(s) of change
Financial assets purchased under agreements to resell	2,677	4,112	-34.9%	Allocation of investment assets and the requirement of liquidity management
Premiums receivable	5,747	2,867	100.5%	Increase of insurance business and unequal distribution over quarters
Deferred tax assets	1,544	196	687.8%	Increase of deductible temporary differences
Financial liabilities at fair value through profit or loss	7,786	2,612	198.1%	Increase of payables to third party investors of structured entities
Financial assets sold under agreements to repurchase	35,252	55,415	-36.4%	Allocation of investment assets and the requirement of liquidity management
Premium received in advance	288	5,095	-94.3%	Effect of the development pace of insurance business
Other liabilities	25,272	15,770	60.3%	Dividend payable recorded and increase of payables related to asset funding plans
Deferred tax liabilities	167	1,118	-85.1%	Decrease of taxable temporary differences

SECTION 4

MANAGEMENT DISCUSSION AND ANALYSIS

Unit: RMB in millions

Income Statement	For the six months ended 30 June			
	2022	2021	Change	Reason(s) of change
Net change in unearned premiums liabilities	(387)	(154)	151.3%	Increased sales of long-term medical insurance products to substitute short-term insurance products since the first half of 2021
Other income	905	631	43.4%	Appreciation of US Dollar
Policyholder dividends resulting from participating in profits	(1,032)	(663)	55.7%	Continuous growth of participating insurance business
Profit before income tax	4,543	12,086	-62.4%	Based on high profit before income tax in the same period of last year, affected by the gloomy capital market, investment return decreased compared to the same period of last year and profit before income tax fluctuated dramatically during the reporting period
Income tax expense	646	(1,538)	N/A	Decrease of profit before income tax compared to the same period of last year
Net profit	5,189	10,548	-50.8%	Decrease of profit before income tax compared to the same period of last year
Total other comprehensive income, net of tax	(4,793)	(1,424)	236.6%	Fluctuation of fair value of available-for-sale financial assets due to the fluctuation of capital market

II. BUSINESS ANALYSIS

(1) Trend of Insurance Industry

Covid-19 has occurred frequently since the beginning of 2022 and the world economic recovery remained anemic. China's economic development suffered pressures including demand shrinking, supply shocking and expectation weakening. Life insurance industry faced uncertainties. For example, both assets and liabilities suffered pressures, business growth logic changed, and transformation to "customer-centered" operation philosophy accelerated. The industry shifted from "homogenization" to "building differentiated ability and coordinating professional labor", which showed remarkable features such as fragmentation, cross-border participation and extensive cooperation. The "return" and "differentiation", "innovation" and "reform" of insurance products and services have become the path for the reconstruction of market value system.

(2) Development of Insurance Business

As the market is undergoing reconstruction, in-depth adjustment and fierce competition, the Company maintains its strategic determination. The Company continues to return to the essence of insurance, pushes forward business transformation, industrial synergy and technology empowerment, enriches protection type products, upgrades customer services, optimizes the utilization of insurance funds, conscientiously fulfills corporate responsibilities, serves national strategy and boosts the high-quality development of the Company. As of the end of June 2022, the Company pursues progress while ensuring stability in its operation.

(3) Analysis of Core Competitiveness

Prominent brand value. New China Life has always been committed to forging "China's best financial service group with comprehensive life insurance business as its core" and practicing the "customer-centered" operation philosophy. While serving people's livelihoods and undertaking social responsibilities, the Company realizes healthy and sustainable development. In 2022, the Company has been a member of Fortune China 500 for eleven consecutive years and Top 500 listed companies by Forbes for nine consecutive years.

Solid main business. The Company has always adhered to the essence of life insurance, discovered market demands, and established professional marketing channels, sales team and service network with broad customer base. As of 30 June 2022, the Company realized gross written premiums (the "GWP") of RMB102,586 million, up by 2.0% year on year.

Supportive industrial collaboration. With Asset Management Company as the main body, the Company has an integrated wealth management platform with total assets under management over RMB1 trillion. The investment remains prudent and forms excellent synergy with liabilities. Since the three major senior care communities "Lexiang, Yixiang and Zunxiang" put in place, the Company opens Yanqing community and launches experiential marketing in 2022. That represents a big step forward for the development of healthcare and senior care industries.

Convenient and high-quality service. The Company continues to strengthen the application of technology, optimizes service supply and service process. In the first half of 2022, the Company widens and upgrades intelligent services, and extends the coverage of value-added health services. Customer service experience and efficiency both improve.

Professional and efficient management. After nearly 26 years of development and accumulation, the Company has a management team with rich experience and keen market insight as well as a group of talents with high-quality and professional underwriting, actuarial, risk management skills. Management efficiency constantly improves.

(4) Insurance Business

In the first half of 2022, Covid-19 frequently shocked life insurance industry and market was severe and complex. Guided by regulatory authorities, life insurance industry went through transformation and pursued steady growth. Against such background, the Company constantly explored the transformation of marketing models, launched diversified products, improved service and technology empowerment and focused on key transformation areas. The Company remained stable as a whole.

Business volume

Renewal premiums support the steady growth of GWP. As of 30 June 2022, the Company realized GWP of RMB102,586 million with growth rate of 2.0% year on year. First year premiums from long-term insurance business totaled RMB29,486 million, decreasing by 1.7% year on year. First year regular premiums from long-term insurance business totaled RMB12,230 million, reducing by 14.9% year on year. Renewal premiums amounted to RMB70,212 million, growing by 4.8% year on year.

Embedded value

As of 30 June 2022, the embedded value of the Company reached RMB258,873 million, increasing by 0.02% compared with the end of last year. The Company realized the value of the first half year's new business of RMB2,112 million, decreasing by 48.4% year on year.

Business structure

In terms of premium structure, first year premiums from long-term insurance business accounted for 28.7% of GWP. First year regular premiums from long-term insurance business accounted for 41.5% of first year premiums from long-term insurance business. Renewal premiums accounted for 68.4% of GWP. In terms of product structure, first year premiums from long-term traditional insurance business accounted for 33.2% of first year premiums from long-term insurance business. And first year premiums from long-term participating insurance business accounted for 57.2% of first year premiums from long-term insurance business.

Business quality

In the first half of 2022, 13-month persistency ratio of individual life insurance business was 84.3%, down by 4.5 percentage points year on year. 25-month persistency ratio of individual life insurance business was 82.7%, decreasing by 3.1 percentage points year on year. The surrender rate reached 1.0% from January to June 2022, unchanged compared with the same period of last year.

SECTION 4

MANAGEMENT DISCUSSION AND ANALYSIS

Unit: RMB in millions

For the six months ended 30 June	2022	2021	Change
GWP	102,586	100,610	2.0%
First year premiums from long-term insurance business	29,486	30,001	-1.7%
Regular premiums	12,230	14,371	-14.9%
Regular premiums with payment periods of ten years or more	1,626	3,817	-57.4%
Single premiums	17,256	15,630	10.4%
Renewal premiums	70,212	66,991	4.8%
Premiums from short-term insurance business	2,888	3,618	-20.2%

Note: Numbers may not be additive due to rounding.

1. Analysis by distribution channels

Unit: RMB in millions

For the six months ended 30 June	2022	2021	Change
Individual insurance channel			
First year premiums from long-term insurance business	7,822	10,223	-23.5%
Regular premiums	7,446	9,653	-22.9%
Single premiums	376	570	-34.0%
Renewal premiums	60,616	57,642	5.2%
Premiums from short-term insurance business	1,114	2,016	-44.7%
Total	69,552	69,881	-0.5%
Bancassurance channel			
First year premiums from long-term insurance business	21,610	19,563	10.5%
Regular premiums	4,756	4,702	1.1%
Single premiums	16,854	14,861	13.4%
Renewal premiums	9,575	9,343	2.5%
Premiums from short-term insurance business	10	27	-63.0%
Total	31,195	28,933	7.8%
Group insurance			
First year premiums from long-term insurance business	54	215	-74.9%
Renewal premiums	21	6	250.0%
Premiums from short-term insurance business	1,764	1,575	12.0%
Total	1,839	1,796	2.4%
GWP	102,586	100,610	2.0%

Note: Numbers may not be additive due to rounding.

(1) Individual life insurance business

① Individual insurance channel

In the first half of 2022, individual insurance channel suffered from the impact of Covid-19, and new business growth was under pressure. Individual insurance channel maintained stable premium volume with the support of renewal business. As of 30 June 2022, individual insurance channel realized total premiums of RMB69,552 million, decreasing by 0.5% year on year.

The Company actively explores the transformation of sales team and continues to clean agent headcount to develop high-performing agents. As of 30 June 2022, agent headcounts in individual insurance channel totaled 318,000, decreasing by 27.9% year on year. The monthly average number of qualified agents⁽¹⁾ was 61,000, decreasing by 41.9% year on year and monthly average qualified rate⁽²⁾ was 17.5%, reducing by 1.6 percentage points year on year. The monthly average comprehensive productivity per capita⁽³⁾ was RMB3,840, growing by 23.7% year on year.

② Bancassurance channel

In the first half of 2022, bancassurance channel deepened cooperation with important partners, and achieved steady business growth. As of 30 June 2022, bancassurance channel realized total premiums of RMB31,195 million, increasing by 7.8% year on year. First year regular premiums from long-term insurance business amounted to RMB4,756 million, representing an increase of 1.1% year on year. Renewal premiums totaled RMB9,575 million, up by 2.5% year on year.

(2) Group insurance business

As of 30 June 2022, group insurance realized total premiums of RMB1,839 million, rising by 2.4% year on year. Premiums from short-term insurance business amounted to RMB1,764 million, increasing by 12.0% year on year. The Company actively serves people's livelihoods, and realizes premiums of RMB537 million from policy-oriented health insurance, increasing by 36.3% year on year. The policy-oriented health insurance covered 13.851 million customers, rising by 228.8% year on year.

Notes:

1. Monthly average number of qualified agents = (Σnumber of qualified agents in a month)/the number of months in the reporting period, where monthly number of qualified agents refers to the number of agents who have issued one insurance policy or more (including card-type short-term accident insurance policy) which are not cancelled by policy holders in a month and whose first year commission in the month is equal to or greater than RMB800.
2. Monthly average qualified rate = monthly average number of qualified agents/monthly average number of agents*100%. Monthly average number of agents={Σ [(number of agents at start of the month + number of agents at end of the month)/2]}/the number of months in the reporting period.
3. Monthly average comprehensive productivity per capita = monthly average first year premiums/monthly average number of agents.

SECTION 4

MANAGEMENT DISCUSSION AND ANALYSIS

2. Analysis by types of insurance products

Unit: RMB in millions

For the six months ended 30 June	2022	2021	Change
GWP	102,586	100,610	2.0%
Participating insurance⁽¹⁾	35,781	36,338	-1.5%
First year premiums from long-term insurance business	16,868	15,040	12.2%
Renewal premiums	18,913	21,298	-11.2%
Premiums from short-term insurance business	–	–	–
Health insurance	32,122	33,312	-3.6%
First year premiums from long-term insurance business	2,823	4,568	-38.2%
Renewal premiums	27,341	26,212	4.3%
Premiums from short-term insurance business	1,958	2,532	-22.7%
Traditional insurance	33,793	29,918	13.0%
First year premiums from long-term insurance business	9,795	10,393	-5.8%
Renewal premiums	23,935	19,460	23.0%
Premiums from short-term insurance business	63	65	-3.1%
Accident insurance	867	1,021	-15.1%
First year premiums from long-term insurance business	–	–	–
Renewal premiums	–	–	–
Premiums from short-term insurance business	867	1,021	-15.1%
Universal insurance⁽¹⁾	23	21	9.5%
First year premiums from long-term insurance business	–	–	–
Renewal premiums	23	21	9.5%
Premiums from short-term insurance business	–	–	–
Unit-linked insurance	–	–	–
First year premiums from long-term insurance business	–	–	–
Renewal premiums	–	–	–
Premiums from short-term insurance business	–	–	–

Notes:

- Participating health insurance is included in the participating insurance. Universal health insurance is included in the universal insurance.
- “–” means less than RMB500,000, hereinafter the same.

In the first half of 2022, the Company achieved first year premiums from long-term participating insurance of RMB16,868 million, growing by 12.2% year on year. First year premiums from long-term health insurance amounted to RMB2,823 million, decreasing by 38.2% year on year. First year premiums from long-term traditional insurance reached RMB9,795 million, decreasing by 5.8% year on year.

SECTION 4

MANAGEMENT DISCUSSION AND ANALYSIS

3. Analysis by branches

Unit: RMB in millions

For the six months ended 30 June	2022	2021	Change
GWP	102,586	100,610	2.0%
Shandong Branch	9,982	9,814	1.7%
Henan Branch	8,921	8,588	3.9%
Beijing Branch	6,344	6,868	-7.6%
Jiangsu Branch	6,200	5,375	15.3%
Hubei Branch	5,359	4,790	11.9%
Shaanxi Branch	5,220	5,114	2.1%
Zhejiang Branch	4,938	5,001	-1.3%
Guangdong Branch	4,795	5,929	-19.1%
Sichuan Branch	4,169	3,583	16.4%
Inner Mongolia Branch	3,985	3,715	7.3%
Other Branches	42,673	41,833	2.0%

In the first half of 2022, about 58.4% of GWP of the Company were derived from ten branches in populous areas or developed regions such as Shandong, Henan and Beijing.

4. Business quality

For the six months ended 30 June	2022	2021	Change
Persistency ratio of individual life insurance business			
13-month persistency ratio ⁽¹⁾	84.3%	88.8%	-4.5pt
25-month persistency ratio ⁽²⁾	82.7%	85.8%	-3.1pt

Notes:

- 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.
- 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.

SECTION 4

MANAGEMENT DISCUSSION AND ANALYSIS

5. Analysis on claims and interests of policyholders

Unit: RMB in millions

For the six months ended 30 June	2022	2021	Change
Surrender value	9,566	8,561	11.7%
Insurance benefits and claims	21,933	26,112	-16.0%
Claims recoverable	(1,298)	(855)	51.8%
Policyholder dividends resulting from participating in profits	1,032	663	55.7%
Net change in insurance contract liabilities	74,224	67,253	10.4%

Claims recoverable increased by 51.8% year on year because of the maturity of certain business ceded out.

Policyholder dividends resulting from participating in profits increased by 55.7% year on year mainly due to the continuous growth of participating business.

Unit: RMB in millions

For the six months ended 30 June	2022	2021	Change
Insurance benefits and claims	21,933	26,112	-16.0%
Participating insurance ⁽¹⁾	14,792	18,710	-20.9%
Health insurance	5,212	5,043	3.4%
Traditional insurance	1,677	2,050	-18.2%
Accident insurance	240	296	-18.9%
Universal insurance ⁽¹⁾	12	13	-7.7%
Insurance benefits and claims	21,933	26,112	-16.0%
Claims	1,338	1,745	-23.3%
Annuity benefits	5,105	5,996	-14.9%
Maturity and survival benefits	10,372	13,799	-24.8%
Casualty and medical benefits	5,118	4,572	11.9%

Note:

- Participating health insurance is included in the participating insurance. Universal health insurance is included in the universal insurance.

In the first half of 2022, insurance benefits and claims decreased by 16.0% compared with the same period of last year. Claims decreased by 23.3% year on year. Maturity and survival benefits decreased by 24.8% year on year mainly because the decline of short-term insurance business and the maturity benefits of participating insurance products dropped from the peak.

SECTION 4

MANAGEMENT DISCUSSION AND ANALYSIS

6. Analysis on commission and brokerage expense

Unit: RMB in millions

For the six months ended 30 June	2022	2021	Change
Commission and brokerage expense⁽¹⁾	6,357	8,980	-29.2%
Participating insurance ⁽²⁾	622	574	8.4%
Health insurance	3,512	5,912	-40.6%
Traditional insurance	2,024	2,244	-9.8%
Accident insurance	199	250	-20.4%
Universal insurance ⁽²⁾	-	-	-

Notes:

1. Relevant item does not include the commission and brokerage expense under non-insurance contracts.
2. Participating health insurance is included in the participating insurance. Universal health insurance is included in the universal insurance.

In the first half of 2022, commission and brokerage expense of insurance business decreased by 29.2% year on year. Commission and brokerage expense of health insurance decreased by 40.6% year on year and commission and brokerage expense of accident insurance reduced by 20.4% year on year, mainly due to the decline of first year premiums compared to the same period of last year.

SECTION 4

MANAGEMENT DISCUSSION AND ANALYSIS

7. Analysis on insurance contract liabilities

Unit: RMB in millions

Components	As at 30 June 2022	As at 31 December 2021	Change
Unearned premiums liabilities	1,990	1,585	25.6%
Outstanding claims liabilities	2,342	2,184	7.2%
Life insurance liabilities	756,967	707,345	7.0%
Long-term health insurance liabilities	171,268	152,581	12.2%
Insurance contract liabilities in total	932,567	863,695	8.0%
Participating insurance ⁽¹⁾	573,497	554,499	3.4%
Health insurance	155,998	136,917	13.9%
Traditional insurance	202,054	171,214	18.0%
Accident insurance	991	1,037	-4.4%
Universal insurance ⁽¹⁾	27	28	-3.6%
Insurance contract liabilities in total	932,567	863,695	8.0%
Including: Residual margin ⁽²⁾	222,845	226,048	-1.4%

Notes:

- Participating health insurance is included in the participating insurance. Universal health insurance is included in the universal insurance.
- The residual margin is the liabilities appropriated by the Company for not being recognized as "Day-one" gain at the inception of the contracts, and will be amortized over the life of the contracts.

The insurance contract liabilities as at 30 June 2022 increased by 8.0% compared with the end of 2021, mainly due to the increase of insurance business and accumulation of insurance liabilities. As at the date of the balance sheet, all types of insurance contract liabilities of the Company passed the adequacy test.

(5) Asset management business

Since the beginning of 2022, domestic stock market appeared to drop by a large margin, and later ushered in a phased rebound. The market interest rate still maintained fluctuation at low levels. Asset allocation of the Company remained stable. While investing in long-duration assets under strategic guidance, the Company adopted flexible investment tactics and seized market opportunities.

The Company mostly invested in debt financial assets. Whereas interest rate maintained fluctuation at low levels, the Company continued to invest long-duration local government bonds and treasury bonds to lengthen assets duration based on assets liabilities match. And the Company still pursues medium and short-term opportunities. In addition, the Company has stepped up risk scrutiny on credit products and post-investment management, carried out prudent assessment on new products and invested high-quality financial products under the premise of controllable risks. As at 30 June 2022, debt financial assets of the Company amounted to RMB578,471 million, accounting for 50.7% of total investment assets, a decrease of 2.6 percentage points compared with the end of last year.

In terms of equity financial assets, the Company still adhered to value-oriented investment and managed investment position prudently. Through adjusting investment portfolio and controlling retracement, the Company seized swing trading and accumulated investment return. As at 30 June 2022, equity financial assets of the Company amounted to RMB291,510 million, accounting for 25.6% of total investment assets, an increase of 1.8 percentage points compared with the end of last year.

SECTION 4

MANAGEMENT DISCUSSION AND ANALYSIS

1. Investment portfolio

Unit: RMB in millions

	As at 30 June 2022		As at 31 December 2021		Amount change
	Amount	Proportion	Amount	Proportion	
Investment assets	1,140,365	100.0%	1,082,803	100.0%	5.3%
Classified by investment type					
Term deposits ⁽¹⁾	186,747	16.4%	168,540	15.6%	10.8%
Debt financial assets	578,471	50.7%	577,214	53.3%	0.2%
– Bonds	440,499	38.6%	416,579	38.5%	5.7%
– Trust products	76,909	6.7%	83,733	7.7%	-8.1%
– Debt plans ⁽²⁾	56,648	5.0%	57,747	5.3%	-1.9%
– Others ⁽³⁾	4,415	0.4%	19,155	1.8%	-77.0%
Equity financial assets	291,510	25.6%	257,436	23.8%	13.2%
– Funds	89,192	7.8%	75,306	7.0%	18.4%
– Stocks ⁽⁴⁾	90,699	8.0%	91,716	8.5%	-1.1%
– Others ⁽⁵⁾	111,619	9.8%	90,414	8.3%	23.5%
Investments in associates and joint ventures	5,489	0.5%	5,452	0.5%	0.7%
Cash and cash equivalents ⁽¹⁾	17,813	1.5%	15,459	1.4%	15.2%
Other investment assets ⁽⁶⁾	60,335	5.3%	58,702	5.4%	2.8%
Classified by investment purpose					
Financial assets at fair value through profit or loss	76,459	6.7%	70,226	6.5%	8.9%
Available-for-sale financial assets	409,650	35.9%	403,427	37.3%	1.5%
Held-to-maturity investments	327,031	28.7%	301,102	27.8%	8.6%
Loans and others ⁽⁷⁾	321,736	28.2%	302,596	27.9%	6.3%
Investment in associates and joint ventures	5,489	0.5%	5,452	0.5%	0.7%

Notes:

- Term deposits exclude those with maturity of three months or less, and cash and cash equivalents include term deposits with maturity of three months or less.
- Debt plans mainly consist of infrastructure and real estate funding projects.
- Others include asset management products, certificates of deposit, etc.
- Stocks include common stocks and preferred stocks.
- Others include asset management products, private equity, equity plans, unlisted equity investments and perpetual bonds, etc.
- Other investment assets mainly include statutory deposits, policy loans, financial assets purchased under agreements to resell, dividend receivables and interest receivables, etc.
- Loans and others mainly include term deposits, cash and cash equivalents, statutory deposits, policy loans, financial assets purchased under agreements to resell, dividend receivables, interest receivables, loans and receivables, etc.

SECTION 4

MANAGEMENT DISCUSSION AND ANALYSIS

2. Investment income

Unit: RMB in millions

For the six months ended 30 June	2022	2021	Change
Interest income from cash and cash equivalents	93	67	38.8%
Interest income from term deposits	3,422	2,691	27.2%
Interest income from debt financial assets	12,737	13,131	-3.0%
Dividend income from equity financial assets	7,463	4,431	68.4%
Interest income from other investment assets ⁽¹⁾	1,177	1,060	11.0%
Net investment income⁽²⁾	24,892	21,380	16.4%
Realized (losses)/gains on investment assets	(1,528)	10,945	-114.0%
Unrealized losses	(331)	(3)	10,933.3%
Impairment losses on investment assets	(568)	(1,484)	-61.7%
Share of results of associates and joint ventures under equity method	165	279	-40.9%
Total investment income⁽³⁾	22,630	31,117	-27.3%
Annualized net investment yield ⁽⁴⁾	4.7%	4.5%	0.2pt
Annualized total investment yield ⁽⁴⁾	4.2%	6.5%	-2.3pt

Notes:

- Interest income from other investment assets includes interest income from statutory deposits, policy loans and financial assets purchased under agreements to resell, etc.
- Net investment income includes interest income from cash and cash equivalents, term deposits, debt financial assets and other investment assets and dividend income from equity financial assets.
- Total investment income = net investment income + realized (losses)/gains on investment assets + unrealized losses + impairment losses on investment assets + share of results of associates and joint ventures under equity method.
- Annualized investment yield = (investment income – interest expenses of financial assets sold under agreements to repurchase)/(monthly average investment assets – monthly average financial assets sold under agreements to repurchase – monthly average interest receivables) *2.

3. *Investment in non-standard assets*

The overall credit risks of non-standard assets that the Company currently holds are within control with most of the underlying assets being loans in institutional financing of non-banking sectors, infrastructure financing and commercial real estate financing. The enterprises involved are industrial giants, large financial institutions, central enterprises and important state-owned enterprises in the first and second tier cities. As at 30 June 2022, the non-standard assets amounted to RMB233,786 million, increasing by RMB11,880 million compared with the end of last year, accounting for 20.5% of total investment assets, unchanged compared with the end of last year. The non-standard assets that the Company held had good credit enhancement measures. Apart from financing entities which are exempted from credit enhancement requirements by regulatory authorities, most of non-standard assets take the following credit enhancement measures, such as mortgage and pledge, joint guarantee, repurchase agreement, and management of funds, so the non-standard assets are with high quality and low risk.

(1) Ratings

After deducting wealth management products issued by commercial banks and equity financial products not requiring external ratings, the existing non-standard assets of the Company with AAA ratings accounted for 98.0% of total non-standard assets as at 30 June 2022. The overall credit risk was limited.

SECTION 4

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Investment portfolio

Unit: RMB in millions

As at 30 June 2022	Amount	Proportion	Proportion change compared with the end of last year	Amount change compared with the end of last year
Non-standard debt investments	133,645	57.2%	-7.4pt	(9,780)
– Trust products	76,909	32.9%	-4.8pt	(6,824)
– Debt plans	56,648	24.3%	-1.7pt	(1,099)
– Project asset support plans	43	–	-0.9pt	(1,857)
– Asset management plans	45	–	–	–
Non-standard equity investments	100,141	42.8%	7.4pt	21,660
– Asset management plans	60,089	25.7%	6.7pt	18,034
– Private equity	11,432	4.9%	0.1pt	768
– Unlisted equity	17,080	7.3%	-0.6pt	(392)
– Trust products	300	0.1%	0.1pt	300
– Equity investment plans	11,240	4.8%	1.1pt	2,950
Total	233,786	100.0%		11,880

(3) Major management institutions

Unit: RMB in millions

As at 30 June 2022	Paid amount	Proportion
New China Asset Management Co., Ltd.	96,282	41.2%
Zhongrong International Trust Co., Ltd.	14,043	6.0%
Everbright Xinglong Trust Co., Ltd.	12,469	5.4%
CITIC Trust Co., Ltd.	9,909	4.2%
Zhongyuan Trust Co., Ltd.	8,483	3.6%
China Insurance Investment Co., Ltd.	8,401	3.6%
Huaneng Guicheng Trust Co., Ltd.	8,370	3.6%
Taikang Asset Management Co., Ltd.	8,100	3.5%
Cigna & CMB Asset Management Company Limited	6,101	2.6%
China Fortune International Trust Co., Ltd.	4,984	2.1%
Total	177,142	75.8%

III. ANALYSIS BY COMPONENT

(I) Solvency

New China Life Insurance Company Ltd. calculated and disclosed core capital, actual capital, minimum capital, core solvency margin ratio and comprehensive solvency margin ratio according to the Solvency Regulatory Rules II for Insurance Companies. As required by the CBIRC, solvency margin ratios of a domestic insurance company in P.R.C. must meet the prescribed thresholds.

Unit: RMB in millions

	As at 30 June 2022	As at 31 December 2021 ⁽²⁾	Reason(s) of change
Core capital	152,931	278,510	Adjustment according to Solvency Regulatory Rules II for Insurance Companies, profit earned for the reporting period, changes in fair value of available-for-sale financial assets and growth in insurance business
Actual capital	251,910	288,510	
Minimum capital	104,572	114,448	Adjustment according to Solvency Regulatory Rules II for Insurance Companies, growth and structural changes in insurance and investment businesses
Core solvency margin ratio⁽¹⁾	146.25%	243.35%	
Comprehensive solvency margin ratio⁽¹⁾	240.90%	252.09%	

Notes:

1. Core solvency margin ratio = core capital/minimum capital, comprehensive solvency margin ratio = actual capital/minimum capital.
2. Solvency margin ratios as at 31 December 2021 were calculated according to Solvency Regulatory Rules (No. 1-17) for Insurance Companies.

(II) Liquidity

1. Gearing ratio

	As at 30 June 2022	As at 31 December 2021
Gearing ratio ⁽¹⁾	91.2%	90.4%

Note:

1. Gearing ratio = total liabilities/total assets.

2. Analysis of consolidated statement of cash flows

Unit: RMB in millions

For the six months ended 30 June	2022	2021	Change
Net cash flows from operating activities	57,271	42,068	36.1%
Net cash flows from investing activities	(48,923)	(14,214)	244.2%
Net cash flows from financing activities	(6,216)	(23,905)	-74.0%

The net cash inflows from operating activities in the first half of 2022 increased by 36.1% compared with the same period of last year mainly due to the increase of premium income and decrease of cash paid for insurance claims and commission and brokerage expense.

The net cash outflows from investing activities in the first half of 2022 increased by 244.2% compared with the same period of last year mainly due to the increase of cash paid for investments.

The net cash outflows from financing activities in the first half of 2022 decreased by 74.0% compared with the same period of last year mainly due to the decrease of net cash paid for financial assets sold under agreements to repurchase.

3. Source and use of liquidity

The principal cash inflows of the Company are comprised of insurance premiums, income from non-insurance contracts, proceeds from sales and maturity of investment assets and investment income. The liquidity risks with respect to these cash inflows primarily arise from surrenders of policyholders and contract holders, defaults by debtors, fluctuation of interest rate and other market fluctuations. The Company closely monitors and manages these risks.

The cash and bank deposits of the Company provided liquidity resources to satisfy the requirements of cash outflows. Substantially all of the Company's term deposits were available for utilization subject to interest losses. As of the end of the reporting period, cash and cash equivalents amounted to RMB17,813 million and term deposits amounted to RMB186,747 million. Moreover, the investment portfolio also provided liquidity resources to satisfy the requirements of unexpected cash outflows. As of the end of the reporting period, the book value of debt financial assets amounted to RMB578,471 million, and the book value of equity financial assets amounted to RMB291,510 million.

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

The sources of liquidity are sufficient to meet the Company's current cash requirements.

(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.

1. Premiums ceded out for reinsurers

Unit: RMB in millions

For the six months ended 30 June	2022	2021
Swiss Reinsurance Company Ltd. Beijing Branch	976	786
China Life Reinsurance Company Ltd.	370	321
Others ⁽¹⁾	98	167
Total	1,444	1,274

Note:

- Others primarily included General Reinsurance AG Shanghai Branch, SCOR SE Beijing Branch, Hannover Rückversicherung AG Shanghai Branch and Munich Reinsurance Company Beijing Branch, etc.

2. Premiums ceded out by insurance products

Unit: RMB in millions

For the six months ended 30 June	2022	2021
Life insurance	124	153
Health insurance	1,302	1,103
Accident insurance	18	18
Total	1,444	1,274

IV. FUTURE PROSPECTS

(I) Market environment and operation plan

The life insurance business is touching phased bottom and undergoing a profound transformation at present. And development environment is complicated and severe. In the second half of 2022, in accordance with the business orientation of “stabilizing volume and highlighting value”, the Company will focus on core business development, strengthen product innovation, improve team quality, and take multiple measures to promote high-quality development of the Company.

First, launch diversified products. Focusing on customers’ needs, the Company will strengthen product innovation and product development in key areas, and constantly improve product system to offer protection for customers’ whole life. Meanwhile, the Company will actively integrate internal and external resources in healthcare and senior care to expand the coverage of products and services.

Second, improve team quality. The Company will offer more support for high-performing team to improve team quality and productivity. The Company will put in place the “High-performing Project”, build sales team featuring “youth, profession and urbanization” and continue to explore the transformation of sales team.

Third, strengthen customer management. The Company will push forward “Run NCI” activity, create more activities to accumulate customers, carry out differentiated customer management activities, and strengthen the customer acquisition ability of sales team. The Company will inspect customer protection gap and improve the service efficiency of sales team in the new era.

Fourth, strengthen risk control and compliance. The Company will carry out “1+N” risk management and improve its risk management. The Company will continue to implement the “negative list” mechanism and strengthen dynamic risk management monitoring. The Company will continue to prevent case risks, enhance the risk awareness of all staff, and firmly prevent case risks.

(II) Possible risks and measures to be taken

1. Possible risks

Covid-19 continues to spread and global environment is still grim. The complex internal and external environments have exacerbated the interaction of market, credit and liquidity risks. Financial risks accumulated rapidly. Insurance funds suffer great pressure in safety and income. The rapid development of internet further expedites the circulation of public opinion, which brings new challenges to the prevention and control of reputation risk.

2. Measures to be taken

In order to deal with the above possible risks, the Company will, in accordance with the requirements and standards of the second phase of CROSS-II, optimize comprehensive risk management system and consolidate the foundation for risk management, improve tools, mechanism and system for risk management to make sure risk management system more effective.

INDEPENDENT ACTUARY'S REPORT ON REVIEW OF EMBEDDED VALUE INFORMATION

To the Directors of New China Life Insurance Company Ltd.,

We have reviewed embedded value results ("**EV Results**") of New China Life Insurance Company Ltd. ("**NCI**" or "**the company**") as of 30 June 2022. Our review about EV Results includes: embedded value and first half year's new business as of 30 June 2022, sensitivity analysis, and the analysis of change of the embedded value.

The methodology NCI used to calculate the embedded value and the first half year's new business complies to "CAA Standards of Actuarial Practice: Appraisal of Embedded Value" ("**Appraisal of Embedded Value**") issued by the China Association of Actuaries ("**CAA**") in November 2016. CROSS phase II has been in force since 1 January 2022, however the Appraisal of Embedded Value has not been adjusted in accordance with the changes of solvency requirements. This report still follows the CROSS Phase I regulations. As independent actuaries, it is our responsibility to review the EV results according to the review process as confirmed in the Letter of Engagement and to evaluate whether the methodology and assumptions used for calculating EV Results are consistent with the requirement of Appraisal of Embedded Value and market information.

Scope of work

Our scope of work covered:

- A review of whether methodology and assumptions used for calculating the embedded value and the value of first half year's new business as of 30 June 2022 are consistent with the requirement of Appraisal of Embedded Value and market information.
- A review of the embedded value and the value of first half year's new business as of 30 June 2022;
- A review of the sensitivity tests of the value of in-force business and value of first half year's new business as of 30 June 2022; and
- A review of the analysis of change of the embedded value from 31 December 2021 to 30 June 2022.

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

The calculation of embedded value relies greatly on predictions and assumptions, which include many economic/ noneconomic assumptions and assumptions on financial position that company has no control of. Therefore, the actual experience and results may differ from prediction.

Opinion

Based on the scope of work and data reliance, we have concluded that:

- Based on our review, the embedded value methodology and assumptions used by NCI are consistent with the requirements of the “Appraisal of Embedded Value” and available market information.
- The embedded value results of all significant aspects are consistent with the methodology and assumptions shown in the Embedded Value section of 2022 interim report.

We confirm that the results shown in the Embedded Value section of 2022 interim report are consistent with those reviewed by us.

Our review report is limited to the uses of board of directors of NCI for the purposes agreed in the Letter of Engagement and for no other purpose. Unless with our prior written consent, we will not be responsible for any use of this report by third parties other than as agreed in the Letter of Engagement or uses for any other purposes.

Grace Jiang, FSA

Ben Cheng, FIA

PricewaterhouseCoopers Consultants (Shenzhen) Ltd., Beijing Branch

30 August 2022

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 of 30 June 2022 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 shareholder 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 P.R.C., 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.

In November 2016, China Association of Actuaries (CAA) issued CAA [2016] No. 36 "CAA Standards of Actuarial Practice: Appraisal of Embedded Value" (hereafter referred to as "Appraisal of Embedded Value" standard). The embedded value and value of new business in this section are prepared by us in accordance with the "Appraisal of Embedded Value" standard. PricewaterhouseCoopers Consultants (Shenzhen) Ltd. performed a review of our embedded value. The review statement from PricewaterhouseCoopers Consultants (Shenzhen) Ltd. is contained in the "Independent Actuary's Report on Review of Embedded Value Information" section.

2. DEFINITIONS OF EMBEDDED VALUE

Embedded value is the sum of the adjusted net worth and the value of in-force business allowing for the cost of required capital held by the company.

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

Net assets, defined as assets less policy liabilities valued under the “Appraisal of Embedded Value” standard; 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 for differences between P.R.C. GAAP reserves and reserves under the “Appraisal of Embedded Value” standard.

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 shareholder distributable profits for existing in-force business at the valuation date. The “value of first half year’s new business” is the discounted value of the projected stream of future after-tax shareholder distributable profits for sales in the 6 months immediately preceding the valuation date. Shareholder distributable profits are determined based on policy liabilities, required capital in excess of policy liabilities, and minimum capital requirement quantification standards prescribed by the CBIRC.

The value of in-force business and the value of first half year’s new business have been determined using a traditional deterministic discounted cash flow methodology. This methodology is consistent with the “Appraisal of Embedded Value” standard 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 value of in-force business and the value of first half year's new business as of 30 June 2022, we have assumed that the Company continues to operate as a going concern under the current economic and regulatory environment, and the relevant regulations for determining policy liabilities and required capital remain unchanged. The operational assumptions are mainly based on the results of experience analyses of the Company, 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.

(1) Risk Discount Rate

The risk discount rate used to calculate the value of in-force business and value of first half year's new business is 11.0% p.a.

(2) Investment Returns

The table below shows investment return assumptions for the main funds to calculate VIF and the Value of First Half Year's New Business.

	2022	2023	2024	2025+
Non-participating	5.00%	5.00%	5.00%	5.00%
Participating	5.00%	5.00%	5.00%	5.00%
Universal life	5.00%	5.00%	5.00%	5.00%
Unit-linked	6.00%	6.00%	6.00%	6.00%
New Non-participating	6.00%	6.00%	6.00%	6.00%
Specific participating I	5.50%	5.50%	5.50%	5.50%
Specific Non-participating I	5.25%	5.25%	5.25%	5.25%
Specific participating II	5.50%	5.50%	5.50%	5.50%

Note: Investment return assumptions are applied to calendar year.

(3) 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 (2010 to 2013)".

(4) Morbidity

Morbidity assumptions have been developed based on the Company's past morbidity experience, expectations of current and future experience, and taking into consideration future morbidity deterioration trend. Morbidity assumptions are expressed as a percentage of "China Life Insurance Experienced Critical Illness Table (2020)".

(5) Invalidation Rate and Surrender Rate

Assumptions have been developed based on the Company's experience of invalidation and lapse, expectations of current and future experience, and overall knowledge of the Chinese life insurance market. Assumptions vary by product type and premium payment mode.

(6) Expenses

Unit cost assumptions have been developed based on the Company's past actual expense experience, expectations of current and future experience. Future inflation of 2.0% p.a. has been assumed in respect of per policy expenses.

(7) 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.

(8) 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.

SECTION 5

EMBEDDED VALUE

(9) Tax

Tax has been assumed to be payable at 25% p.a. of profits with allowance for the exemption of certain investment income, including Chinese government bonds, and dividend income from equities and equity investment funds. In addition, taxes and surcharges for short-term health and accident business are based on related tax regulation.

(10) Cost of Required Capital

It is assumed that 100% of the minimum capital requirement prescribed by the CBIRC is to be held by the Company in the calculation of the value of in-force business and the value of first half year's new business.

The current solvency regulations have been assumed to maintain the requirements under Solvency II Phase I and unaltered throughout the course of projection.

(11) Other Assumptions

The current methods for calculating 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 first half year's new business as of 30 June 2022 and their corresponding results as of prior valuation date.

Embedded Value

Unit: RMB in millions

Valuation Date	30 June 2022	31 December 2021
Adjusted Net Worth	161,413	163,027
Value of In-Force Business Before Cost of Required Capital Held	122,305	120,279
Cost of Required Capital Held	(24,844)	(24,481)
Value of In-Force Business After Cost of Required Capital Held	97,461	95,797
Embedded Value	258,873	258,824

Notes:

1. Numbers may not be additive due to rounding.
2. The impact of major reinsurance contracts has been reflected in the embedded value.

Value of First Half Year's New Business

Unit: RMB in millions

Valuation Date	30 June 2022	30 June 2021
Value of First Half Year's New Business Before Cost of Required Capital Held	3,391	5,725
Cost of Required Capital Held	(1,279)	(1,635)
Value of First Half Year's New Business After Cost of Required Capital Held	2,112	4,090

Notes:

- Numbers may not be additive due to rounding.
- The first year premiums used to calculate the value of first half year's new business as of 30 June 2022 and 30 June 2021 were RMB32,142 million and RMB33,505 million respectively.
- The impact of major reinsurance contracts has been reflected in the value of first half year's new business.

Value of First Half Year's New Business by Channel

Unit: RMB in millions

Valuation Date	30 June 2022	30 June 2021
Individual insurance channel	2,102	3,905
Bancassurance channel	231	292
Group insurance channel	(221)	(107)
Total	2,112	4,090

Notes:

- Numbers may not be additive due to rounding.
- The first year premiums used to calculate the value of first half year's new business as of 30 June 2022 and 30 June 2021 were RMB32,142 million and RMB33,505 million respectively.
- The impact of major reinsurance contracts has been reflected in the value of first half year's new business.

5. ANALYSIS OF CHANGE

The analysis of change in Embedded Value from 31 December 2021 to 30 June 2022 is shown below.

Unit: RMB in millions

Analysis of Change in EV from 31 December 2021 to 30 June 2022	
1. EV at the beginning of period	258,824
2. Impact of Value of New Business	2,112
3. Expected Return	10,022
4. Operating Experience Variances	22
5. Economic Experience Variances	(7,092)
6. Operating Assumption Changes	–
7. Economic Assumption Changes	–
8. Capital Injection/Shareholder Dividend Payment	(4,492)
9. Others	305
10. Value Change Other Than Life Insurance Business	(828)
11. EV at the end of period	258,873

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 adjusted net worth 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, expenses, taxes and etc.) and the assumed at the beginning of the period.
5. Reflects the difference between actual and expected investment returns and market value adjustment in the period, etc.
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 summarized below.

Unit: RMB in millions

VIF and Value of First Half Year's New Business Sensitivity Results as of 30 June 2022	VIF after Cost of Required Capital Held	the Value of First Half Year's New Business after Cost of Required Capital Held
Scenarios		
Base Scenario	97,461	2,112
Risk Discount Rate at 11.5%	93,009	1,957
Risk Discount Rate at 10.5%	102,215	2,277
Investment Return 50bps higher	119,106	2,895
Investment Return 50bps lower	75,726	1,326
Expenses 10% higher (110% of Base)	95,502	1,491
Expenses 10% lower (90% of Base)	99,419	2,733
Discontinuance Rates 10% higher (110% of Base)	96,903	1,965
Discontinuance Rates 10% lower (90% of Base)	98,004	2,265
Mortality 10% higher (110% of Base)	96,645	2,086
Mortality 10% lower (90% of Base)	98,280	2,139
Morbidity and Loss Ratio 10% higher (110% of Base)	92,453	1,703
Morbidity and Loss Ratio 10% lower (90% of Base)	102,459	2,522
Profit Sharing between Participating Policyholders and Shareholders is assumed to be 75%/25% instead of 70%/30%	92,289	2,043

I. CORPORATE GOVERNANCE

During the reporting period, the Company held one shareholders' general meeting, five meetings of the Board and five meetings of the Board of Supervisors in total. Announcements on resolutions of such meetings and relevant meeting documents have been published on the websites of the HKSE, the SSE and the Company as well as other relevant information disclosure media according to regulatory requirements. The shareholders' general meeting, the Board, the Board of Supervisors and senior management all operated legally and independently in accordance with the *Articles of Association* and relevant rules and procedures of the Company, and effectively performed their respective duties.

Shareholders' General Meeting

Session	Date	Place	Proposals	Media where resolutions were published	Date of publication of resolutions
The Annual General Meeting of 2021	2022-6-28	Beijing	Considered and approved <i>Proposal on the Report of the Board for the Year 2021, Proposal on the Report of the Board of Supervisors for the Year 2021, Proposal on the Profit Distribution Plan for the Year 2021, etc.</i>	www.hkexnews.hk www.sse.com.cn China Securities Journal, Shanghai Securities News	2022-6-28

Note: For the attendance and voting results of meetings mentioned above, please refer to announcements on resolutions of such meetings published by the Company in the relevant media.

Chairman and Chief Executive Officer

As of the end of reporting period, Mr. XU Zhibin worked as the chairman of the Company, Mr. LI Quan worked as chief executive officer of the Company. The chairman shall preside over the shareholders' general meeting, convene and preside over the Board meeting, and exercise other powers granted by the Board. The chief executive officer is accountable for the Board and in charge of operation and management of the Company. The duties between the chairman and chief executive officer are clearly defined in the *Articles of Association*.

Compliance with the Model Code

The Company has formulated the *Administrative Measures for Shareholding and Changes Thereof of Directors, Supervisors and Senior Management of New China Life Insurance Company Ltd.* (《新華人壽保險股份有限公司董事、監事和高級管理人員所持公司股份及其變動管理辦法》) to regulate the securities transactions of directors, supervisors and senior management of the Company, the terms of which are no less exacting than that of the *Model Code*. After specific enquiries with all directors, supervisors and senior management, the Company confirmed that all directors, supervisors and senior management have complied with the code of conduct specified in the *Model Code* and *Administrative Measures for Shareholding and Changes Thereof of Directors, Supervisors and Senior Management of New China Life Insurance Company Ltd.* during the reporting period.

II. IMPLEMENTATION OF PROFIT DISTRIBUTION PLAN DURING THE REPORTING PERIOD

According to the *Proposal on the Profit Distribution Plan for the Year 2021* approved by the Annual General Meeting of 2021, with the appropriation to its discretionary surplus reserve of RMB1,440 million (10% of the net profit recorded in the financial statements of the parent company for 2021), the Company distributed cash dividend of RMB1.44 (including tax) per share to all shareholders of the Company and completed the distribution of 2021 annual dividend on 10 August 2022.

The Company neither distributed interim dividend with profit earned for the reporting period nor increased share capital with capital reserve.

III. COMPOSITION AND CHANGES IN DIRECTORS, SUPERVISORS AND MEMBERS OF SENIOR MANAGEMENT

(I) Directors

1. *Members of the Board*

As of the date of the disclosure of this report, the Board is comprised of 15 directors. The chairman and non-executive director of the Company is XU Zhibin, the executive directors are LI Quan and ZHANG Hong, the non-executive directors are YANG Yi, HE Xingda, YANG Xue, HU Aimin, LI Qiqiang, PENG Yulong and Edouard SCHMID, and the independent non-executive directors are LI Xianglu, ZHENG Wei, CHENG Lie, GENG Jianxin and MA Yiu Tim.

2. *Changes of Directors*

Name	Position	Detail	Status
LI Xianglu ⁽¹⁾	Independent non-executive director	On 18 March 2022, the Board received resignation from Mr. LI Xianglu, an independent non-executive director of the Company. Mr. LI Xianglu has worked as an independent non-executive director for 6 consecutive years. According to relevant regulations, Mr. LI Xianglu resigned from positions as an independent non-executive director, chairman of Risk Management and Consumer Rights Protection Committee, member of Audit and Related Party Transaction Control Committee, and member of Nomination and Remuneration Committee of the Company.	Resigned
ZHENG Wei ⁽¹⁾	Independent non-executive director	On 18 March 2022, the Board received resignation from Mr. ZHENG Wei, an independent non-executive director of the Company. Mr. ZHENG Wei has worked as an independent non-executive director for 6 consecutive years. According to relevant regulations, Mr. ZHENG Wei resigned from positions as an independent non-executive director, chairman of Nomination and Remuneration Committee, member of Audit and Related Party Transaction Control Committee, and member of Risk Management and Consumer Rights Protection Committee of the Company.	Resigned

Note:

- Given the resignation of Mr. LI Xianglu and Mr. ZHENG Wei will result in the number of independent non-executive directors of the Company being lower than the requirements of relevant regulations and *Articles of Association*, Mr. LI Xianglu and Mr. ZHENG Wei will continue to perform the duties of independent non-executive directors and respective duties on relevant Board committees until the qualifications of new independent non-executive directors are ratified by the CBIRC.

Changes in Information of Directors

- Mr. XU Zhibin, the chairman and non-executive director of the Company, has worked as an executive director of Huijin since March 2022.
- Mr. YANG Yi, the non-executive director of the Company, has served as the deputy director of Equity Management Department II of Huijin since May 2022.
- Mr. LI Qiqiang, the non-executive director of the Company, has ceased to be the director of Hwabao Investment Co., Ltd. since June 2022.

(II) Supervisors

1. *Members of the Board of Supervisors*

As of the date of the disclosure of this report, the Board of Supervisors consisted of 5 supervisors, including shareholder representative supervisor LIU Debin, YU Jiannan, SHI Hongyu, employee representative supervisor LIU Chongsong and WANG Zhongzhu.

2. *Changes of Supervisors*

Changes in Information of Supervisors

1. Mr. YU Jiannan, the shareholder representative supervisor of the Company, has served as the director of General Affairs Department of CIC since March 2022.

(III) Members of Senior Management

1. *Members of Senior Management*

As of the date of the disclosure of this report, senior management of the Company consisted of 9 members, including LI Quan, ZHANG Hong, YANG Zheng, GONG Xingfeng, QIN Hongbo, YU Zhigang, YUE Ran, YUAN Chaojun and WANG Lianwen.

2. *Changes of Members of Senior Management*

Name	Position	Detail	Status
LI Yuan	Vice President	On 11 July 2022, the 32nd meeting of the seventh session of the Board considered and approved <i>Proposal on the Resignation of Mr. LI Yuan as Vice President</i> and agreed Mr. LI Yuan resigned from positions as vice president, member of Executive Committee, chairman of Business Development and Management Committee of the Company.	Resigned

IV. 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

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 executive under Hong Kong laws, regulations and rules

As at 30 June 2022, according to the information available to the Company and as far as our directors are aware of, there is 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*.

V. REMUNERATION POLICIES AND TRAINING PLAN FOR EMPLOYEES

As at 30 June 2022, there are a total of 33,384 employees who entered into employment contracts with the Company (including life insurance headquarters, 35 branches and major subsidiaries⁽¹⁾).

In accordance with characteristics of business and competition in the market, the Company provides employees with competitive remuneration with reference to the level of its counterparts in the industry. The remuneration of contractual sales personnel of the Company comprises basic remuneration and performance-based bonus. As required by the P.R.C. government, the Company provides employees with various social security and housing provident fund. At the same time, the Company provided a variety of benefit treatments for its employees, including corporate annuities to meet the diverse needs of different employee groups.

In 2022, employee training adheres to the leadership of the Communist Party of China and strives to serve the Company's strategy. The Company strengthened the professional training of employees, and held three lectures to study the spirit of the sixth plenary session of the 19th Central Committee of the Communist Party of China in the first half of 2022. Online training was carried out to promote employees' position, with online learning of 50 hours per employee. In the second half of 2022, the Company will carry out training on current political hotspots, training on the spirit of the 20th National Congress of the Communist Party of China, etc. to strengthen the ideological and political construction of employees.

In the first half of 2022, the Company organized 15,059 courses in individual insurance channel, with 1,285,894 participants. The accumulative learning time reached 38.6 hours per capita. In the second half of 2022, to build marketing channels, the Company will improve sales team, and carry out special training, certification, empowerment, compliance education and management according to guidelines.

Note:

1. Major subsidiaries refer to subsidiaries whose 50% or more of the shares are being held by the Company.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. ENVIRONMENT INFORMATION

The Company has always adhered to a low-carbon and environmental-friendly operation model, actively responded to climate change and promoted the construction of ecological civilization. When managing office decoration, the Company follows the principle of reasonable configuration, environmental protection and energy saving, and achieves the design goals of energy saving, high efficiency and low consumption through optimizing the design plan, controlling engineering technologies and materials. In daily office work, the Company takes measures to save energy and food and reduce emissions. In business development, the Company applies mobile platform and mobile terminals for customer and order management, thereby reducing paper consumption in the traditional marketing model.

During the reporting period, the Company has not been subject to administrative penalty for environmental issues.

II. SOCIAL RESPONSIBILITY

(I) Rural Revitalization

In the first half of 2022, the Company allocated RMB9.4 million to Shibing County, Guizhou Province, RMB1.0 million to Chayouzhong Banner, Ulanqab, Inner Mongolia, and supported 11 assistance projects. The Company purchased agricultural goods and products worth RMB3.28 million from January to June to support those areas. The Company provided anti-poverty insurance for “five groups” of registered households and marginal households in Shibing County, Guizhou Province, and effectively supported Shibing County to consolidate its achievements in poverty alleviation.

(II) Other Social Responsibilities

1. In the first half of 2022, New China Life Foundation continued to carry out the “Public Welfare Activity for Sanitation Workers” nationwide. As at 30 June 2022, more than 904,000 sanitation workers in 158 cities benefited from the project who were provided accident insurance of RMB100,000 per person. The project has donated personal accident insurance with the total sum assured of RMB333,300 million and settled 305 claims with the total payment of RMB27.605 million since its launch in August 2017.
2. In the first half of 2022, the total number of volunteers of the Company reached 46,308. The volunteer union organized 2,036 activities such as “caring for sanitation”, “fighting Covid-19”, “contributing to dual carbon” and “caring for students”, with total service time of 81,205 hours.

SIGNIFICANT EVENTS

I. CHANGES IN ACCOUNTING ESTIMATES

The Company determined actuarial assumptions which include assumptions on the discount rates, mortality rates, morbidity rates, expenses, policyholder dividends, surrender rates and etc. based on current information available as at the date of the balance sheet. These assumptions were used to calculate the liabilities of insurance contracts as at the date of the balance sheet.

On 30 June 2022, the Company reviewed the above assumptions based on the information available. Movements in liabilities of insurance contracts arising from the changes in the above assumptions were recognised in the consolidated statement of comprehensive income. The aforementioned changes in accounting estimates resulted in an increase in life insurance liabilities by RMB1,478 million, an increase in long-term health insurance liabilities by RMB1,617 million as at 30 June 2022, which in aggregate reduced profit before income tax by RMB3,095 million for the six months ended 30 June 2022.

II. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

The Annual General Meeting of 2021 of the Company held on 28 June 2022 considered and approved the *Proposal on the Appointment of Accounting Firms for the Year 2022*, and resolved to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP as domestic auditor, to carry out the annual audit, interim review and third-quarter agreed upon procedure for the year 2022. The Company also appointed Deloitte Touche Tohmatsu as international auditor to conduct annual audit and interim review for the year 2022. For details, please refer to *Proposed Appointment of Auditors* on 25 February 2022, *Further Announcement in relation to Proposed Appointment of Auditors* on 28 April 2022 and *Poll Results of the Annual General Meeting of 2021 and Distribution of 2021 Annual Dividend* on 28 June 2022 published by the Company, respectively.

III. CHARGE OF ASSETS

During the reporting period, the Company had no charge of assets.

IV. MAJOR INVESTMENT

During the reporting period, the Company had no major investment.

V. DISPOSAL AND ACQUISITION OF MAJOR ASSETS

During the reporting period, the Company had no disposal or acquisition of major assets.

VI. EXCHANGE RATE RISK AND HEDGING

Please refer to Note 5 to the interim condensed consolidated financial statements of this report for the details of exchange rate risk of the Company during the reporting period.

VII. CONTINGENT LIABILITIES

So far as known to the Board of Directors, as at 30 June 2022, there had been no litigation, arbitration or claim of material importance in which the Company or its subsidiaries was engaged or pending or which as threatened against the Company or its subsidiaries.

VIII. MAJOR CONNECTED TRANSACTIONS DURING THE REPORTING PERIOD

According to *Hong Kong Listing Rules*, the transaction between the Company and the Company's connected person (as stipulated in *Hong Kong Listing Rules*) constitutes the connected transaction of the Company. The Company monitors and manages such transactions in strict accordance with *Hong Kong Listing Rules* and abides by relevant rules and regulations of *Hong Kong Listing Rules*. Details of related party transactions are set out in Note 24 to the interim condensed consolidated financial statements of this report. Such transactions do not constitute the connected transactions or continuing connected transactions as defined in Chapter 14A of *Hong Kong Listing Rules*.

IX. MATERIAL CONTRACTS AND THEIR PERFORMANCE

- (I) During the reporting period, there were no such events as managing, contracting and leasing assets of other companies by the Company or managing, contracting and leasing the Company's assets by other companies that brought the Company more than 10% (inclusive) of the Company's total profit. Nor there were loans or financial assistance to be disclosed.
- (II) During the reporting period, there was no external guarantee of the Company and its subsidiaries, and the Company and its subsidiaries did not provide any guarantee for its subsidiaries.
- (III) The utilization of insurance funds of the Company is carried out mainly through entrusted management and the diversified entrusted investment management system in which the internal investment managers are main players and external investment managers are the supplemental has taken shape. The internal investment managers include Asset Management Company and Asset Management Company (Hong Kong) and external investment managers comprise fund companies, asset management division of securities firms and other professional investment management institutions. The Company enters into the entrusted investment management agreement with each manager, manages the investment activities through measures including investment guidance, asset custody, dynamic tracking and communication, assessment and evaluation, and takes targeted risk control measures according to the characteristics of different managers and investment targets.
- (IV) Unless otherwise disclosed in this report, the Company had no other material contract during the reporting period.

X. CREDIT OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER

During the reporting period, the Company and its controlling shareholder were not subject to enforceable obligation of the court or large amount of outstanding due and payable debts.



SECTION 8

SIGNIFICANT EVENTS

XI. PERFORMANCE OF THE COMMITMENTS OF THE COMPANY OR SHAREHOLDERS WITH OVER 5% SHAREHOLDING DURING THE REPORTING PERIOD OR UNTIL THE REPORTING PERIOD

For details of the commitments made by Huijin, the controlling shareholder of the Company, to avoid horizontal competition, please refer to Overseas Regulatory Announcement – *Announcement on the Performance of Unfulfilled Commitments of the Company's Shareholders, Related Parties and the Company* published on 13 February 2014 by the Company.

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

XII. PENALTY AND RECTIFICATION OF THE COMPANY AND ITS DIRECTORS SUPERVISORS, MEMBERS OF SENIOR MANAGEMENT AND CONTROLLING SHAREHOLDER

During the reporting period, neither the Company nor its directors, supervisors, members of senior management or its controlling shareholders were subject to penalties and rectifications to be disclosed.

XIII. SIGNIFICANT LITIGATION AND ARBITRATION EVENTS

During the reporting period, the Company had no significant litigation or arbitration events.

XIV. REVIEW OF THE INTERIM REPORT

Audit and Related Party Transaction Control Committee of the Board has reviewed the accounting standards and practices adopted by the Company and discussed internal control and financial statements, including the review of unaudited interim condensed consolidated financial statements 2022 of the Company.

XV. THE COMPANY'S COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is responsible for compliance with the code provisions set out in Part II of Appendix 14. In accordance with the code provision B.2.2 of Appendix 14, every director should be subject to retirement by rotation at least once every three years. The terms of the seventh session of the Board expired on 31 July 2022. As the election of new session of the Board is still under active preparation, in order to maintain the continuity of the relevant work of the Company, the election of the new session of the Board will be postponed. The terms of the seventh session of the Board will be extended to the date when the eighth session of the Board is approved at the shareholders' general meeting of the Company and officially perform their duties. The terms of the seventh session of the Board committees will also be extended accordingly. The Company will proceed with the election of the new session of Board as soon as possible in accordance with the relevant regulations and fulfill the corresponding information disclosure obligations in a timely manner. During the reporting period, save as otherwise disclosed in this report, the Board was not aware of any information that would reasonably indicate that the Company has not complied with the applicable code provisions set out in Part II of Appendix 14 at any time. The Company adopted most of the best practices set out therein.

XVI. OTHER SIGNIFICANT EVENTS

In order to ensure the Company's sufficient solvency and expand financing channels, the Annual General Meeting of 2021 held on 28 June 2022 agreed the Company to issue domestic capital supplementary bonds with the amount of no more than RMB20,000 million in compliance with regulatory requirements. For details, please refer to *Poll Results of the Annual General Meeting of 2021 and Distribution of 2021 Annual Dividend* published by the Company on 28 June 2022.

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 structure of share capital of the Company.

Unit: share

	31 December 2021		Increase or decrease during the reporting period (+, -)					30 June 2022	
	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. ISSUE OF SECURITIES

During the reporting period, the Company did not issue securities.

III. BUY BACK, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

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

IV. SHAREHOLDERS PROFILE

(I) Number of shareholders and their shareholdings

As of the end of the reporting period, there are 111,456 shareholders of the Company, including 111,172 A share shareholders and 284 H share shareholders.

Shares held by top ten shareholders

Unit: share

Name of the shareholders	Total number of shares held	Percentage of the shareholding (%)	Increase or decrease of shareholding during the reporting period (+,-)	Number of shares held with selling restrictions ⁽¹⁾	Shares pledged or frozen Status	Number of shares	Character of the shareholders	Types of shares
HKSCC Nominees Limited ⁽²⁾	1,033,271,097	33.12	+16,266	–	Unknown	Unknown	Overseas legal person shares	H
Central Huijin Investment Ltd.	977,530,534	31.34	–	–	–	–	State-owned shares	A
China Baowu Steel Group Corporation	377,162,581	12.09	–	–	–	–	State-owned legal person shares	A
China Securities Finance Corporation Limited	93,339,003	2.99	–	–	–	–	State-owned legal person shares	A
Hong Kong Securities Clearing Company Limited ⁽³⁾	36,490,097	1.17	+546,206	–	–	–	Overseas legal person shares	A
Central Huijin Asset Management Ltd.	28,249,200	0.91	–	–	–	–	State-owned legal person shares	A
Kehua Tianyuan (Tianjin) Business Operation Management Company Limited	15,500,000	0.50	–	–	–	–	Domestic legal person shares	A
Guosen Securities Co., Ltd. – Founder Fubon CSI Insurance Theme Index Security Investment Fund	12,340,494	0.40	+1,101,517	–	–	–	Others	A
Dacheng Fund-ABC-Dacheng China Securities Financial Asset Management Plan	8,713,289	0.28	–	–	–	–	Others	A
China Asset Management-ABC-China Asset Management Plan of CSI Financial Assets ⁽⁴⁾	7,863,699	0.25	–	–	–	–	Others	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 of the end of the reporting period, none of the Company's A shares or H shares were subject to selling restrictions.

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

2. HKSCC Nominees Limited is a company that holds shares on behalf of the clients of 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. Hong Kong Securities Clearing Company Limited ("HKSCC") is a nominal holder of shares in the Shanghai-Hong Kong Stock Connect.
4. China Asset Management-ABC-China Asset Management Plan of CSI Financial Assets entered the top 10 shareholders during the reporting period.

(II) Change of controlling shareholder and the de facto controller

During the reporting period, there was no change in the controlling shareholder of the Company. The Company had no de facto controller.

(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 at 30 June 2022, China Baowu held 377,162,581 A shares of the Company, which accounted for 12.09% of the total issued shares of the Company, and 18.09% 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 at 30 June 2022, the following persons (other than 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:

SECTION 9

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS' PROFILE

Unit: share

	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	Fosun International Holdings Ltd.	H share	Interests of Controlled Corporation	176,799,500 ⁽³⁾	5.67	–	17.10	Long Position
3	Fosun International Limited	H share	Interests of Controlled Corporation	145,697,600	4.67	–	14.09	Long Position
			Beneficial Owner	31,101,900 ⁽³⁾	1.00	–	3.01	Long Position
4	GUO Guangchang	H share	Interests of Controlled Corporation	176,799,500 ⁽³⁾	5.67	–	17.10	Long Position
5	Fidelidade – Companhia de Seguros, S.A.	H share	Beneficial Owner	62,126,100 ⁽³⁾	1.99	–	6.01	Long Position

Notes:

- Data disclosed in the table above are based on the information provided on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
- 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.
- Mr. GUO Guangchang holds equity interests in the shares of the Company through Fosun International Holdings Ltd., Fosun Holdings Limited, Fosun International Limited, Fidelidade – Companhia de Seguros, S.A. and other companies controlled or indirectly controlled by them.

Save as disclosed above, as at 30 June 2022, the Company was not aware of anyone (other than 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 to be entered into the register maintained by the Company pursuant to Section 336 of the SFO.

FINANCIAL STATEMENTS

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 of New China Life Insurance Company Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 54 to 124, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain 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") issued by the International Accounting Standards Board. 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, and to report our conclusion 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" issued by the International Auditing and Assurance Standards Board. A review of these interim condensed consolidated financial statements 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 August 2022

Condensed Consolidated Statement of Financial Position

As at 30 June 2022 (All amounts in RMB million unless otherwise stated)

	Notes	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
ASSETS			
Property, plant and equipment		17,972	17,971
Investment properties		9,301	9,427
Right-of-use assets		1,068	1,200
Intangible assets		3,864	3,792
Investments in associates and joint ventures	7	5,489	5,452
Debt financial assets		578,471	577,214
– Held-to-maturity	8(1)	327,031	301,102
– Available-for-sale	8(2)	171,233	181,346
– At fair value through profit or loss	8(3)	23,366	34,871
– Loans and receivables	8(4)	56,841	59,895
Equity financial assets		291,510	257,436
– Available-for-sale	8(2)	238,417	222,081
– At fair value through profit or loss	8(3)	53,093	35,355
Term deposits	8(5)	186,747	168,540
Statutory deposits		1,715	1,715
Policy loans		42,229	40,806
Financial assets purchased under agreements to resell		2,677	4,112
Derivative financial Instruments		4	4
Accrued investment income		13,710	12,065
Premiums receivable	9	5,747	2,867
Deferred tax assets	21	1,544	196
Reinsurance assets	10	3,960	3,981
Other assets		4,705	5,484
Cash and cash equivalents		17,813	15,459
Total assets		1,188,526	1,127,721

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2022 (All amounts in RMB million unless otherwise stated)

	Notes	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
LIABILITIES AND EQUITY			
Liabilities			
Insurance contracts			
Long-term insurance contract liabilities	11	928,235	859,926
Short-term insurance contract liabilities			
– Outstanding claims liabilities	11	2,342	2,184
– Unearned premiums liabilities	11	1,990	1,585
Investment contracts	12	65,271	57,915
Policyholder dividends payable		15	9
Borrowings	13	10,000	10,000
Lease liabilities		917	1,040
Financial liabilities at fair value through profit or loss		7,786	2,612
Financial assets sold under agreements to repurchase	14	35,252	55,415
Benefits, claims and surrenders payable		5,799	5,971
Premiums received in advance		288	5,095
Reinsurance liabilities	15	628	504
Other liabilities		25,272	15,770
Current income tax liabilities		45	63
Deferred tax liabilities	21	167	1,118
Total liabilities		1,084,007	1,019,207
Shareholders' equity			
Share capital	16	3,120	3,120
Reserves	17	49,794	53,046
Retained earnings		51,586	52,331
Equity attributable to owners of the Company		104,500	108,497
Non-controlling interests		19	17
Total equity		104,519	108,514
Total liabilities and equity		1,188,526	1,127,721

The notes attached form an integral part of the interim condensed consolidated financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

	Notes	For the six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
REVENUES			
Gross written premiums and policy fees	18	102,643	100,641
Less: premiums ceded out		(1,444)	(1,274)
Net written premiums and policy fees		101,199	99,367
Net change in unearned premiums liabilities		(387)	(154)
Net premiums earned and policy fees		100,812	99,213
Investment income	19	22,368	30,542
Other income		905	631
Total revenues		124,085	130,386
BENEFITS, CLAIMS AND EXPENSES			
Insurance benefits and claims			
Claims and net change in outstanding claims liabilities		(1,439)	(1,658)
Life insurance death and other benefits		(28,946)	(32,235)
Increase in long-term insurance contract liabilities		(74,039)	(67,178)
Policyholder dividends resulting from participating in profits		(1,032)	(663)
Investment contracts benefits		(1,221)	(1,138)
Commission and brokerage expenses		(6,357)	(8,980)
Administrative expenses	20	(5,652)	(5,845)
Other expenses		(430)	(481)
Total benefits, claims and expenses		(119,116)	(118,178)
Share of profits and losses of associates and joint ventures		165	279
Finance costs		(591)	(401)
Profit before income tax		4,543	12,086
Income tax expense	21	646	(1,538)
Net profit for the period		5,189	10,548
Net profit for the period attributable to:			
– Owners of the Company		5,187	10,546
– Non-controlling interests		2	2

Condensed Consolidated Statement of Comprehensive Income (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

	Notes	For the six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Net profit for the period		5,189	10,548
Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Available-for-sale financial assets			
Changes in fair value		(13,716)	4,985
Losses/(gains) transferred to profit or loss from other comprehensive income		1,234	(10,457)
Impairment transferred to profit or loss from other comprehensive income		568	328
Changes in liabilities for insurance and investment contracts arising from net unrealised gains		5,651	3,208
Currency translation differences		17	(8)
Share of other comprehensive income of associates and joint ventures under the equity method and the effect on liabilities for insurance and investment contracts		(156)	43
Income tax relating to components of other comprehensive income		1,609	477
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		–	–
Total other comprehensive income for the period, net of tax		(4,793)	(1,424)
Total comprehensive income for the period		396	9,124
Total comprehensive income for the period attributable to:			
– Owners of the Company		394	9,122
– Non-controlling interests		2	2
Earnings per share (RMB)			
Basic	22	1.66	3.38
Diluted	22	1.66	3.38

The notes attached 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 2022 (All amounts in RMB million unless otherwise stated)

	For the six months ended 30 June 2022					
	Attributable to owners of the Company				Non-controlling Interests	Total equity
	Share capital	Reserves	Retained earnings	Total		
As at 1 January 2022 (Audited)	3,120	53,046	52,331	108,497	17	108,514
Net profit for the period	–	–	5,187	5,187	2	5,189
Other comprehensive income	–	(4,793)	–	(4,793)	–	(4,793)
Total comprehensive income	–	(4,793)	5,187	394	2	396
Dividends paid	–	–	(4,492)	(4,492)	–	(4,492)
Appropriation to reserves	–	1,440	(1,440)	–	–	–
Total transactions with owners	–	1,440	(5,932)	(4,492)	–	(4,492)
Others	–	101	–	101	–	101
As at 30 June 2022 (Unaudited)	3,120	49,794	51,586	104,500	19	104,519

	For the six months ended 30 June 2021					
	Attributable to owners of the Company				Non-controlling Interests	Total equity
	Share capital	Reserves	Retained earnings	Total		
As at 1 January 2021 (Audited)	3,120	52,604	45,943	101,667	13	101,680
Net profit for the period	–	–	10,546	10,546	2	10,548
Other comprehensive income	–	(1,424)	–	(1,424)	–	(1,424)
Total comprehensive income	–	(1,424)	10,546	9,122	2	9,124
Dividends paid	–	–	(4,336)	(4,336)	–	(4,336)
Appropriation to reserves	–	1,336	(1,336)	–	–	–
Total transactions with owners	–	1,336	(5,672)	(4,336)	–	(4,336)
Others	–	4	–	4	–	4
As at 30 June 2021 (Unaudited)	3,120	52,520	50,817	106,457	15	106,472

The notes attached form an integral part of the interim condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Operating activities		
Net cash flows from operating activities	57,271	42,068
Investing activities		
Cash paid for investing activities, net	(75,364)	(30,017)
Acquisition of structured entities, net of cash acquired	36	33
Proceeds from disposal of structured entities, net	7,740	2,385
Proceeds from disposal of property, plant and equipment, intangible assets and other assets	2	2
Purchases of property, plant and equipment, intangible assets and other assets	(1,103)	(962)
Interests received	15,328	17,783
Dividends received	4,275	743
Financial assets purchased under agreements to resell, net	163	(4,181)
Net cash flows from investing activities	(48,923)	(14,214)
Financing activities		
Capital injected into structured entities by non-controlling interests	17,501	29,120
Proceeds from issuance of asset funding plans	2,770	-
Interests and dividends paid	(616)	(513)
Financial assets sold under agreements to repurchase, net	(18,879)	(39,601)
Payment of lease liabilities	(274)	(317)
Payment of redemption for structured entities to non-controlling interests	(6,718)	(12,594)
Net cash flows from financing activities	(6,216)	(23,905)
Effects of exchange rate changes on cash and cash equivalents	222	(46)
Net increase in cash and cash equivalents	2,354	3,903
Cash and cash equivalents		
At beginning of period	15,459	12,993
At end of period	17,813	16,896
Analysis of balances of cash and cash equivalents		
Cash at banks and in hand	17,813	16,896
Cash and cash equivalents at end of period	17,813	16,896

The notes attached form an integral part of the interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2022 (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 authorisation 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 former China Insurance Regulatory Commission (the “former CIRC”). In December 2011, the Company completed its initial public offering of 158,540,000 A shares on 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 over allotment in overseas markets and issued 2,586,600 H shares of the over allotment shares. Upon the approval of the former CIRC, the Company’s registered capital was increased to RMB3,120 million. The address of the Company’s registered office is No.16 East Hunan Road (Zhongguancun Yanqing Park), Yanqing District, Beijing, the PRC. The Company is headquartered in Beijing.

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 2022, the Company has equity interests in subsidiaries and consolidated structured entities as set out in Note 28. 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 interim condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) “Interim Financial Reporting” issued by the International Accounting Standards Board as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The interim condensed consolidated financial information should be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim condensed consolidated financial statements have been prepared under the historical cost basis, except for financial instruments measured at fair value and insurance contract liabilities measured based on actuarial methods.

The accounting policies applied are consistent with those of the consolidated annual financial statements for the year ended 31 December 2021, as described in those annual financial statements, except for the adoption of amendments effective as at 1 January 2022.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

All IFRSs that remain in effect which are relevant to the Group have been applied except for accounting standards and amendments that are effective but temporary exemption is applied by the Group.

(a) Amendments adopted by the Group for the first time for the financial year beginning on 1 January 2022

Standards/Amendments	Content
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018 – 2020

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

(b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group

Standards/Amendments	Content
IFRS 9	Financial Instruments
Amendments to IFRS 9	Prepayment Features with Negative Compensation

IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of International Financial Reporting Standard 9 (“IFRS 9”) “Financial Instruments”, bringing together all phases of the financial instruments project to replace International Accounting Standard 39 (“IAS 39”) “Financial Instruments: Recognition and Measurement” and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement of financial assets and financial liabilities, impairment for financial assets and other items (for example lease receivables) and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. According to the assessment performed by the Group, the Group reached the conclusion that its activities are predominantly connected with insurance. The Group has applied the temporary exemption from IFRS 9 and, therefore, continues to apply IAS 39 to its financial assets and liabilities in its reporting period starting on 1 January 2018. Based on the current assessment, the Group expects the adoption of IFRS 9 will have a material impact on the Group's interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

(b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group (Continued)

IFRS 9 – Financial Instruments (Continued)

Classification and measurement

IFRS 9 requires that the Group classifies debt instruments based on the combined effect of application of a business model (hold to collect contractual cash flows, hold to collect contractual cash flow and sell financial assets or other business models) and contractual cash flow characteristics (solely payments of principal and interest on the principal amount outstanding or not). Debt instruments not giving rise to cash flows that are solely payments of principal and interest on the principal amount outstanding would be measured at fair value through profit or loss. Other debt instruments giving rise to cash flows that are solely payments of principal and interest on the principal amount outstanding would be measured at amortised cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”), based on their respective business models. The Group is in the process of analysing the contractual cash flow characteristics of financial assets and assessing the application of the business model.

Equity instruments would generally be measured at fair value through profit or loss unless the Group elects to measure at FVOCI for certain equity investments not held for trading. This will result in unrealised gains and losses on equity instruments currently classified as available-for-sale financial assets being recorded in profit or loss going forward. Currently, these unrealised gains and losses are recognised in other comprehensive income (“OCI”). Should the Group elect to designate equity investments at FVOCI, gains and losses would never be recognised in profit or loss except for the received dividends not representing a recovery of part of the investment cost.

Impairment

IFRS 9 requires an impairment of debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group is in the process of developing and testing the key models required under IFRS 9 and analysing the impacts.

Hedge accounting

The Group does not apply the hedge accounting currently, so the new hedge accounting model under IFRS 9 has no impact on the Group’s interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

(b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group (Continued)

IFRS 9 – Financial Instruments (Continued)

The additional disclosures about the temporary exemption from IFRS 9

Amendments to IFRS 4 address issues arising from the different effective dates of IFRS 9 and IFRS 17. The amendments introduce two options for entities issuing contracts within the scope of IFRS 4 upon the adoption of IFRS 9, notably a temporary exemption and an overlay approach. The temporary exemption enables entities whose activities are predominantly connected with insurance to defer the implementation date of IFRS 9 until the earlier of the effective date of the new insurance contracts standard and annual reporting periods beginning on or after 1 January 2023. The overlay approach allows entities applying IFRS 9 from 2018 onwards to remove from profit or loss the effects arising from the adoption of IFRS 9 and reclassify the amounts to other comprehensive income for designated financial assets. An entity can apply the temporary exemption from IFRS 9 for annual periods beginning on or after 1 January 2018 or apply the overlay approach when it applies IFRS 9 for the first time.

The Group performed an assessment of the amendments, reached the conclusion that its activities are predominantly connected with insurance as at 31 December 2015, for the reasons that:

- (i) the carrying amount of its liabilities arising from contracts within the scope of IFRS 4, which includes any deposit components or embedded derivatives unbundled from insurance contracts is significant compared to the total carrying amount of all its liabilities;
- (ii) the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent.

Since 31 December 2015, there has been no significant change in the activities of the Group that requires reassessment. The Group has applied the temporary exemption from IFRS 9 and, therefore, continues to apply IAS 39 to its financial assets and liabilities since 1 January 2018.

The associates and joint ventures of the Group have adopted Hong Kong Financial Reporting Standard 9 “Financial Instruments”, IFRS 9 “Financial Instruments” or China Accounting Standard (“CAS”) 22 “Recognition and measurement of financial instruments”, CAS 23 “Transfer of financial assets”, CAS 24 “Hedge Accounting” and CAS37 “Presentation of financial instruments” issues by the Ministry of Finance of the PRC (collectively referred to as PRC Financial Instruments Accounting Standards). The Group elected not to make adjustments for the consistency with accounting policies when using the equity method.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

(b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group (Continued)

IFRS 9 – Financial Instruments (Continued)

The additional disclosures about the temporary exemption from IFRS 9 (Continued)

The additional disclosures about the temporary exemption from IFRS 9 are as follows:

(i) Fair value of financial assets

The table below presents the fair value of the following groups of financial assets (Note) under IFRS 9 as at 30 June 2022 and 31 December 2021:

	Fair value as at 30 June 2022 (Unaudited)	Fair value as at 31 December 2021 (Audited)
Held for trading financial assets (A)	76,459	70,226
Financial assets that are managed and whose performance are evaluated on a fair value basis (B)	4	4
Non-Class-A and Non-Class-B financial assets		
– Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (“SPPI”) (C)	555,560	538,702
– Financial assets with contractual terms that do not meet SPPI terms (D)	275,902	258,811
Total	907,925	867,743

Note: Only including financial assets at fair value through profit or loss, derivative financial instruments, available-for-sale financial assets, held-to-maturity financial assets and loans and receivables. All other financial assets held by the Group are financial assets that meet SPPI terms, and their carrying amounts approximate their fair value.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

(b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group (Continued)

IFRS 9 – Financial Instruments (Continued)

The additional disclosures about the temporary exemption from IFRS 9 (Continued)

(i) Fair value of financial assets (Continued)

The table below presents the fair value changes for the six months ended 30 June 2022 and 2021:

	Fair value changes for the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Held for trading financial assets (A)	(329)	689
Financial assets that are managed and whose performance are evaluated on a fair value basis (B)	(2)	3
Non-Class-A and Non-Class-B financial assets		
– Financial assets with contractual terms that meet SPPI terms (C)	3,350	2,620
– Financial assets with contractual terms that do not meet SPPI terms (D)	(10,413)	5,289
Total	(7,394)	8,601

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

(b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group (Continued)

IFRS 9 – Financial Instruments (Continued)

The additional disclosures about the temporary exemption from IFRS 9 (Continued)

(ii) Credit risk exposure

For the financial assets (except for overseas bonds) that meet the SPPI criterion classified as C, the credit rating of financial assets is assessed by qualified rating agencies in the PRC. The credit risk exposure is listed below:

Credit rating of financial assets that meet SPPI criterion	Carrying amount as at 30 June 2022 (Unaudited)	Carrying amount as at 31 December 2021 (Audited)
Rating not required (Note)	339,359	315,418
AAA	179,691	190,048
AA+	2,991	2,262
AA	45	2,100
A (inclusive) or below	4,155	3,374
Total	526,241	513,202

Note: Mainly including government bonds, government agency bonds and policy financial bonds.

For the overseas bonds that meet the SPPI criterion classified as C, Moody's credit rating is used, since there is no domestic rating. The credit risk exposure is listed below:

Credit rating of financial assets that meet the SPPI criterion	Carrying amount as at 30 June 2022 (Unaudited)	Carrying amount as at 31 December 2021 (Audited)
Aaa	199	–
A3	51	14
Baa1	33	–
Baa2	682	696
Baa3	66	58
Total	1,031	768

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

(b) Accounting standards and amendments that are effective but temporary exemption is applied by the Group (Continued)

IFRS 9 – Financial Instruments (Continued)

The additional disclosures about the temporary exemption from IFRS 9 (Continued)

(ii) Credit risk exposure (Continued)

	As at 30 June 2022 (Unaudited)	
	Carrying amount	Fair value
Financial assets that do not have low credit risk (Note)	7,191	7,228
	As at 31 December 2021 (Audited)	
	Carrying amount	Fair value
Financial assets that do not have low credit risk (Note)	7,736	7,736

Note: Financial assets that do not have low credit risk refer to financial assets with either credit rating below AAA or Moody's credit rating below Baa3.

Amendments to IFRS 9 – Prepayment Features with Negative Compensation

Amendments to IFRS 9 allow financial assets with prepayment features that permit or require either the borrower or the lender to pay or receive reasonable compensation for the early termination of a contract to be measured at amortised cost or at fair value through other comprehensive income, rather than at fair value through profit or loss. The amendments clarify that a financial asset passes the “solely payments of principal and interest on the principal amount outstanding” criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for that early termination. The amendments did not apply to the Group as the Group did not have any debt instruments with prepayment features along with compensation for early termination. In addition, as clarified in the amendments to the basis for conclusions on IFRS 9, the gain or loss arising on modification of a financial liability that does not result in derecognition (calculated by discounting the change in contractual cash flows at the original effective rate) is immediately recognised in profit or loss. Amendments to IFRS 9 are effective for annual periods beginning on or after 1 January 2019. According to the assessment performed by the Group, the Group reached the conclusion that its activities are predominantly connected with insurance. The Group has applied the temporary exemption from IFRS 9 and, therefore, continues to apply IAS 39 to its financial assets in its reporting period starting on 1 January 2018.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

(c) New accounting standards and amendments issued but are not effective for the financial year beginning on 1 January 2022

Standards/Amendments	Content	Effective for annual periods beginning on or after
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
IFRS 17	<i>Insurance Contracts</i>	1 January 2023/Note 1
Amendments to IFRS 17	<i>Insurance Contracts</i>	1 January 2023/Note 1
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Note 2

Note 1: As a consequence of the amendments to IFRS 17 issued in June 2020, the effective date of IFRS 17 was deferred to 1 January 2023, and IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023.

Note 2: In December 2015, the IASB postponed the effective date of these amendments pending the outcome of its research on the equity method of accounting.

The Group is currently assessing the impact of the implementation of IFRS 17. Except for IFRS 17, there are no other new accounting standards and amendments that are not yet effective but would be expected to have a significant impact on the Group's interim condensed consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Judgments, estimates and assumptions made by the Group during the preparation of the interim condensed consolidated financial statements 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 assumptions 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.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

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 the percentage of the benefits to be paid when the insured event occurs divided by the amounts to be paid when the insured event does not occur minus 100%.

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 recognises them as reinsurance contracts.

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) *Property lease classification – Group as lessor*

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Significant judgments (Continued)

(4) *Assessment of control over structured entity*

The Group applies its judgement to determine whether the control indicators indicate that the Group controls structured entities such as debt investment plans, trust products and asset management plans.

The Group issues certain structured entities (e.g. asset management plans and debt investment plans), and acts as a manager for such entities according to the contracts. In addition, the Group may be exposed to variability of returns as a result of holding shares of the structured entities. Determining whether the Group controls such structured entities usually focuses on the assessment of the aggregate economic interests of the Group in the entities (including any carried interests and expected management fees) and the decision making rights on the entities. As at 30 June 2022, the Group has consolidated certain asset management plans and debt investment plans issued and managed by the Company's subsidiary, New China Asset Management Co., Ltd. ("Asset Management Company") and certain debt investment plans issued and managed by third parties in the interim condensed consolidated financial statements. Please refer to Note 28 for the details.

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 are made based on the most recent historical analysis and current and future economic conditions. The liability uncertainty arising from uncertain future benefit payments, premiums and relevant expenses is reflected in the risk margin.

The residual margin relating to the long-term insurance contracts is amortised 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 insurance contract liabilities (including contracts with discretionary participating feature ("DPF")) affect the amounts recognised in the interim condensed consolidated financial statements as insurance contracts benefits and insurance contracts liabilities.

The impacts of the various assumptions are described in Note 11.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

(2) Fair value of financial instruments

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

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

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

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

(4) *Deferred income tax assets*

Deferred income tax assets are recognised 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 utilised. 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 recognised.

(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(7) below. Provisions have been made on those claims when losses are probable and can be reasonably estimated taking into consideration of 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 recognised currently may be significantly different from final settlement amounts actually paid.

(6) *Leases – Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

(7) *Former Chairman Mr. GUAN Guoliang Irregularities*

The former chairman Mr. GUAN Guoliang of the Company, who served as the Chairman 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 and judgments.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

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

The Former Chairman, Mr. GUAN Guoliang, without proper authorisation, 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 unauthorised 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 part of the settlement of Off-balance Sheet Repurchase Transactions.

In 2015, the Company received RMB170 million plus additional interest accrued during the 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 believes 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 the final order to Tianhuan Real Estate for payment. 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. ("Shenzhen Huirun") and issued a plan. On 25 May 2016, the Company received RMB16 million. On 7 August 2018, Beijing No.2 Intermediate People's Court deducted RMB42 million attributable to Tianhuan Real Estate from the bankruptcy of Shenzhen Huirun and issued a plan. According to the plan, the Company should receive RMB41 million. On 21 August 2018, the Company received RMB41 million.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

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

The Company does not have completed 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's management makes the judgment that there has been a significant uncertainty in recovering the receivables and the Company has been in the process of recovering the abovementioned amounts through legal actions. As at 30 June 2022, the Company recorded these receivables of RMB874 million (as at 31 December 2021: RMB874 million) in the account of "Other Assets", and a fully provision of RMB874 million was already recognised in previous years (as at 31 December 2021: RMB874 million).

(8) Taxation

The Group pays value added 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 recognises 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 OF SIGNIFICANT ACCOUNTING ESTIMATES

Insurance contract liabilities are calculated using various actuarial assumptions, including assumptions on the discount rates, mortality rates, morbidity rates, expenses assumption, policy dividend and lapse rates. 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 the reporting period. Variations of related insurance contract reserves due to changes in these assumptions are recognised in the condensed consolidated statement of comprehensive income. The abovementioned changes in accounting estimates resulted in the long-term insurance contract liabilities increased by RMB3,095 million as at 30 June 2022, and profit before income tax decreased by RMB3,095 million for the six months ended 30 June 2022.

The above change in accounting estimates has been approved by the Board of Directors of the Company on 30 August 2022.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

5. RISK MANAGEMENT

The interim condensed consolidated financial statements do 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 2021. There have been no changes in the Group's risk management process or in relevant risk management policies since 31 December 2021.

(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.

The Group offers long-term life insurance, critical illness insurance, annuity, accident and 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 stabilise 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 fulfill their responsibilities.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

5. RISK MANAGEMENT (CONTINUED)

(1) Insurance risk (Continued)

(b) Concentration of insurance risk

Currently, the Group's businesses are all conducted in the PRC and insurance risk in 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 minimise 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 risk.

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.

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments 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.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

5. RISK MANAGEMENT (CONTINUED)

(2) Financial risk (Continued)

(a) Market risk (Continued)

(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 stock 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 investments and equity investments denominated in currencies, such as the United States dollar, Hong Kong dollar, or European dollar, etc, other than the functional currencies of reporting entities.

For the identified currency risk, the Company took the following measures: (1) determine the risk level based on the analysis of internal and external information, so as to determine different preventive measures; (2) evaluate the possible frequency and degree of the loss of overseas investment in a certain period of time in the future, and use currency risk exposure analysis and other methods to evaluate the impact of exchange rate changes on the assets, liabilities and equity of the Group; and (3) evaluate the price risk of overseas investments comprehensively in accordance with the level and impact of currency risk, combined with the risk appetite, to select appropriate risk management tools to hedge risk.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

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, financial bonds, corporate bonds guaranteed by state-owned commercial banks and large industrial groups, subordinated bonds, bank deposits with state-owned or other national commercial banks, trust products, asset management plans, debt investment plans and asset funding 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; (3) The bond market value was monitored, and the possible credit defaults were analysed 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, other national commercial banks or state-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 interim condensed consolidated statement of financial position represents the maximum credit exposure without taking into account any collateral held or other credit enhancements attached.

Collateral and other credit enhancements

Financial assets purchased under agreements to resell are pledged by counterparties' debt financial assets of which the Group could take the ownership if 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 plans, asset management plans and trust products are guaranteed by third parties, collateral, or use the budgeted financial income of the central government as the source of funding for repayment.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (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, financial bonds issued by state policy-related banks and other financial institutions, corporate bonds, subordinated bonds, trust products, asset management plans, debt investment plans and asset funding 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 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 asset funding plans, asset management plans and debt investment plans are well-known trust companies and asset management companies 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) Disclosures about interests in unconsolidated structured entities

The Group's interests in the unconsolidated structured entities are recorded as financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables. These structured entities typically raise funds by issuing securities or other beneficiary certificates. The purpose of these structured entities is primarily to generate management service fees or provide finance for public and private infrastructure construction. Refer to Note 3 Significant judgments (4) for the determined factors of control over investees by the Group.

These investments held by structured entities that the Group has interests in are guaranteed by third parties with higher credit ratings or by pledging, or the borrowers can repay by using government budget, or the borrowers are with higher credit ratings.

The Group has not provided any guarantee or financing support to the structured entities that the Group has interests in or sponsored.

The Group believes that the maximum risk exposure approximates the carrying amount of interests in these unconsolidated structured entities.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

5. RISK MANAGEMENT (CONTINUED)

(2) Financial risk (Continued)

(d) *Disclosures about interests in unconsolidated structured entities (Continued)*

The unconsolidated structured entities that the Group has sponsored but had no interest were mainly asset management plans, debt investment plans, endowment annuity products, occupational annuity products and enterprise annuity products, etc.. The unconsolidated structured entities were sponsored by the Group for collecting management service fees, which were recorded as other income. The Group has not transferred any assets to these structured entities.

(e) *Matching risk of assets and liabilities*

The Group uses asset-liability management techniques to manage assets and liabilities. The techniques used include the scenario analysis method, the cash flow matching method and the immunity method. The Group uses the above techniques to understand the existing risk and the complex relationship from multiple perspectives, 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 and capital supplementary bonds, arranging reinsurance, improving the performance of branches, optimising business structure, and establishing a competitive cost structure.

(3) Capital management

The Company's objectives for managing capital, which is the actual capital calculated as the difference between admitted assets and admitted liabilities as defined by the China Banking and Insurance Regulatory Commission (the "CBIRC"), are to comply with the insurance capital requirements of the CBIRC 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.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

5. RISK MANAGEMENT (CONTINUED)

(3) Capital management (Continued)

The table below summarises the core and comprehensive solvency margin ratios, core capital, actual capital and minimum capital of the Company:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Core capital	152,931	278,510
Actual capital	251,910	288,510
Minimum capital	104,572	114,448
Core solvency margin ratio	146.25%	243.35%
Comprehensive solvency margin ratio	240.90%	252.09%

The CBIRC promulgated the “Regulatory Rules on Solvency of Insurance Companies (II)” (“Rule II”) on 30 December 2021. The solvency results of the Company as at 30 June 2022 were prepared in accordance with Rule II.

The comparative solvency results of the Company as at 31 December 2021 were prepared in accordance with the “Regulatory Rules on Solvency of Insurance Companies (No. 1-17)” (“Rule I”), which was released by the former CIRC on 13 February 2015.

According to the evaluation results of capitalisable risks and four types of non-capitalisable risks, which comprise of operational risk, strategic risk, reputation risk and liquidity risk, the CBIRC evaluates the intergrated solvency risk of insurance companies and supervises insurance companies in categories. According to the CBIRC C-ROSS Supervision Information System, the comprehensive risk assessment result of the Company in the first quarter of 2022 is AA.

(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 authorised 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.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

5. RISK MANAGEMENT (CONTINUED)

(4) Fair value hierarchy (Continued)

The Group's financial liabilities mainly include financial liabilities at fair value through profit or loss, financial assets sold under agreements to repurchase, borrowings, investment contracts and other liabilities.

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.

For level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyse and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities. Debt securities traded among the Chinese interbank market are classified as level 2 when they are valued at recent quoted price from the Chinese interbank market or from valuation service providers. Substantially most financial instruments classified within level 2 of the fair value hierarchy are debt investments denominated in RMB. Fair value of debt investments denominated in RMB is determined based upon the valuation results by the China Central Depository & Clearing Co., Ltd.. All significant inputs are observable in the market.

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.

As at 30 June 2022 and 31 December 2021, financial assets measured at fair value and classified as level 3 in the fair value hierarchy are valued using unobservable significant inputs, such as discount rate, but the fair value is not significantly sensitive to the reasonable changes of the unobservable significant inputs.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

5. RISK MANAGEMENT (CONTINUED)

(4) Fair value hierarchy (Continued)

The following table provides the significant unobservable inputs used for financial assets at fair value classified as level 3 as at 30 June 2022 and 31 December 2021:

As at 30 June 2022 (Unaudited)	Fair value	Valuation technique	Significant unobservable inputs	Range	Relationship between unobservable inputs and fair value
Equity financial assets					
Available-for-sale					
– Preferred shares	4,227	Discounted cash flow method	Discount rate	4.70%~5.50%	The higher the discount rate, the lower the fair value
– Trust products	300	Discounted cash flow method	Discount rate	4.66%~8.68%	The higher the discount rate, the lower the fair value
– Unlisted equity investments	608	Comparable companies approach	Discount for lack of marketability	30.00%	The higher the discount for lack of marketability, the lower the fair value
Financial assets at fair value through profit or loss					
– Preferred shares	3,577	Discounted cash flow method	Discount rate	4.70%~5.20%	The higher the discount rate, the lower the fair value
Debt financial assets					
Available-for-sale					
– Trust products	76,759	Discounted cash flow method	Discount rate	4.66%~8.68%	The higher the discount rate, the lower the fair value
– Asset management plans	45	Discounted cash flow method	Discount rate	5.30%	The higher the discount rate, the lower the fair value
As at 31 December 2021 (Audited)	Fair value	Valuation technique	Significant unobservable inputs	Range	Relationship between unobservable inputs and fair value
Equity financial assets					
Available-for-sale					
– Preferred shares	4,227	Discounted cash flow method	Discount rate	4.70%-5.50%	The higher the discount rate, the lower the fair value
Financial assets at fair value through profit or loss					
– Preferred shares	3,523	Discounted cash flow method	Discount rate	4.70%-5.20%	The higher the discount rate, the lower the fair value
Debt financial assets					
Available-for-sale					
– Trust products	83,485	Discounted cash flow method	Discount rate	4.86%-10.00%	The higher the discount rate, the lower the fair value

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (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 2022 and 31 December 2021:

As at 30 June 2022 (Unaudited)	Inputs to fair value measurement			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
Assets				
Available-for-sale financial assets				
– Equity financial assets	156,265	37,873	5,135	199,273
– Debt financial assets	1,038	93,391	76,804	171,233
Financial assets at fair value through profit or loss				
– Equity financial assets	14,719	34,797	3,577	53,093
– Debt financial assets	837	22,529	–	23,366
Derivative financial instruments	–	4	–	4
Total	172,859	188,594	85,516	446,969
Liabilities				
Financial liabilities at fair value through profit or loss	–	7,786	–	7,786
Unit-linked contracts	–	211	–	211
Total	–	7,997	–	7,997

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (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)

	Inputs to fair value measurement			Total
	Quoted prices In active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
As at 31 December 2021 (Audited)				
Assets				
Available-for-sale financial assets				
– Equity financial assets	145,464	35,929	4,305	185,698
– Debt financial assets	518	97,298	83,530	181,346
Financial assets at fair value through profit or loss				
– Equity financial assets	12,802	19,030	3,523	35,355
– Debt financial assets	708	34,163	–	34,871
Derivative financial instruments	–	4	–	4
Total	159,492	186,424	91,358	437,274
Liabilities				
Financial liabilities at fair value through profit or loss	–	2,612	–	2,612
Unit-linked contracts	–	224	–	224
Total	–	2,836	–	2,836

The Group recognised transfers between each level at the time when the transfers occurred.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (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 presents the transfers between level 1 and level 2 for the six months ended 30 June 2022 and 2021:

For the six months ended 30 June 2022 (Unaudited)	Level 1	Level 2
Available-for-sale financial assets		
Equity financial assets		
– Transfer in	57	759
– Transfer out	(759)	(57)
Debt financial assets		
– Transfer in	196	74
– Transfer out	(74)	(196)
Financial assets at fair value through profit or loss		
Debt financial assets		
– Transfer in	216	225
– Transfer out	(225)	(216)

For the six months ended 30 June 2021 (Unaudited)	Level 1	Level 2
Available-for-sale financial assets		
Equity financial assets		
– Transfer in	4,034	1,706
– Transfer out	(1,706)	(4,034)
Debt financial assets		
– Transfer in	284	30
– Transfer out	(30)	(284)
Financial assets at fair value through profit or loss		
Debt financial assets		
– Transfer in	31	225
– Transfer out	(225)	(31)

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

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (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 changes in level 3 financial assets are analysed below:

	Available-for-sale			At fair value through profit or loss	Total
	Equity financial assets	Debt financial assets	Subtotal	Equity financial assets	
	1 January 2022 (Audited)	4,305	83,530	87,835	
Transfer in (i)	1,300	–	1,300	–	1,300
Recognised in profit or loss	–	–	–	54	54
Recognised in other comprehensive income	(430)	–	(430)	–	(430)
Maturity/disposals	(40)	(6,726)	(6,766)	–	(6,766)
30 June 2022 (Unaudited)	5,135	76,804	81,939	3,577	85,516
1 January 2021 (Audited)	4,263	128,677	132,940	–	132,940
Purchase	11	8,738	8,749	–	8,749
Recognised in profit or loss	–	(1,156)	(1,156)	–	(1,156)
Recognised in other comprehensive income	86	–	86	–	86
Maturity/disposals	–	(21,362)	(21,362)	–	(21,362)
30 June 2021 (Unaudited)	4,360	114,897	119,257	–	119,257

- (i) The transfers into level 3 were mainly caused by the reliable information obtained and significant unobservable inputs used in the fair value measurement of certain financial instruments during the period.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

5. RISK MANAGEMENT (CONTINUED)

(4) Fair value hierarchy (Continued)

(b) Assets and liabilities for which fair values are disclosed

The Group's assets and liabilities disclosed but not measured at fair value mainly 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, lease liabilities and borrowings, etc..

The carrying amounts of assets and liabilities not measured at fair value approximate to their fair values, except for the assets and liabilities disclosed in the following tables.

As at 30 June 2022 (Unaudited)	Level 1	Level 2	Level 3	Total
Assets				
Held-to-maturity	16,285	337,786	–	354,071
Loans and receivables	–	–	56,841	56,841
Total	16,285	337,786	56,841	410,912
Liabilities				
Borrowings	–	10,035	–	10,035
Total	–	10,035	–	10,035
As at 31 December 2021 (Audited)	Level 1	Level 2	Level 3	Total
Assets				
Held-to-maturity	18,728	307,105	–	325,833
Loans and receivables	–	–	59,895	59,895
Total	18,728	307,105	59,895	385,728
Liabilities				
Borrowings	–	9,893	–	9,893
Total	–	9,893	–	9,893

The Group has not disclosed fair values for investment contract liabilities with DPF because the 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.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

6. SEGMENT INFORMATION

The Group's operating segments for the six months ended 30 June 2022 are the same as the segments of the Group for the six months ended 30 June 2021 and the year ended 31 December 2021.

	For the six months ended 30 June 2022 (Unaudited)				
	Insurance		Others	Elimination	Total
	Individual	Group			
Revenues					
Gross written premiums and policy fees	100,493	2,150	-	-	102,643
Less: premiums ceded out	(1,344)	(100)	-	-	(1,444)
Net written premiums and policy fees	99,149	2,050	-	-	101,199
Net change in unearned premiums liabilities	141	(528)	-	-	(387)
Net premiums earned and policy fees	99,290	1,522	-	-	100,812
Investment income	22,011	185	172	-	22,368
Other income	561	9	773	(438)	905
Including: inter-segment transaction	13	-	425	(438)	-
Total revenues	121,862	1,716	945	(438)	124,085
Benefits, claims and expenses					
Insurance benefits and claims					
Claims and net change in outstanding claims liabilities	(308)	(1,131)	-	-	(1,439)
Life insurance death and other benefits	(28,833)	(113)	-	-	(28,946)
Increase in long-term insurance contract liabilities	(73,977)	(62)	-	-	(74,039)
Policyholder dividends resulting from participating in profits	(1,032)	-	-	-	(1,032)
Investment contract benefits	(1,172)	(49)	-	-	(1,221)
Commission and brokerage expenses	(6,023)	(334)	-	-	(6,357)
Administrative expenses	(4,845)	(781)	(461)	435	(5,652)
Including: inter-segment transaction	(363)	(59)	(13)	435	-
Other expenses	(154)	(7)	(272)	3	(430)
Including: inter-segment transaction	(2)	-	(1)	3	-
Total benefits, claims and expenses	(116,344)	(2,477)	(733)	438	(119,116)
Share of profits and losses of associates and joint ventures	203	2	(40)	-	165
Finance costs	(567)	(24)	-	-	(591)
Net profit before income tax	5,154	(783)	172	-	4,543
Other segment information:					
Depreciation and amortisation	(741)	(117)	(73)	-	(931)
Interest income	17,089	145	195	-	17,429
Impairment	(560)	(9)	-	-	(569)
Capital expenditure	-	-	1,103	-	1,103

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

6. SEGMENT INFORMATION (CONTINUED)

	For the six months ended 30 June 2021 (Unaudited)				Total
	Insurance		Others	Elimination	
	Individual	Group			
Revenues					
Gross written premiums and policy fees	98,666	1,975	–	–	100,641
Less: premiums ceded out	(1,225)	(49)	–	–	(1,274)
Net written premiums and policy fees	97,441	1,926	–	–	99,367
Net change in unearned premiums liabilities	367	(521)	–	–	(154)
Net premiums earned and policy fees	97,808	1,405	–	–	99,213
Investment income	30,155	124	263	–	30,542
Other income	293	7	759	(428)	631
Including: inter-segment transaction	17	2	409	(428)	–
Total revenues	128,256	1,536	1,022	(428)	130,386
Benefits, claims and expenses					
Insurance benefits and claims					
Claims and net change in outstanding claims liabilities	(759)	(899)	–	–	(1,658)
Life insurance death and other benefits	(32,144)	(91)	–	–	(32,235)
Increase in long-term insurance contract liabilities	(67,168)	(10)	–	–	(67,178)
Policyholder dividends resulting from participating in profits	(663)	–	–	–	(663)
Investment contract benefits	(1,038)	(100)	–	–	(1,138)
Commission and brokerage expenses	(8,670)	(310)	–	–	(8,980)
Administrative expenses	(5,017)	(799)	(447)	418	(5,845)
Including: inter-segment transaction	(330)	(51)	(37)	418	–
Other expenses	(228)	(13)	(250)	10	(481)
Including: inter-segment transaction	(1)	–	(9)	10	–
Total benefits, claims and expenses	(115,687)	(2,222)	(697)	428	(118,178)
Share of profits and losses of associates and joint ventures	311	3	(35)	–	279
Finance costs	(365)	(36)	–	–	(401)
Net profit before income tax	12,515	(719)	290	–	12,086
Other segment information:					
Depreciation and amortisation	(701)	(107)	(58)	–	(866)
Interest income	16,582	72	295	–	16,949
Impairment	(1,449)	(10)	(25)	–	(1,484)
Capital expenditure	–	–	962	–	962

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

6. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities as at 30 June 2022 and 31 December 2021:

As at 30 June 2022 (Unaudited)	Insurance				Total
	Individual	Group	Others	Elimination	
Segment assets	1,120,071	9,689	58,833	(67)	1,188,526
Segment liabilities	1,041,068	9,334	33,672	(67)	1,084,007

As at 31 December 2021 (Audited)	Insurance				Total
	Individual	Group	Others	Elimination	
Segment assets	1,066,007	9,877	52,046	(209)	1,127,721
Segment liabilities	986,007	9,683	23,726	(209)	1,019,207

7. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Associates		
China Jinmao Holdings Group Limited ("China Jinmao") (i)	4,051	3,980
Beijing Zijin Century Real Estate Co., Ltd. ("Zijin Century") (ii)	709	725
Huixin Capital International Management Limited ("Huixin Capital International")	132	125
Beijing MJ Health Screening Center Co., Ltd.	4	9
Joint venture		
New China Life Excellent Health Investment Management Co., Ltd. ("New China Health")	593	613
Total	5,489	5,452

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

7. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

- (i) According to the Articles of Association of China Jinmao, the Group appointed a director for China Jinmao, who has significant influence over China Jinmao. Therefore, the Group has accounted for China Jinmao as an associate of the Group using the equity method.
- (ii) As approved by shareholders at the fifth shareholders' extraordinary general meeting on 23 August 2011, the Group plans to sell its shareholdings of 24% of Zijin Century. Up to the approval date of the interim condensed consolidated financial statements, the Company has not signed any sales agreement.

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

Except for China Jinmao, the above investments in associates and joint ventures are all non-public entities, and there is no quoted market price available.

As at the last trading day for the six months ended 30 June 2022, the stock price of China Jinmao was HKD2.11 per share. The management concluded that there was no impairment on such investment after performing impairment testing.

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

8. FINANCIAL ASSETS

(1) Held-to-maturity investments

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Debt financial assets		
Government bonds	241,818	210,703
Financial bonds	28,293	28,342
Corporate bonds	35,652	35,789
Subordinated bonds	21,268	26,268
Total	327,031	301,102
Debt financial assets		
Listed	127,158	125,212
Unlisted	199,873	175,890
Total	327,031	301,102

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

8. FINANCIAL ASSETS (CONTINUED)

(1) Held-to-maturity investments (Continued)

The unlisted debt financial assets refer to debt financial assets not traded on stock exchanges, but traded in interbank market.

Held-to-maturity investments were not reclassified to available-for-sale financial assets or sold before maturity for the six months ended 30 June 2022 and 2021.

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

Maturity	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Within 1 year (including 1 year)	21,771	21,989
After 1 year but within 3 years (including 3 years)	18,311	21,326
After 3 years but within 5 years (including 5 years)	23,914	21,974
After 5 years	263,035	235,813
Total	327,031	301,102

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

8. FINANCIAL ASSETS (CONTINUED)

(2) Available-for-sale financial assets

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Debt financial assets		
Government bonds	54,515	60,102
Financial bonds	17,211	17,545
Corporate bonds	8,473	8,962
Subordinated bonds	14,230	11,207
Trust products	76,759	83,485
Asset management plans	45	45
Subtotal	171,233	181,346
Equity financial assets		
Funds	81,083	69,553
Stock	75,342	76,156
Preferred shares	5,164	4,978
Asset management plans	25,618	23,346
Private equity investments	11,432	10,664
Equity investment plans	11,240	8,290
Unlisted equity investments	17,080	17,472
Perpetual bonds	11,158	11,524
Trust products	300	–
Others	–	98
Subtotal	238,417	222,081
Total	409,650	403,427
Debt financial assets		
Listed	37,927	38,025
Unlisted	133,306	143,321
Subtotal	171,233	181,346
Equity financial assets		
Listed	84,258	83,059
Unlisted	154,159	139,022
Subtotal	238,417	222,081
Total	409,650	403,427

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (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 2022 (Unaudited)	As at 31 December 2021 (Audited)
Within 1 year (including 1 year)	26,351	16,205
After 1 year but within 3 years (including 3 years)	48,479	52,315
After 3 years but within 5 years (including 5 years)	38,645	50,415
After 5 years	57,758	62,411
Total	171,233	181,346

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.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (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 2022 (Unaudited)	As at 31 December 2021 (Audited)
Debt financial assets		
Government bonds	50	10
Financial bonds	226	297
Corporate bonds	17,272	15,887
Subordinated bonds	1,491	1,467
Certificates of deposit	4,327	17,210
Subtotal	23,366	34,871
Equity financial assets		
Funds	8,109	5,753
Stocks	6,616	7,059
Preferred shares	3,577	3,523
Asset management plans	34,471	18,709
Perpetual bonds	320	311
Subtotal	53,093	35,355
Total	76,459	70,226
Debt financial assets		
Listed	14,381	12,779
Unlisted	8,985	22,092
Subtotal	23,366	34,871
Equity financial assets		
Listed	10,633	7,616
Unlisted	42,460	27,739
Subtotal	53,093	35,355
Total	76,459	70,226

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.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

8. FINANCIAL ASSETS (CONTINUED)

(4) Loans and receivables

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Debt investment plans (i)	56,648	57,747
Asset funding plans	43	1,900
Trust products	150	248
Total	56,841	59,895

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

(5) Term deposits

The due dates of the term deposits are as follows:

Maturity	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Within 1 year (including 1 year)	49,797	29,500
After 1 year but within 3 years (including 3 years)	94,450	93,940
After 3 years but within 5 years (including 5 years)	36,700	41,200
More than 5 years	5,800	3,900
Total	186,747	168,540

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

9. PREMIUMS RECEIVABLE

The credit terms for premiums receivable from life insurance policyholders are 60 days. The Group normally collects premiums receivable from agents on a monthly or quarterly basis.

An aging analysis of premiums receivable is as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Within 3 months (including 3 months)	5,453	2,575
Over 3 months and within 1 year (including 1 year)	91	183
Over 1 year	203	109
Total	5,747	2,867

10. REINSURANCE ASSETS

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Claims and claims adjustment expenses ceded (Note 11)	46	74
Unearned premiums liabilities ceded (Note 11)	87	69
Long-term insurance contracts ceded (Note 11)	3,482	3,595
Due from reinsurance companies (i)	345	243
Total	3,960	3,981

(i) The Group normally settle due from reinsurance companies on a quarterly basis. An aging analysis of due from reinsurance companies is as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Within 3 months (including 3 months)	345	243
Total	345	243

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

11. 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 the 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 of the Group for participating products as at 30 June 2022 and 31 December 2021 are as follows:

Discount rate assumption	
30 June 2022 (Unaudited)	5.00%
31 December 2021 (Audited)	5.00%

For Wendeying endowment insurance (Participating), the Group set up an exclusive participating account for the management of the product. Considering the yield curve of the corresponding future investment portfolios is different from other participating insurance products and a stabilisation investment return assumption of 5.5% is used, the expected discount rate of this product as at 30 June 2022 was 5.5% (31 December 2021: 5.5%). The Group began to sell Wundefu endowment insurance (Participating) in March 2021, and managed the new product under another new exclusive participating account. Considering the yield curve of the corresponding future investment portfolios is different from other participating insurance products and a stabilisation investment return assumption of 5.5% is used, the expected discount rate of this product as at 30 June 2022 was 5.5% (31 December 2021: 5.5%).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

11. 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 the 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, combining with comprehensive premium, with consideration of liquidity spreads, taxation impacts and other relevant factors. The expected spot discount rates of the Group as at 30 June 2022 and 31 December 2021 are as follows:

	Discount rate assumption
30 June 2022 (Unaudited)	2.74%~4.70%
31 December 2021 (Audited)	2.83%~4.70%

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.

(b) Mortality and morbidity assumptions

The Group bases its mortality assumption on the China Life Insurance Life Mortality Table (2010-2013), adjusts 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 the future mortality rate, thus leading to an inadequate liability provision. Similarly, continuous advancements in medical care and social welfare could result in improvements in longevity that exceed the assumption used in the estimates to determine the liabilities for contracts where the Group is exposed to longevity risk.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

11. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(1) Process used to determine assumptions (Continued)

(b) Mortality and morbidity assumptions (Continued)

The Group bases its morbidity assumptions on the China Life Insurance Major Diseases Experience Morbidity Rate Table (2020) 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.

(c) Expenses assumptions

The Group's expenses assumptions are determined based on actual experience analysis, with consideration of future inflation, including assumptions of acquisition costs and maintenance costs. The Group's expenses assumptions are affected by certain factors, such as inflation and market competition. The Group determines expenses assumptions based on the information obtained at the end of each reporting period with consideration of risk margin.

(d) Policy dividend assumption

Policy dividend assumption is determined based upon contract terms, the investment yields of the participating account, dividend 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 macroeconomy, 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.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

11. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(2) Net liabilities of insurance contracts

	As at 30 June 2022 (Unaudited)	As at December 2021 (Audited)
Gross		
Long-term insurance contract liabilities	928,235	859,926
Short-term insurance contract liabilities		
– Outstanding claims liabilities	2,342	2,184
– Unearned premiums liabilities	1,990	1,585
Total, gross	932,567	863,695
Recoverable from reinsurers		
Long-term insurance contracts	(3,482)	(3,595)
Short-term insurance contracts		
– Outstanding claims liabilities	(46)	(74)
– Unearned premiums liabilities	(87)	(69)
Total, ceded	(3,615)	(3,738)
Net		
Long-term insurance contract liabilities	924,753	856,331
Short-term insurance contract liabilities		
– Outstanding claims liabilities	2,296	2,110
– Unearned premiums liabilities	1,903	1,516
Total, net	928,952	859,957

12. LIABILITIES OF INVESTMENT CONTRACTS

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Investment contracts excluding unit-linked contracts	65,060	57,691
Unit-linked contracts	211	224
Total	65,271	57,915

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

13. BORROWINGS

Upon the approval by the CBIRC and the People's Bank of China, on 11 May 2020, the Company issued 10-year capital supplementary bonds in the inter-bank market, and completed the issuance on 13 May 2020, which were in an aggregate principal amount of RMB10,000 million, and with an interest rate of 3.3% per annum for the first five years. The Company has the right to redeem the bonds partially or wholly at the end of the fifth year. If the Company does not exercise the redemption right or partially exercises the redemption right, the interest rate will increase to 4.3% per annum beginning in the sixth year until the maturity date.

14. FINANCIAL ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
By market		
Inter-bank market	6,080	12,982
Stock exchange	29,172	42,433
Total	35,252	55,415
By collateral		
Bonds	35,252	55,415
Maturity		
Within 3 months (including 3 months)	35,252	55,415

As at 30 June 2022, bonds with par value of RMB6,585 million (as at 31 December 2021: RMB14,071 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 transaction.

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.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

14. FINANCIAL ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE (CONTINUED)

As at 30 June 2022, the amount of financial assets deposited in the collateral pool amounted to RMB178,543 million (as at 31 December 2021: RMB169,848 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.

15. REINSURANCE LIABILITIES

The Group normally settles due to reinsurance companies on a quarterly basis.

An aging analysis of the due to reinsurance companies is as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Within 3 months (including 3 months)	628	504
Total	628	504

16. 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 2022 (Unaudited)	As at 31 December 2021 (Audited)
Number of shares registered, issued and fully paid at RMB1 per share (in million)	3,120	3,120

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

17. RESERVES AND RETAINED EARNINGS

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Share premium	23,964	23,964
Other reserve	42	(59)
Other comprehensive income	2,672	7,465
Surplus reserve	14,255	12,815
Reserve for general risk	8,861	8,861
Total	49,794	53,046

Pursuant to a resolution passed at the shareholders' general meeting on 28 June 2022, the Company appropriated a discretionary surplus reserve of RMB1,440 million, equalling to 10% of the net profit in 2021.

18. GROSS WRITTEN PREMIUMS AND POLICY FEES

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Gross written premiums – Insurance contracts	102,586	100,610
Policy fees – Investment contracts	57	31
Gross written premiums and policy fees	102,643	100,641

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

19. INVESTMENT INCOME

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Interest income from bank deposits	3,551	2,795
Held-to-maturity investments		
– Interest income	6,417	5,952
Available-for-sale financial assets		
– Interest income	4,092	5,659
– Dividend income	7,069	4,141
– Net realised (losses)/gains	(1,239)	10,451
– Impairment losses	(568)	(1,484)
Interest income from loans and receivables	1,556	1,271
Interest income from policy loans	1,046	978
Financial assets at fair value through profit or loss		
– Interest income	672	249
– Fair value losses	(329)	(8)
– Dividend income	394	290
– Net realised (losses)/gains	(289)	494
Derivative financial instruments		
– Fair value (losses)/gains	(2)	5
Financial liabilities at fair value through profit or loss		
– Fair value losses	(97)	(296)
Interest income from financial assets purchased under agreements to resell	95	45
Total	22,368	30,542

20. ADMINISTRATIVE EXPENSES

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Employee benefit expenses (including directors' emoluments)	4,065	4,264
Depreciation and amortisation	808	745
Insurance guarantee fund	177	170
Rental and property management fee	122	150
Others	572	740
Less: Expenses recoverable from reinsurers	(92)	(224)
Total	5,652	5,845

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

21. 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 the 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	
	2022 (Unaudited)	2021 (Unaudited)
Current tax	76	1,773
Deferred tax	(722)	(235)
Total income tax	(646)	1,538

(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	
	2022 (Unaudited)	2021 (Unaudited)
Profit before income tax	4,543	12,086
Tax computed at the statutory tax rate in China	1,136	3,022
Non-taxable income (i)	(1,795)	(1,495)
Expenses not deductible for tax purposes (i)	14	19
Effect of unrecognised deferred tax assets arising from deductible tax losses	29	12
Use of deductible tax losses of prior periods	-	(7)
Adjustments in respect of current tax of previous periods	(29)	(9)
Effect of different tax rates used by subsidiaries	(1)	(4)
Income tax computed at effective tax rate	(646)	1,538

(i) Non-taxable income mainly includes interest income from government bonds, and dividend income from applicable equity financial assets, etc.. Expenses not deductible for tax purposes mainly include those expenses such as supplementary medical insurance, penalties, donations and entertainment expenses that do not meet the criteria for deduction under relevant tax regulations issued by the tax authority.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

21. TAXATION (CONTINUED)

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

	Financial assets	Insurance liabilities and others	Total
Net deferred tax assets			
As at 1 January 2021 (Audited)	(705)	858	153
Credited to net profit	6	23	29
Charged to other comprehensive income	(3)	–	(3)
As at 30 June 2021 (Unaudited)	(702)	881	179
As at 1 January 2022 (Audited)	(695)	891	196
Credited to net profit	724	1,489	2,213
Credited/(charged) to other comprehensive income	(871)	38	(833)
Charged to capital other reserve	–	(32)	(32)
As at 30 June 2022 (Unaudited)	(842)	2,386	1,544
Net deferred tax liabilities			
As at 1 January 2021 (Audited)	(6,488)	3,815	(2,673)
Credited/(charged) to net profit	249	(43)	206
Credited/(charged) to other comprehensive income	1,293	(813)	480
As at 30 June 2021 (Unaudited)	(4,946)	2,959	(1,987)
As at 1 January 2022 (Audited)	(4,079)	2,961	(1,118)
Charged to net profit	(703)	(788)	(1,491)
Credited to other comprehensive income	2,442	–	2,442
As at 30 June 2022 (Unaudited)	(2,340)	2,173	(167)

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

21. TAXATION (CONTINUED)

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

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Deductible tax losses	584	590

22. 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	
	2022 (Unaudited)	2021 (Unaudited)
Net profit for the period attributable to owners of the Company (RMB in million)	5,187	10,546
Weighted average number of ordinary shares issued (in million)	3,120	3,120
Basic earnings per share (RMB)	1.66	3.38

(2) Diluted

The Company has no dilutive potential ordinary shares. Diluted earnings per share are the same as basic earnings per share for the six months ended 30 June 2022 (for the six months ended 30 June 2021 (unaudited): same).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

23. DIVIDENDS

Pursuant to a resolution passed at the shareholders' general meeting on 28 June 2022, a final dividend of RMB1.44 per ordinary share (inclusive of tax) totalling RMB4,492 million was declared.

24. SIGNIFICANT RELATED PARTY TRANSACTIONS

(1) Related parties

(a) Subsidiaries

Refer to Note 28 for the basic and related information of subsidiaries.

(b) Associates and joint ventures

Refer to Note 7 for the basic and related information of associates and joint ventures.

(c) Other related parties

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

Significant related parties	Relationships
Central Huijin Investment Ltd. ("Huijin")	Shareholder that has significant influence over the Company
China Baowu Steel Group Corporation Limited	Shareholder that has significant influence over the Company
FOSUN International Limited and its subsidiaries ("FOSUN International")	Company under direct or indirect control of the shareholder that has significant influence over the Company
Hwabao WP Fund Management Co., Ltd. ("Hwabao WP Fund")	Company under indirect control of the shareholder that has significant influence over the Company

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

24. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Significant transactions with related parties

The table set forth below summarises significant related party transactions:

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Transactions between the Group and other related parties		
– Investment income arising from investing trust products related to FOSUN International (x)	37	37
– Investment income arising from investing financial assets of FOSUN International (ix)	61	30
– Interest from bonds issued by Huijin (i)	17	17
– Investment income arising from investing fund of Hwabao WP Fund (viii)	19	10

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

24. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Significant transactions with related parties (Continued)

The table set forth below summarises significant related party transactions: (continued)

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Transactions between the Group and its associates		
– Dividends from China Jinmao (ii)	112	123
– Investment income arising from investing trust products related to China Jinmao (xi)	120	120
– Cash dividends received from Huixin Capital International	–	20
Transactions between the Group and its joint venture		
– Health check and service fee paid to New China Health (iii)	10	29
– Rent earned from New China Health (iv)	4	6
Transactions between the Company and its subsidiaries		
– Investment management fee to Asset Management Company (v)	282	262
– Investment management fee to New China Asset Management (Hong Kong) Co., Ltd. (“Asset Management Company (Hong Kong)”) (v)	32	33
– Rent and property management fee paid to Xinhua Haoran Architecture Science and Technology Co., Ltd. (“Xinhua Haoran”) (vi)	27	21
– Rent earned from Asset Management Company (iv)	11	7
– Conference and training fees paid to New China Village Health Technology (Beijing) Co., Ltd. (“Health Technology”) (vii)	6	7
– Rent earned from New China Pension Co., Ltd. (“New China Pension”) (iv)	2	2
– Additional capital contribution to Hefei New China Life Supporting Construction Operation Management Co., Ltd. (“Hefei Supporting Operation”) (Note 28(ii))	274	–

The above significant transactions with related parties did not constitute the connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

24. 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 2022. Huijin is a state-owned investment company established under the Company Law of the PRC, which is 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 the Company conduct transactions with other entities that are controlled by, under common control or significant influence of Huijin, including deposits, investment custody, agency sales of insurance products and re-insurance transactions.

In 2010, 2015 and 2017, the Company purchased bonds issued by Huijin at a par value of RMB300 million, RMB500 million and RMB400 million from the inter-bank market, respectively. The bonds with par value of RMB200 millions matured in 2018. The bonds with par value of RMB100 millions, matured in 2020. At 30 June 2022, the carrying value of these bonds was RMB900 million (as at 31 December 2021: RMB900 million). The recognised bond interest for the six months ended 30 June 2022 was RMB17 million (for the six months ended 30 June 2021: RMB17 million).

(ii) *Dividends from China Jinmao*

On 18 February 2022, China Jinmao announced a declaration of the distribution of 191,680,031 shares of its subsidiary, Jinmao Property Services Co., Limited ("Jinmao Services"). Up to 30 June 2022, the Company has received the shares of Jinmao Services with a total amount of RMB112 million.

On 8 June 2021, China Jinmao announced a declaration of cash dividends. The cash dividends recognised but not received by the Company for the six months ended 30 June 2021 amounted to RMB123 million.

(iii) *Health check and 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 services from New China Health for underwriting review, employee welfare, marketing and agent incentive plan, etc.. Related expenses of approximately RMB10 million were incurred for the six months ended 30 June 2022 (for the six months ended 30 June 2021: RMB29 million).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

24. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Significant transactions with related parties (Continued)

(iv) Office rental contracts

The Company leased 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, Nanyang International Building at Haikou, and part of the office building located in Xianglong Building at Yantai to New China Health. The accrued rentals for the six months ended 30 June 2022 were about RMB4 million (for the six months ended 30 June 2021: RMB6 million).

The Company leased part of the New China Life Building at 12 Jianguomenwai Avenue, Chaoyang District, Beijing to Asset Management Company as its office. The accrued rentals were approximately RMB11 million for the six months ended 30 June 2022 (for the six months ended 30 June 2021: RMB7 million).

The Company leased part of the New China Life Building at 12 Jianguomenwai Avenue, Chaoyang District, Beijing to New China Pension as its office. The accrued rentals were approximately RMB2 million for the six months ended 30 June 2022 (for the six months ended 30 June 2021: RMB2 million).

(v) Investment management service agreement

The Company and Asset Management Company entered into an annual investment management service agreement for entrusted investments in 2022. According to this agreement, Asset Management Company 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. The Company has the right to deduct fees based on the performance of Asset Management Company 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 2022. 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.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

24. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Significant transactions with related parties (Continued)

(vi) *Rent and property management fee paid to Xinhua Haoran*

The Company entered into a one-year lease contract for rental and property management with Xinhua Haoran in February 2021. According to the contract, the Company rents part of the office building located at No.137 Jinghaisan Avenue, Yi Zhuang, Daxing District, Beijing from Xinhua Haoran, as well as receives property management service. In February 2022, the Company renewed the above lease contract for one year.

The rent expenses and property management fees incurred in administrative expenses for the six months ended 30 June 2022 were RMB27 million (for the six months ended 30 June 2021: RMB21 million).

(vii) *Conference and training fees paid to Health Technology*

The Company paid conference service fees and training service fees to Health Technology. Expenses of approximately RMB6 million were incurred for the six months ended 30 June 2022 (for the six months ended 30 June 2021: RMB7 million).

(viii) *Investment income arising from investing fund of Hwabao WP Fund*

In the first half of 2022, the Company did not purchase or redeem public offered funds of Hwabao Fund with insurance capital in either market in the field or over-the-counter market. For the six months ended 30 June 2022, the Company recognised investment income arising from public offered funds of Hwabao Fund invested by the Company in previous periods amounted to RMB19 million (for the six months ended 30 June 2021: RMB10 million).

(ix) *Investment income arising from investing financial assets of FOSUN International*

In 2019, 2020 and 2021, the Company purchased and redeemed financial assets issued by FOSUN International. In the first half of 2022, the Company did not purchase or redeem financial assets issued by FOSUN International. For the six months ended 30 June 2022, the Company recognised investment income amounted to RMB61 million (for the six months ended 30 June 2021: RMB30 million).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

24. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Significant transactions with related parties (Continued)

(x) *Investment income arising from trust products related to FOSUN International*

On 28 August 2019, the second meeting of the seventh session of the Board of Directors considered and approved the proposal of "The Company's Related Transactions with Five FOSUN Affiliates", which enable the Company to use insurance funds to purchase and redeem all kinds of trust products related to FOSUN International. For the six months ended 30 June 2022, the Company recognised investment income amounted to RMB37 million (for the six months ended 30 June 2021: RMB37 million).

(xi) *Investment income arising from trust products related to China Jinmao*

On 25 March 2020, the eighth meeting of the seventh session of the Board of Directors considered and approved the proposal of "The Company's Related Transactions with China Jinmao", which enables Asset Management Company to use the entrusted funds of the Company to purchase trust products guaranteed by China Jinmao. The Company recognised investment income of the above trust product transaction of RMB120 million (for the six months ended 30 June 2021: RMB120 million).

The office rentals of New China Health, Asset Management Company and New China Pension are based on the prices agreed by both of the deal. The investment management fees to Asset Management Company and Asset Management Company (Hong Kong) are calculated based on the negotiated service charge rate and the scale of investments. The health check and service fees to New China Health are calculated based on the price agreed by both of the deal. The rent paid to Xinhua Haoran is based on the price agreed by both of the deal. The conference and training fees to Health Technology are based on the prices agreed by transaction parties. All other transactions are calculated based on the negotiated price between transaction parties.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

24. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(3) Related party balances

	The Group	
	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Balances with related parties		
Interest receivable		
Huijin	30	12
FOSUN International	46	59
Held-to-maturity investments		
Huijin	900	900
Available-for-sale financial assets		
FOSUN International	1,182	1,182
Hwabao WP Fund	192	456
China Jinmao	4,499	4,499
Financial assets at fair value through profit or loss		
FOSUN International	1,661	1,773
Other receivables		
New China Health	–	1
Other payables		
New China Health	7	7

	The Company	
	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Payables to subsidiaries		
Asset Management Company	50	193
Asset Management Company (Hong Kong)	17	17
Electronic Commerce	–	16
Xinhua Haoran	–	1

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

24. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(3) Related party balances (Continued)

No impairment has been made for receivables from related parties as at 30 June 2022 (As at 31 December 2021: same).

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

(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	
	2022 (Unaudited)	2021 (Unaudited)
Payroll and welfare	13	15

(5) Transactions with state-owned enterprises

Under International Accounting Standard 24 (Amendment) ("IAS 24 (Amendment)") "Related Party Disclosures", 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 the IAS 24 (Amendment) exemption and disclosed only qualitative information.

As at 30 June 2022, most of the 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 2022, 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 deposits interest income was from state-owned banks.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

25. CONTINGENCIES

The Group is involved in estimations 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.

As at 30 June 2022, except for the items described above, all kinds of estimations and contingencies resulting from insurance services within the scope of this report, the Group does not have any significant contingency that needs description.

26. COMMITMENTS

(1) Capital commitments

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

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Contracted, but not provided for	3,082	3,127
Authorised by the board, but not contracted for	–	163
Total	3,082	3,290

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

26. COMMITMENTS (CONTINUED)

(2) Operating lease rental receivables

The future minimum lease receivables under non-cancellable operating leases are as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Within 1 year (including 1 year)	381	379
Between 1 and 2 years (including 2 years)	247	290
Between 2 and 3 years (including 3 years)	120	168
Between 3 and 4 years (including 4 years)	65	86
Between 4 and 5 years (including 5 years)	38	54
More than 5 years	96	133
Total	947	1,110

(3) Investment commitments

As at 30 June 2022, a total amount of RMB4,118 million was disclosed as investment commitments contracted but not provided for (as at 31 December 2021: RMB1,968 million).

27. SUBSEQUENT EVENTS

As at the approval date of the interim condensed consolidated financial statements, there are no significant subsequent events that need to be disclosed by the Group.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

28. INVESTMENTS IN SUBSIDIARIES

Details of the Company's subsidiaries as at 30 June 2022 are as follows:

	Place of incorporation/ registration and business	Principal activities	Type of legal entity	Registered/ Committed share capital	Percentage of equity attributable to the Company	
					Direct	Indirect
Asset Management Company	Beijing, China	Asset management	Limited company	RMB500 million	99.40%	–
Asset Management Company (Hong Kong)	Hong Kong, China	Asset management	Limited company	HKD50 million	40.00%	59.64%
Health Technology	Beijing, China	Real estate property development and training	Limited company	RMB1,575 million	100%	–
Xinhua Village Seniors Service (Beijing) Co., Ltd.	Beijing, China	Service	Limited company	RMB964 million	100%	–
Xinhua Village Seniors Operation Management (Beijing) Co., Ltd. ("Xinhua Seniors Operation") (i)	Beijing, China	Service	Limited company	RMB260 million	100%	–
Electronic Commerce	Beijing, China	Electronic commerce	Limited company	RMB200 million	100%	–
Guangzhou Yuerong Project Construction Management Co., Ltd.	Guangzhou, China	Real estate property investment and management	Limited company	RMB10 million	100%	–
Hefei Supporting Operation (ii)	Hefei, China	Real estate property investment and management	Limited company	RMB3,200 million	100%	–
New China Pension	Shenzhen, China	Insurance service	Limited company	RMB5 billion	99.80%	0.20%
Xinhua Village Seniors Investment Management (Hainan) Co., Ltd.	Qionghai, China	Real estate property development and training	Limited company	RMB1,908 million	100%	–
Xinhua Haoran	Beijing, China	Real estate lease and property management	Limited company	RMB500 million	100%	–
New China Excellent Rehabilitation Hospital Co., Ltd.	Beijing, China	Medical service	Limited company	RMB170 million	100%	–

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

28. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (i) On 28 April 2020, the ninth meeting of the seventh session of the Board of Directors of the Company considered and approved the proposal of “Adjusting Shanggu Real Estate into a Seniors Operation Management Company and Increasing the Registered Capital – Related Party Transactions”, which decided to change the name of Xinhua Village Shanggu (Beijing) Real Estate Co., Ltd. to Xinhua Village Seniors Operation Management (Beijing) Co., Ltd., adjust its business scope, change the representative of corporation and increase the registered capital of RMB245 million. On 7 January 2021, Xinhua Seniors Operation has registered the change, and the registered capital is RMB260 million after the change. Up to the approval of these interim condensed consolidated financial statements, an accumulated amount of RMB65 million was paid by the Company as part of capital injection and the remaining amount was still yet to be paid.
- (ii) The seventh meeting of the sixth session of the Board of Directors in 2016 considered and approved the proposal of “Increasing the Registered Capital of Subsidiaries of Hefei Supporting Operation – Related Party Transactions”, which decided to increase the registered capital of Hefei Supporting Operation from RMB500 million to RMB3,200 million. Hefei Supporting Operation has registered the change of the registered capital on 25 July 2017. On 20 January 2022, the Company paid a capital increase of RMB274 million to the Hefei Supporting Operation. As at 30 June 2022, the Company’s accumulated capital contributions to Hefei Supporting Operation is RMB2,454 million.

Details of the Company’s mainly controlled structured entities as at 30 June 2022 are as follow:

	Place of incorporation/ registration and business	Principal activities	Registered/ Committed share capital	Percentage of equity attributable to the Group
New China Asset Management – Mingxin No.5 Asset Management Product	Not applicable	Asset management plan	RMB1,060 million	59.49%
New China Asset Management – Mingmiao No.1 Asset Management Product	Not applicable	Asset management plan	RMB2,263 million	100%
New China Asset Management – Mingmiao No.2 Asset Management Product	Not applicable	Asset management plan	RMB6,056 million	90.21%
New China Asset Management – Mingmiao No.9 Asset Management Product	Not applicable	Asset management plan	RMB6,886 million	38.51%
New China Asset Management – Mingyi No.17 Asset Management Product	Not applicable	Asset management plan	RMB1,193 million	100%
New China Asset Management – Minghui No.1 Asset Management Product	Not applicable	Asset management plan	RMB3,530 million	100%
New China Asset Management – Mingyan No.1 Asset Management Product	Not applicable	Asset management plan	RMB3,486 million	100%
New China Asset Management – Jingxing Series Special Products (Third Phase)	Not applicable	Asset management plan	RMB2,635 million	100%

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

28. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the Company's mainly controlled structured entities as at 30 June 2022 are as follow: (Continued)

	Place of incorporation/ registration and business	Principal activities	Registered/ Committed share capital	Percentage of equity attributable to the Group
New China Asset Management – Jingxing Series Special Products (Fifth Phase)	Not applicable	Asset management plan	RMB2,981 million	100%
New China Asset Management – Jingxing Series Special Products (Eighth Phase)	Not applicable	Asset management plan	RMB2,218 million	100%
New China Asset Management – Select Hong Kong Stock Connect No.1 Asset Management Product	Not applicable	Asset management plan	RMB1,446 million	63.86%
New China-Haidian Stated Capita Infrastructure and Property Debt Investment Plan	Not applicable	Debt investment plan	RMB1,310 million	84.73%
New China-Urban Construction Infrastructure and Property Debt Investment Plan (First Phase)	Not applicable	Debt investment plan	RMB1,000 million	100%
New China-Urban Construction Infrastructure and Property Debt Investment Plan (Second Phase)	Not applicable	Debt investment plan	RMB2,000 million	100%
New China-Urban Construction Infrastructure and Property Debt Investment Plan (Third Phase)	Not applicable	Debt investment plan	RMB1,000 million	70.00%
New China-Urban Construction Development Infrastructure and Property Debt Investment Plan (First Phase)	Not applicable	Debt investment plan	RMB1,800 million	100%
New China-Urban Construction Development Infrastructure and Property Debt Investment Plan (Second Phase)	Not applicable	Debt investment plan	RMB1,500 million	100%
New China- Greatwall Group Infrastructure and Property Debt Investment Plan	Not applicable	Debt investment plan	RMB3,000 million	100%
New China- Qingdao Shenlan Center Plant and Equipment Debt Investment Plan	Not applicable	Debt investment plan	RMB2,500 million	100%
New China- Wanke Wuhan Plant and Equipment Debt Investment Plan	Not applicable	Debt investment plan	RMB2,625 million	100%

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022 (All amounts in RMB million unless otherwise stated)

28. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the Company's mainly controlled structured entities as at 30 June 2022 are as follow: (Continued)

	Place of incorporation/ registration and business	Principal activities	Registered/ Committed share capital	Percentage of equity attributable to the Group
New China-Wanke Logistics Infrastructure and Property Debt Investment Plan (Third Phase)	Not applicable	Debt investment plan	RMB1,577 million	100%
Cigna & CMB Asset Management- Shanghai Binjiang Center Plant and Equipment Debt Investment Plan (Second Phase)	Not applicable	Debt investment plan	RMB1,500 million	93.33%
New China- Xi'an Electronic Valley Construction Infrastructure and Property Debt Investment Plan	Not applicable	Debt investment plan	RMB1,000 million	83.80%

All subsidiary undertakings are included in the consolidation. There are no significant restrictions on the use of assets or the discharge of liabilities of all subsidiaries. The non-controlling interests of subsidiaries are immaterial to the Group.

The English names of certain subsidiaries represent the best effort made by the management of the Company in translating their Chinese names as they do not have official English names.

29. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements have been approved and authorised for issue by the Board of Directors on 30 August 2022.

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新華人壽保險股份有限公司
NEW CHINA LIFE INSURANCE CO., LTD.

北京市朝陽區建國門外大街甲12號新華保險大廈
New China Insurance Tower, A12 Jianguomenwai
Avenue, Chaoyang District, Beijing 100022, P.R.C
www.newchinalife.com