



中国人寿保险股份有限公司
China Life Insurance Company Limited

2008 Interim Results

August 26, 2008

HKFRS

Forward-looking Statements

Certain statements contained in this presentation may be viewed as “forward-looking statements” with in the meaning of Section 21E of U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. Further information regarding these risks, uncertainties and other factors is included in the Company’s Registration Statement on form F-1 for its initial public offering filed with the U.S. Securities and Exchange Commission, or SEC (file number 333-110615); and in the Company’s other filings with the SEC.

Unless otherwise indicated, the Chinese insurance market information set forth in this presentation is based on information reported by insurance companies to the CIRC. The reported information includes premium and deposit information that is not determined in accordance with HKFRS.



Agenda

Section I 1H 2008 Overview

Section II Business Review

Section III Financial Summary

Section IV Investment Performance

Appendix PRC GAAP Results Highlights



Section I

1H 2008 Overview



中国人寿保险股份有限公司
China Life Insurance Company Limited



Performance Highlights

GWP & policy fees	RMB 79,285 million	+ 24.4%
Net investment income	RMB 25,302 million	+5.1%
Gross investment income	RMB 19,549 million	- 47.4%
Net profit	RMB 15,838 million	- 32%
Total assets	RMB 963,983 million	+3.2 % from end-07
ROAE	8.5%	-6.6pps

Note: Gross investment income = Net investment income + Net realized gains on financial assets + Net fair value gains (losses) on assets at fair value through income (held-for-trading)

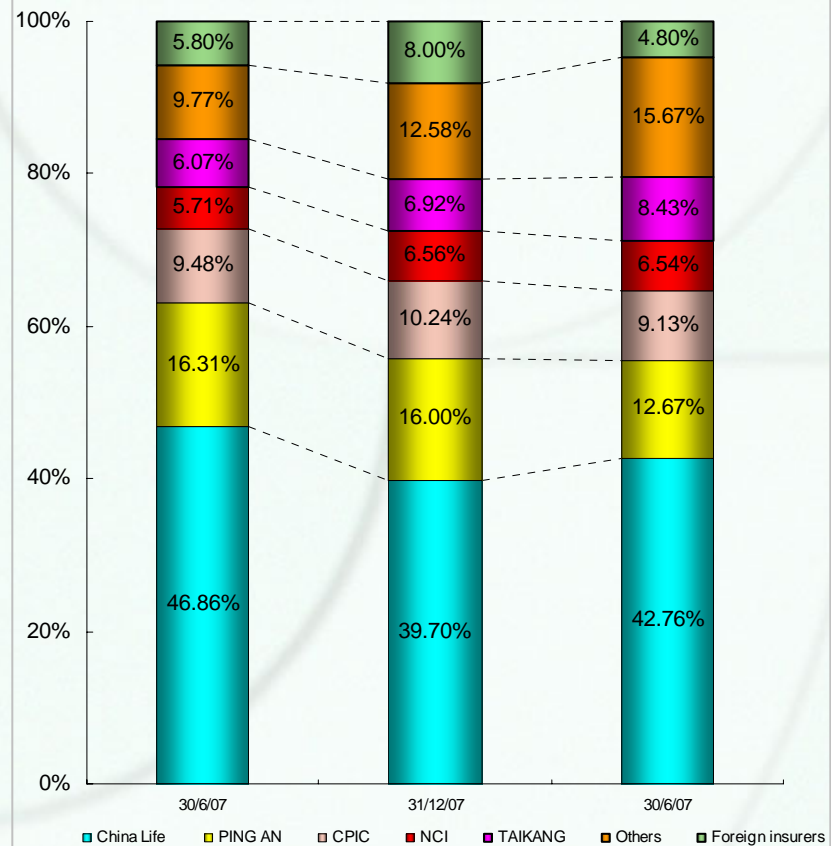


Continued Market Leadership

Competitive landscape change in China's life insurance market

- In 1H 08, our market share increased from 39.7% to 42.8% through our proactive competition strategy.
- Small to medium-sized Chinese life insurers gained market shares quickly.
- Foreign life insurers' market shares shrank from 8% at the beginning of this year to 4.8% at June 30, 2008.

Major life insurers' market shares

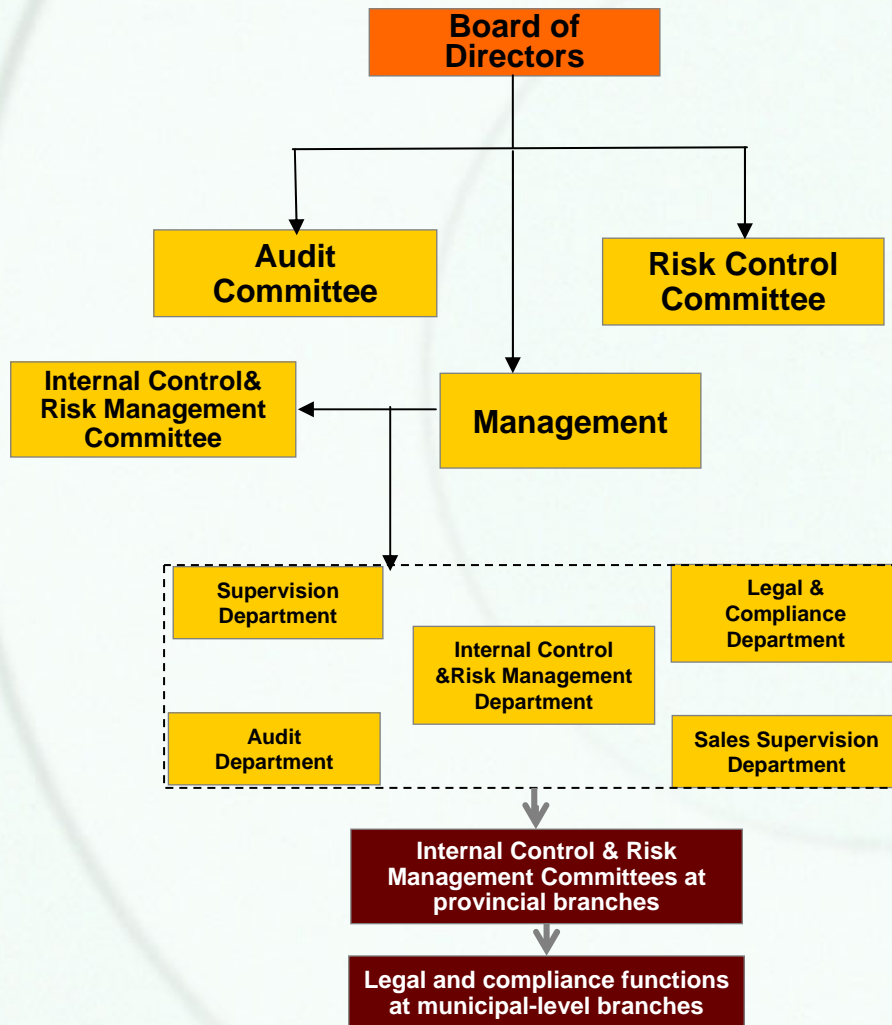


Source: Data under PRC GAAP as disclosed by CIRC



Improved Internal Control and Risk Management System

Internal control & risk management structure



Risk management process

1st level: Sales Function

- 🕒 Lay down sales management policy, utilizing sales prospecting systems to forestall potential risks
- 🕒 Provide salespeople with legal and compliance guidance
- 🕒 Strengthen risk control on sales process

2nd level: Operational functions (business management, finance & accounting, actuarial, investment, etc.)

- 🕒 Undertake specific risk management responsibilities, establish sub-systems for risk control; implement ground-level processes and assess risk management performance on a regular basis

3rd level: Risk management functions

- 🕒 Identify, quantify, evaluate and monitor risks and provide guidance from risk control perspective

4th level: Audit and supervision functions

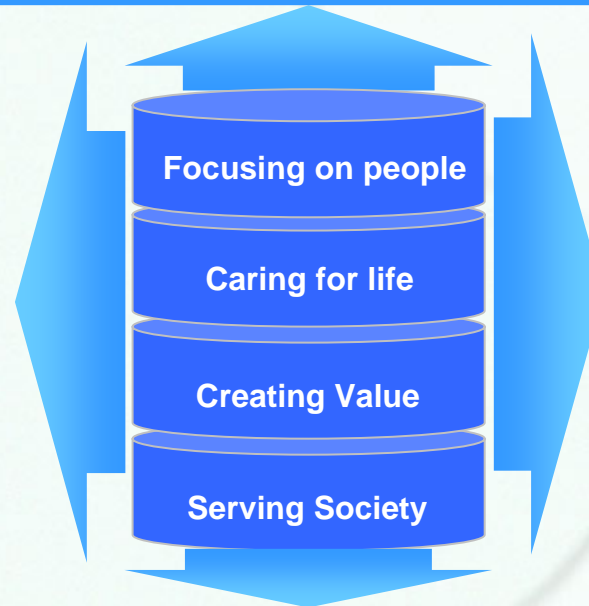
- 🕒 Audit functions: monitor and evaluate the risk management work and results of functional departments and business units
- 🕒 Supervision functions: detect and investigate into noncompliance events



A Socially Responsible Insurer

- Continued with the “Healthy New Villages” project, have funded 46 China Life Fraternity Healthcare Centers
- Donated RMB10 million to snowstorm-afflicted areas and extended free short-term accident insurance coverage to relief workers

- Heavy involvement in disaster relief for the victims of the Sichuan Earthquake
 - Announced 10 commitments to customers affected by the Sichuan earthquake, proactively settle the claims for the victims, simplify claim procedures and achieved claim settlement rate of 74.6% as at June 30, 2008
 - Donated RMB43.25 million, offered free accident insurance coverage to relief workers and announced plans to cover the living expenses of earthquake orphans



- Actively carrying out policy-sponsored business such as New Village Cooperative Medical Scheme and Basic Medical Insurance for Urban Residents
- New Industrial Life Plan launched for rural market has become one of the effective means of solving the problem of lack of social welfare protection for rural residents

- Launched the first catastrophe accident insurance product in China covering earthquakes, floods, typhoons, mudflows, landslides and tsunami



Our Honors

FORTUNE

Ranked **159**th in Fortune 500 announced in 2008, up by 33 places



5th among “2008 Top 500 Chinese Brands” ranked by World Brand Laboratory



Development & Research
Center of the State Council

“Best Public Image Award” from the Corporate
Research Institute of the Development & Research
Center of the State Council and Sohu Business in 2008

中國證券報

“Golden Bull 100” by China Securities
Journal



First place in “Favorite Brands in China
2008” ranked by China Enterprise
Reputation and Credibility Association
(Overseas)



Opportunities and Challenges

Opportunities...

- China's GDP will maintain its growth momentum on the back of strong fundamentals. Residents' income and savings will grow further. Urbanization will continue.
- The insurance industry will continue to benefit from residents' increasing awareness of insurance and the current demographic dividend period.
- Trend toward business cross-over and integration between financial institutions will bring in more opportunities to life insurance companies for business innovation and diversification.
- The industry will benefit from broadening access to more investment opportunities.

Challenges...

- Global economic slowing-down: The depth and breadth of sub-prime impact are beyond expectation. Volatility of the global financial market will continue. Global inflation pressure is mounting. Economic Growth is slowing down worldwide. External demand will further weaken.
- Greater uncertainty in domestic growth: Economic growth is slowing down. CPI will stay high. Greater uncertainties exist in the financial system. The capital market is likely to remain weak.
- Intensified competition: Life insurers will see growing competition from both within the industry and from non-insurance financial institutions.



Section II: Business Review



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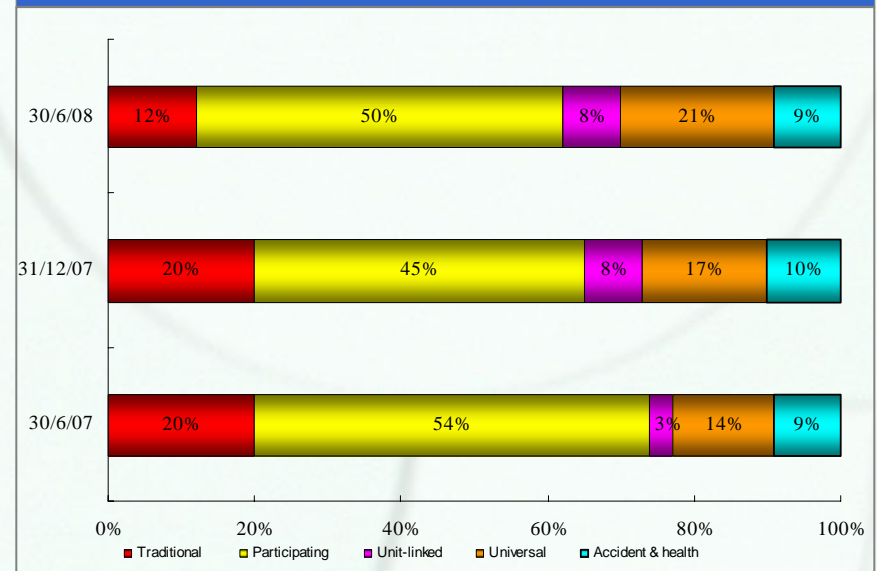


Strong Industry Growth

Personal insurance premiums (03-1H 08)



Life insurance industry premium breakdown



Rapid growth of life insurance industry in China

- China's life insurance industry enjoyed a rapid growth driven in 1H 08 mainly by bancassurance.
- In 1H 08, life insurers' product mix changed visibly. Growth in participating products was exceptionally strong. Universal products continued with fast-pace growth. Unit-linked products have slowed down.

Note: 1. Personal insurance premiums include life insurance premiums, health insurance premiums and accident insurance premiums (Sources: CIRC)

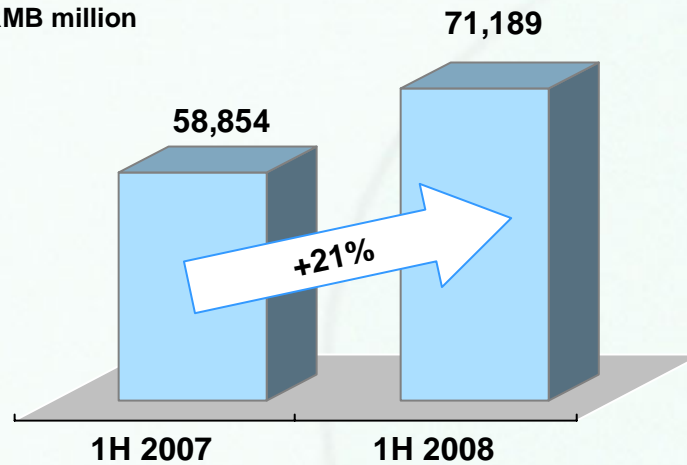
2. All data were reported under PRC GAAP



Continued Business Growth

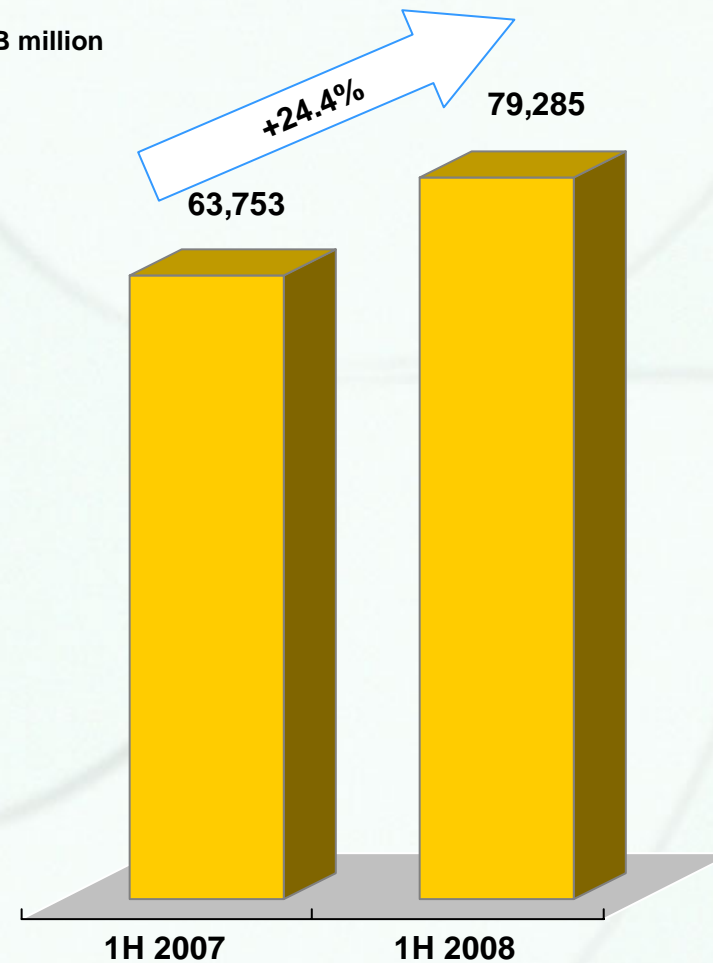
Gross written premiums

RMB million



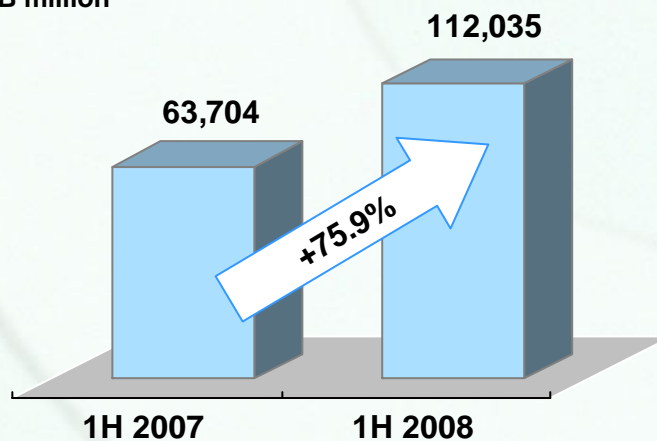
Gross written premiums and policy fees

RMB million



Deposits

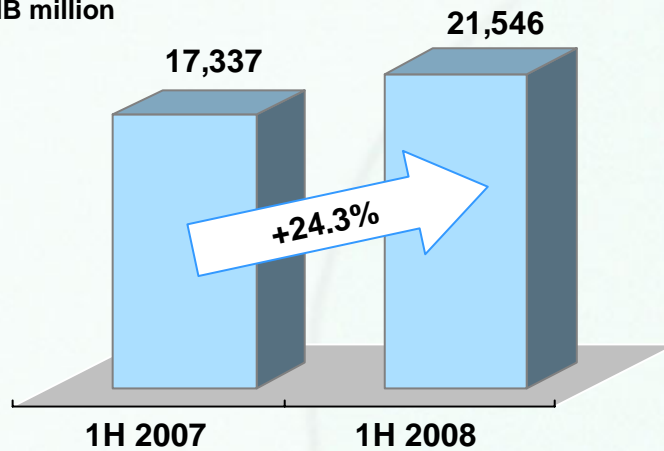
RMB million



Strengthened Business Sustainability

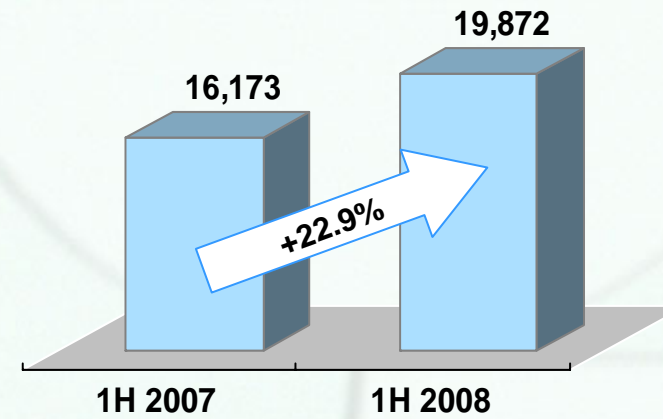
1st-year GWP

RMB million



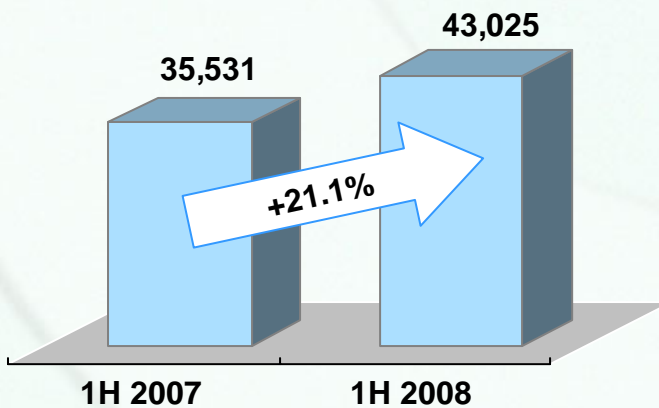
1st-year regular GWP

RMB million

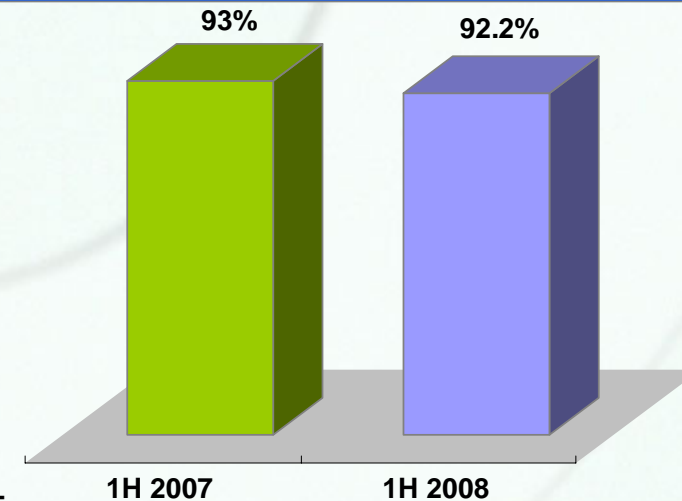


Renewal premiums

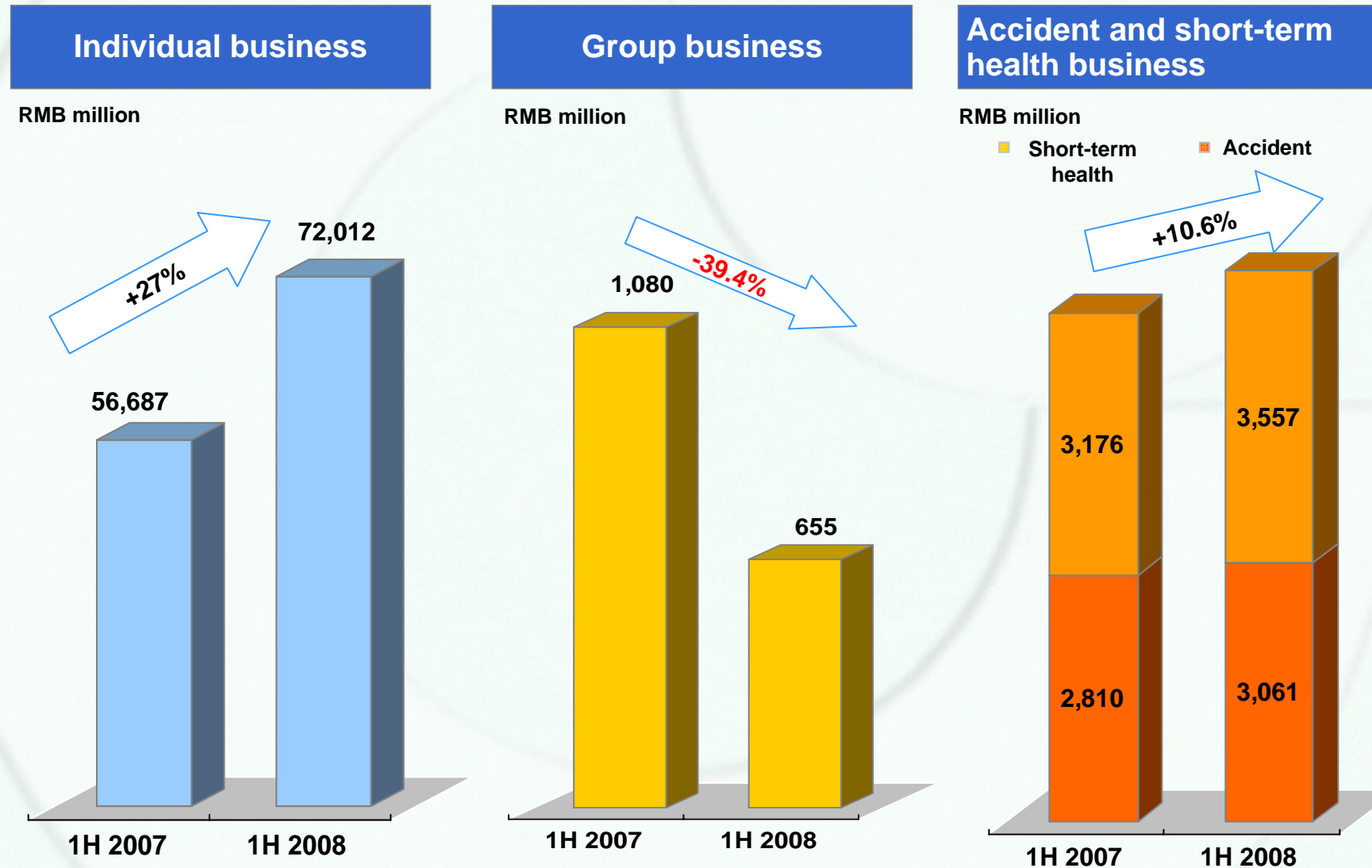
RMB million



Percentage of regular premiums in FYP



Steady Growth in Individual & Short-term Businesses



Note: Figures for individual and group business represent gross written premiums and policy fees. Figures for accident and short-term health insurance represent gross written premiums.



Reinforced and Innovated Distribution Channels

Agent Force

- Individual insurance agents grew by 38,000 people from the end of 2007 to 676,000
- 99.3% of individual insurance agents licensed, up by 1.8 percentage points
- Agent productivity further improved. Productive agents remained stable

Direct Sales Representatives

- The number of direct sales representatives stayed at over 13,000
- Branches and sub-branches remained stable at 3,613
- Key account manager team was strengthened to improve the service for key customers

Bancassurance

- 22,500 customer service managers, up 25% from end-2007
- Over 6,100 financial advisors, up by 14% from end-2007
- 92,520 bancassurance outlets, up by 1,000+ from end-2007

New Sales Channel

- Telephone & online sales: established the E-business department to conduct telephone & online sales on a trial basis, launched the first tele-sales product



Business Strategy in 2H, 2008

Business Objectives

- Reinforce the market-leading position and enhance sustainable growth

Business Strategy

- Continue with our proactive competition strategy to maintain fast and stable business growth
- Rely on 1st-year regular premiums for sustainable growth, further optimize business mix and enhance business profitability
- Clearly position different distribution channels to maintain healthy growth and enhance business value :
 - Individual insurance channel: Further strengthen the agent force and promote sales of risk-type long-term regular-premium products to reinforce sustainable growth
 - Bancassurance channel: Improve its business value
 - Group insurance channel: Focus on product innovation, develop more profitable product to improve its value contribution
- Further enhance competitiveness in first and second-tier cities and reinforce first-mover advantages in rural areas
- Continue to focus on the sales of traditional and participating products, while maintaining moderate growth in unit-linked and universal products



Section III Financial Summary



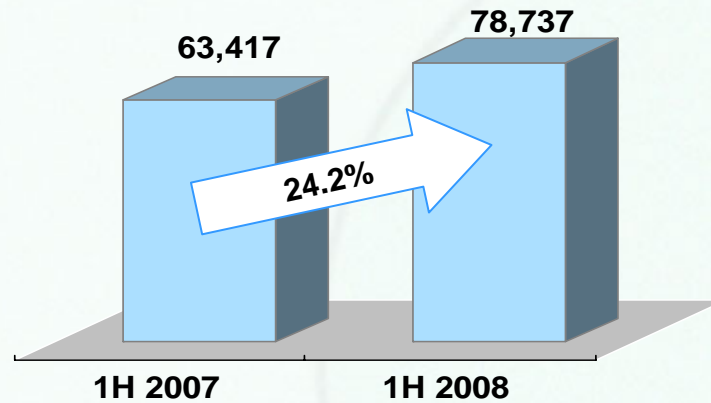
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Stable Top-Line Growth

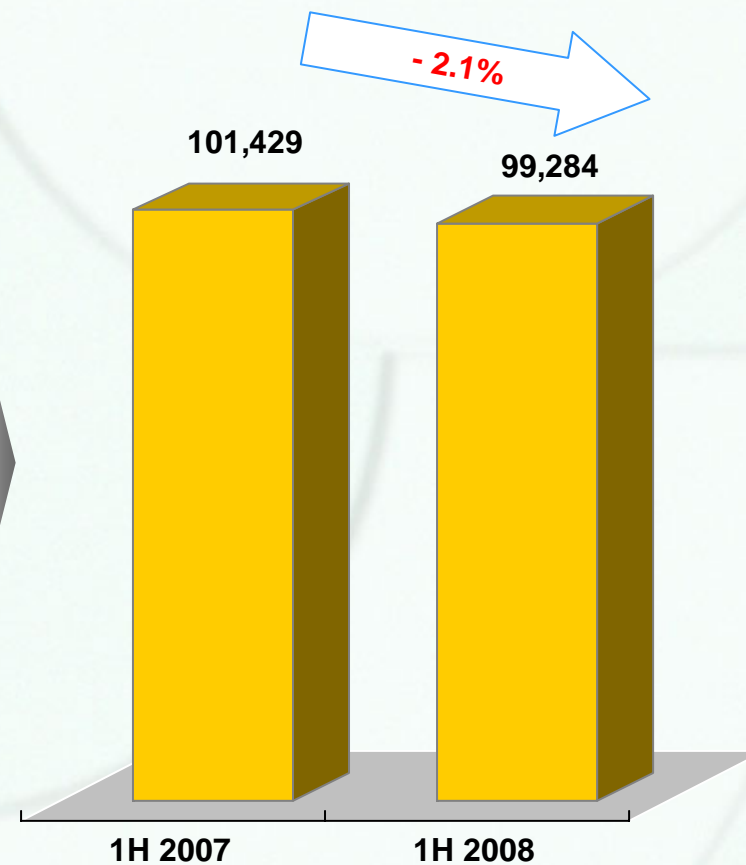
Net premiums earned and policy fees

RMB Million



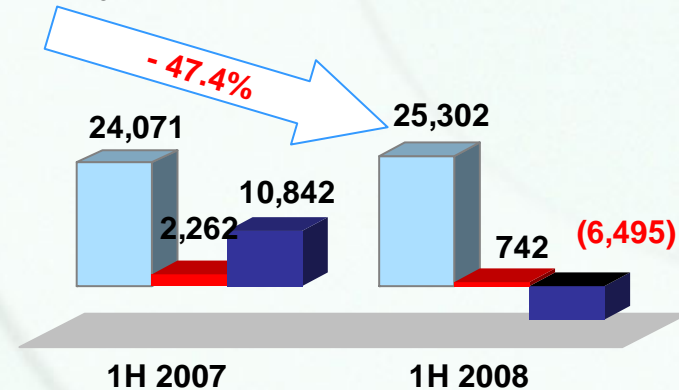
Total revenues

RMB Million



Net investment income and realized/unrealized gains

RMB Million



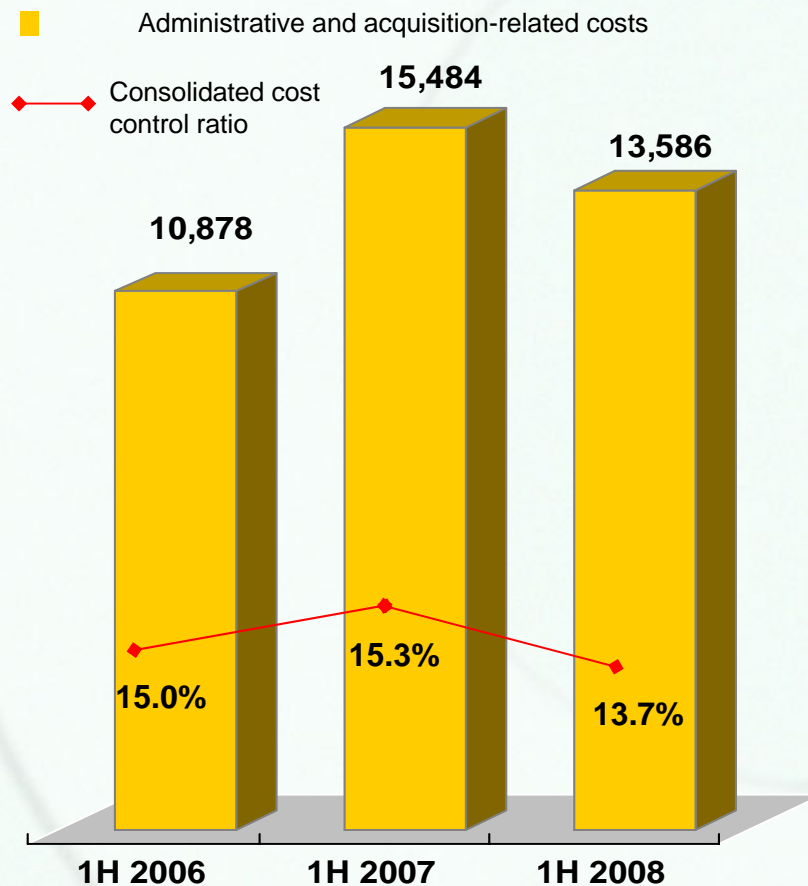
- Net Investment Income
- Net Fair Value Gains/Losses
- Net Realized Gains



Effective Cost Control

Administrative & acquisition-related costs as % of total revenues *

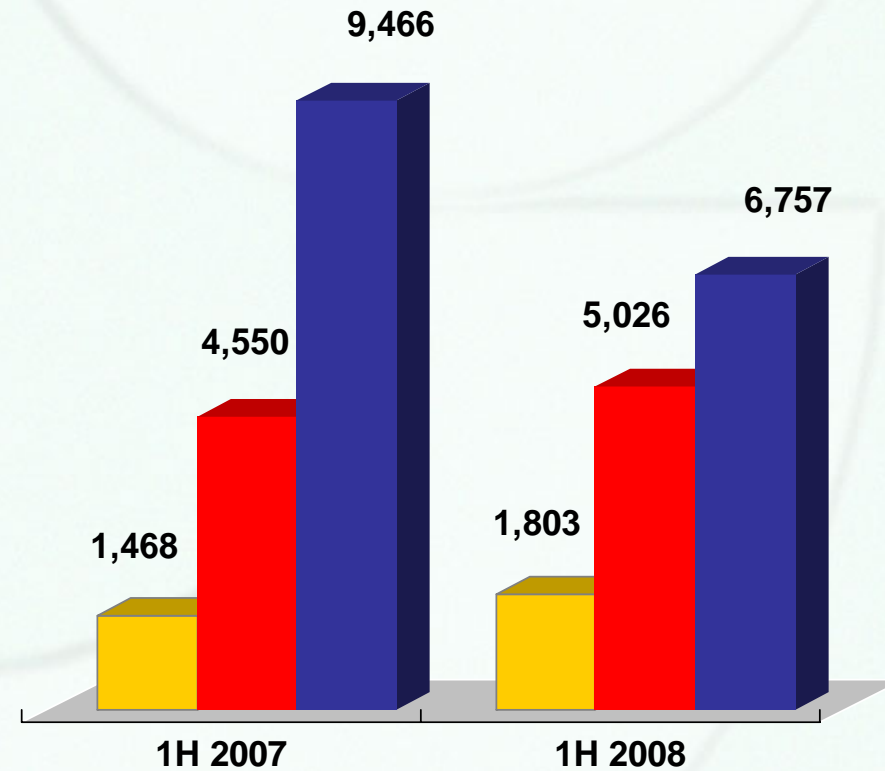
RMB Million



Administrative & acquisition-related expenses breakdown

RMB Million

■ Underwriting and policy acquisition costs
 ■ Administrative expenses
 ■ Amortization of DAC



Note: Administrative and acquisition-related costs = Underwriting and policy acquisition costs + Administrative expenses + Amortization of DAC

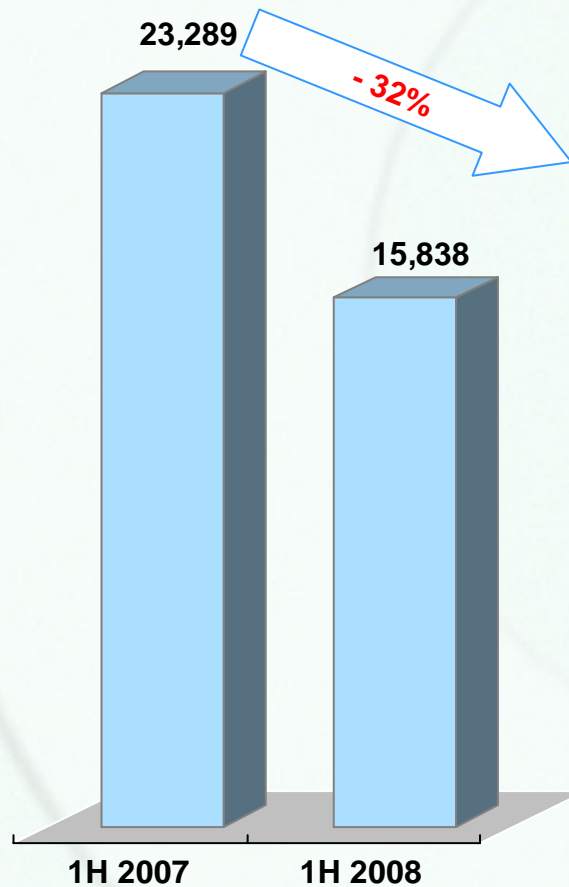


Declined Bottom-Line Results

Profitability

RMB Million

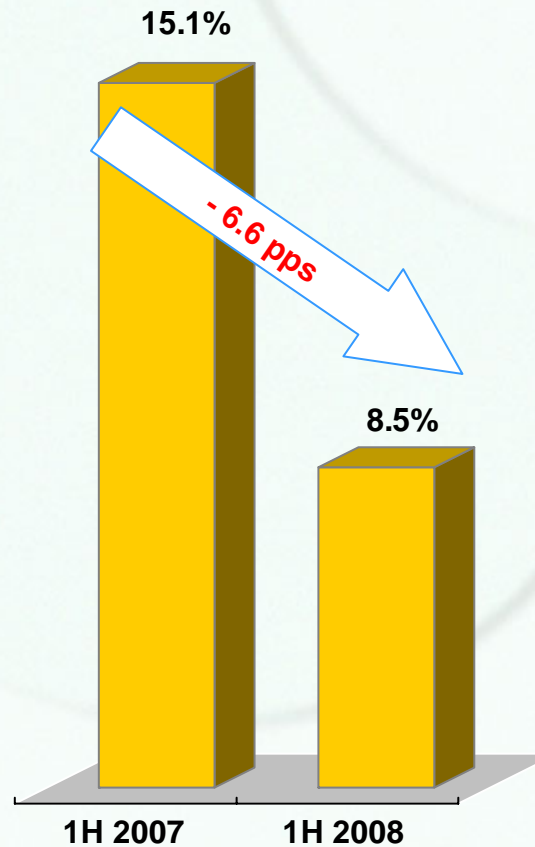
Net Income



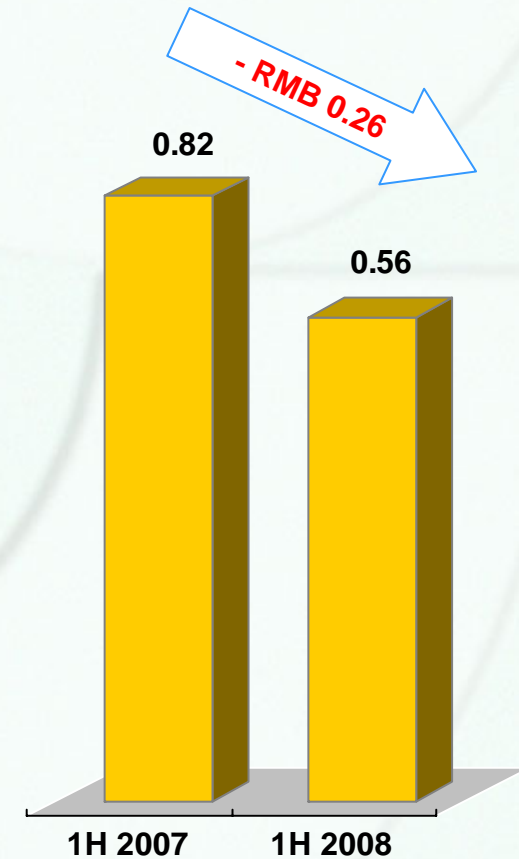
Return to shareholders

RMB Yuan

ROAE



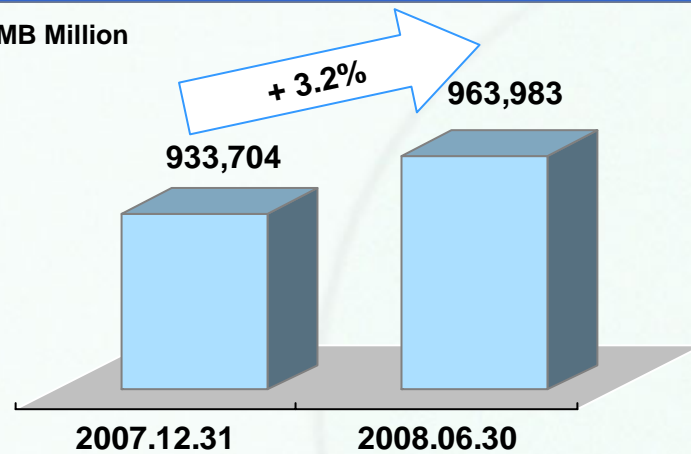
Basic and Diluted EPS



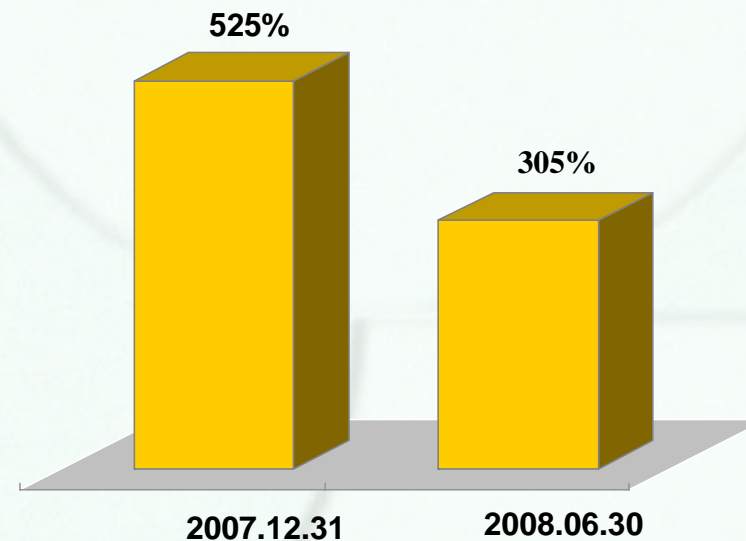
Solid Financial Strength

Total assets

RMB Million

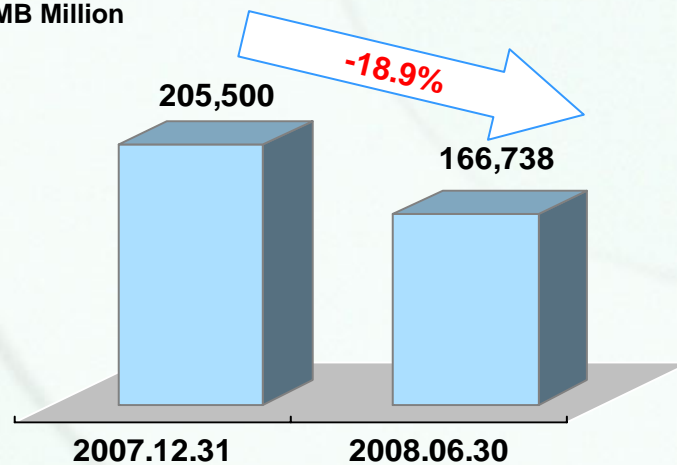


Solvency ratio



Shareholders' equity

RMB Million



Decline in asset values as a result of capital market downturn and the company's rapid business growth lead to the decline in solvency ratio.



Section IV Investment Performance



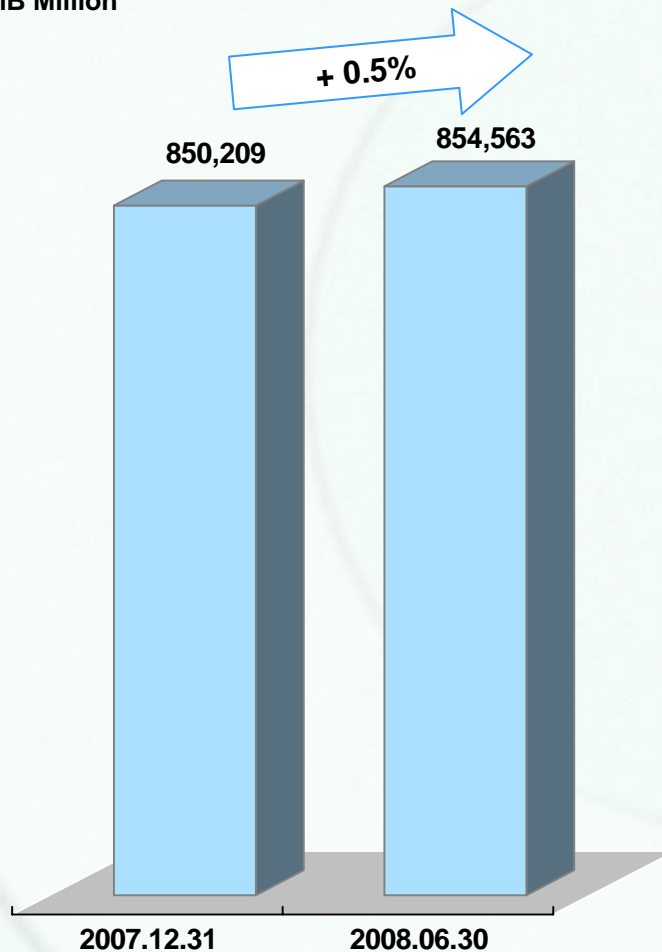
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China Life Insurance Company Limited



Investment Income Negatively Affected by Capital Market Downturn

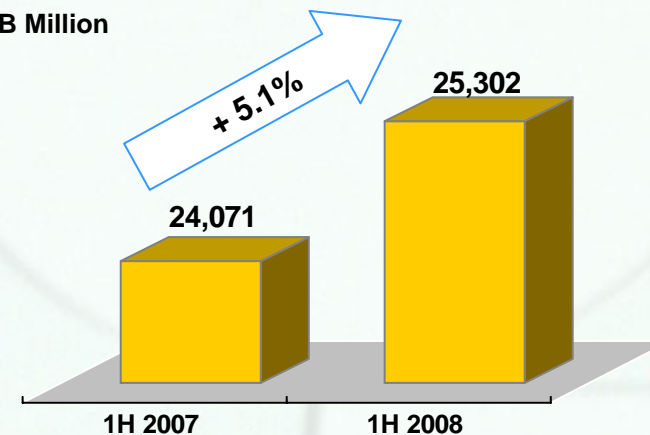
Investment assets

RMB Million



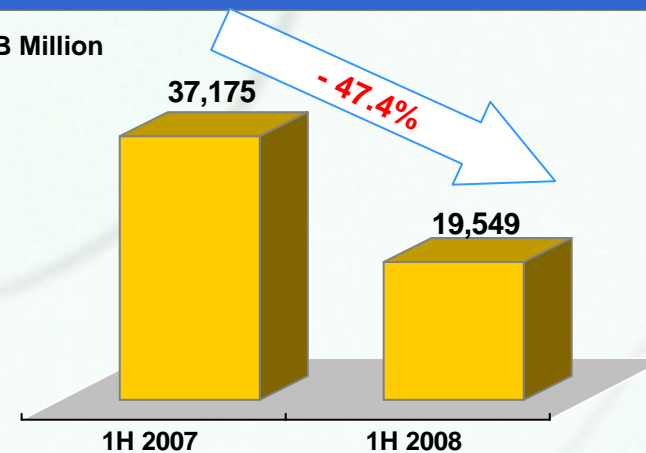
Net investment income

RMB Million



Total investment income

RMB Million

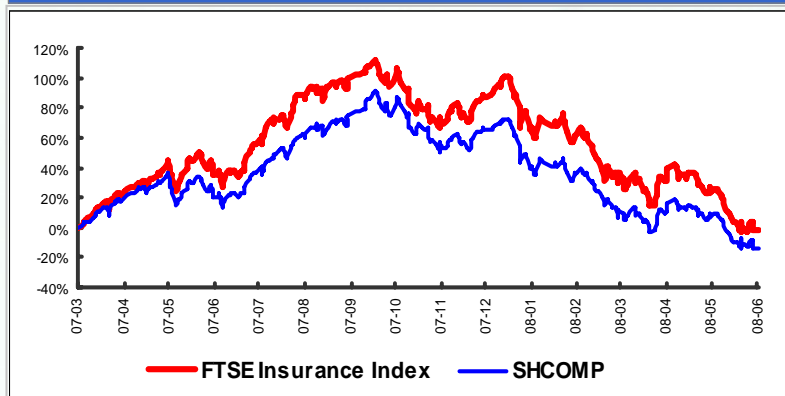


Note: Investment Assets = Fixed maturity securities + Term deposits + Equity investments
+ Cash and cash equivalents + Others



Investment Yield Declined

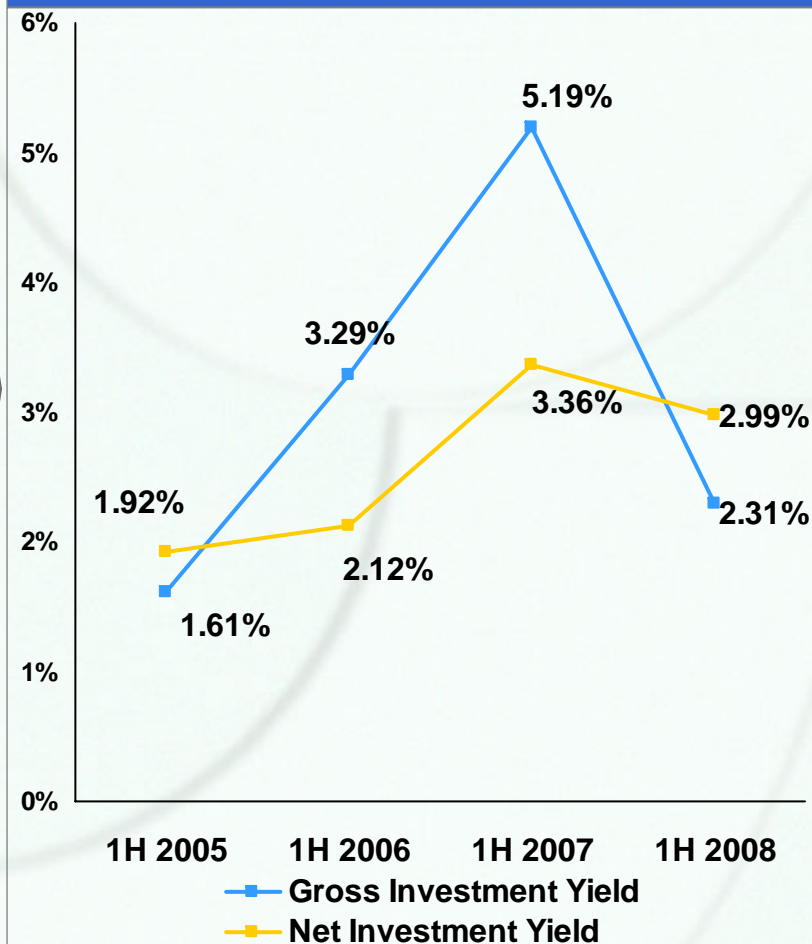
A-share market performance



Adjust investment strategies in response to market conditions

- Increased investment in fixed-income securities and decreased investment in equity investment
- Prudent overseas investment: investment in VISA achieved positive market feedback and high return
- Introduced benchmark for held-to-maturity securities, a further enhancement in professional investment management

Investment yield



Note: Net investment yield = Net investment income / [(Investment assets at period-beginning - Repos at period-beginning + Investment assets at period-end - Repos at period-end) / 2].

Investment assets include cash and equivalents.

Gross investment yield = (Net investment income + Net realized gains on financial assets + Net fair value gains (losses) on assets at fair value through income (held-for-trading)) / ((Investment assets at the beginning of the period - securities sold under agreements to repurchase at the beginning of the period + investment assets at the end of the period - securities sold under agreements to repurchase at the end of the period) / 2). Investment assets include cash and cash equivalents.



Investment Portfolio Adjusted

	1H 2008	2007	Change
Fixed Maturity Securities	58.6%	52.1%	6.5% ↑
Term Deposits	21.0%	19.8%	1.2% ↑
Equity Securities	13.3%	23.0%	9.7% ↓
Cash & Cash Equivalents	4.9%	3.0%	1.9% ↑
Others	2.2%	2.1%	0.1% ↑



2H08 Investment Strategy

Closely monitor market changes and adjust investment strategy accordingly

- ➊ Further expand investment in fixed income products, particularly private placement of bonds and the opportunities in infrastructure investment through debt plan.
- ➋ Increase strategic equity investment :
 - Closely monitor the market for investment opportunities in the financial sector
 - Actively seek investment opportunities in infrastructure projects in energy, power, transportation sectors
 - Seek pre-IPO equity investment opportunities
 - Closely follow changes in global capital market and seek overseas investment in an active and prudent manner



Thank You!



Appendix PRC GAAP Results Highlights



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China Life Insurance Company Limited



Appendix I: 1H 2008 Results under PRC GAAP

	1H 2008	End-2007	1H 2007	Change	
				1H 08 / 1H 07	1H 08 / End-07
<i>(RMB Million)</i>					
Net Premiums Earned	181,445		120,576	50.48%	
Investment Income	34,195		34,421	-0.66%	
Gains/Losses from Changes in Fair Value	(7766)		6,459	-220.24%	
Total Revenues	207,972		162,008	28.37%	
Net profit Attributable to Shareholders	10,772		16,873	-36.16%	
Total Assets	913,020	894,604			2.06%
Owner's equity attributable to shareholders	127,424	170,213			-25.14%
ROE	8.45%		12.33%		-3.88 pps
Investment Yield	2.33%		5.34%		-3.01 pps



Appendix II: Net Profit Reconciliation from PRC GAAP to HKFRS

Net profit reconciliation from PRC GAAP to HKFRS		
RMB Million	For the six months ended June 30,2008	For the six months ended June 30,2007
Net profit attributable to shareholders under PRC GAAP	10,772	16,873
Reconciling items:		
Insurance-related adjustment	6,508	4,869
- Deferred policy acquisition costs	6,680	(22)
- Premiums, benefits and reserves of insurance and investment contracts	(172)	4,891
Impact on associates incurred from difference in accounting standards	153	-
Reversal of property, plans and equipment revaluation surplus and related depreciation	43	39
Deferred tax effects	(1,638)	1,508
Net profit under HKFRS	15,838	23,289



Appendix III: Shareholders' Equity Reconciliation from PRC GAAP to HKFRS

Shareholders' equity reconciliation from PRC GAAP to HKFRS

RMB Million	As at 6/30/2008	As at 12/31/2007
Owners' equity attributable to shareholders under PRC GAAP	124,424	170,213
Reconciling items:		
Insurance-related adjustments	53,541	48,393
- Deferred policy acquisition costs	54,937	40,852
- Premiums, benefits and reserves of insurance and investment contracts	(1,396)	7,541
Impact on associates incurred from difference in accounting standards	135	-
Reversal of PP&E write-downs and Reversal of property, plans and equipment revaluation surplus and related depreciation and related D&A	(1,302)	(1,344)
Deferred tax effects	(13,060)	(11,762)
Shareholders' equity under HKFRS	166,738	205,500

