



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

**Improving Investment
Environment & China Life's
Corporate Governance**

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Agenda

- **Separated Financial Regulatory System**
- **Growing capital market**
- **Improving investment environment**
- **Systematic policies on corporate governance**
- **The first domestic financial & insurance company listed in 3 exchanges**
- **China Life's ownership structure**
- **Effective and balanced corporate governance structure**
- **A platform to provide full range financial and insurance services**
- **Changes in operating models**
- **Improved transparency**
- **Tight internal control and risk management system**
- **Performance-related evaluation system and incentive scheme**
- **Return to shareholders, uptake of social responsibilities**
- **Fine corporate governance recognized by the public**
- **Fine corporate governance creating premium to valuation**
- **Establishing first class corporate governance in line with best international practices**

Separated financial regulatory system

**Monetary
Supply
Management**

The People's Bank of China (PBOC)

- **Monetary supply management: focus on stabilizing CPI and promoting consistent economic growth by means of monetary supply management.**

**Market
Regulation**

**China Banking
Regulatory
Commission (CBRC)**

- **Market entrance**
- **Operating supervision**
- **Compliance supervision**

**China Securities
Regulatory
Commission (CSRC)**

- **Information disclosure**
- **Corporate governance**
- **Related party transactions**
- **M&A**

**China Insurance
Regulatory
Commission (CIRC)**

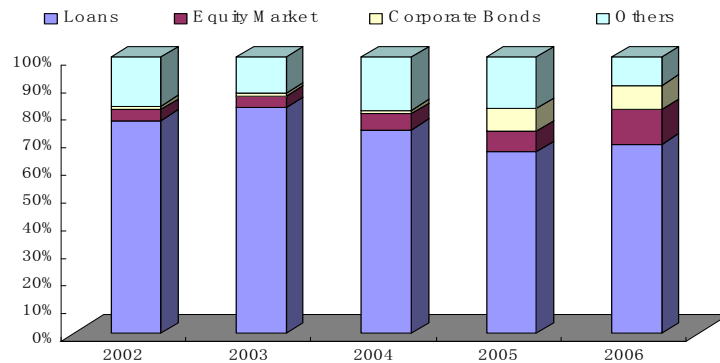
- **Solvency ratio**
- **Market behaviors**
- **Corporate governance**

China has established a separated financial regulatory system

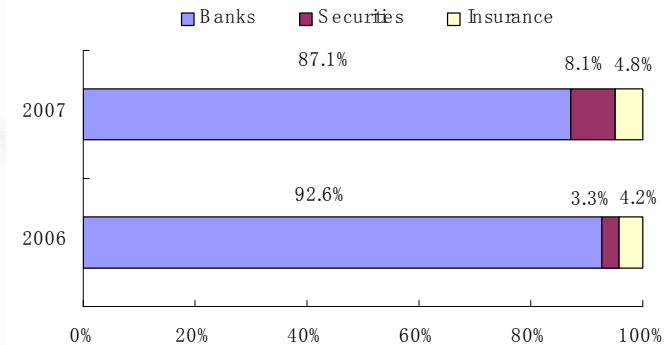
with close cooperation among them

Growing capital market

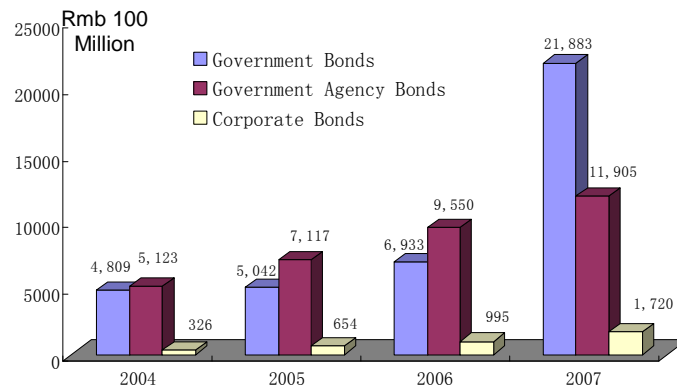
Indirect Financing versus Direct Financing



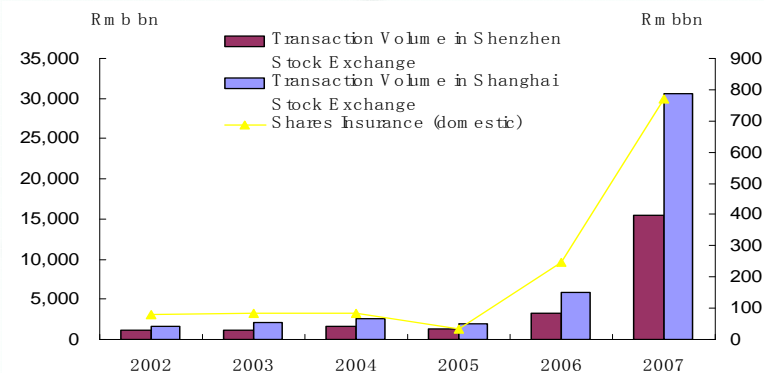
Financial Assets Breakdown



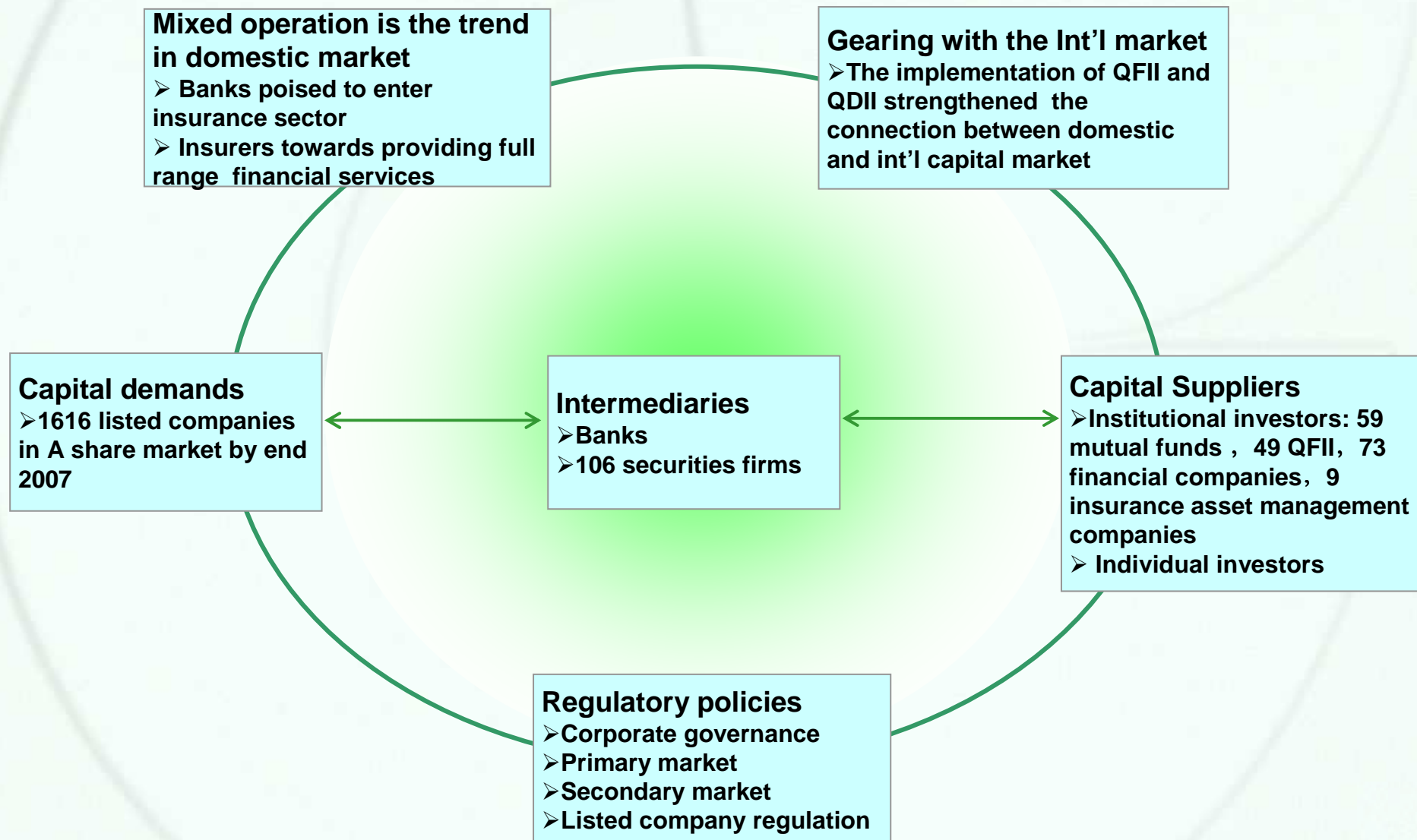
Growing Bond Market



Expanding Equity Market



Improving investment environment



Systematic policies on corporate governance

■ CBRC

- ✓ Guidance on Commercial Banks' Internal Control (2007)
- ✓ Provisions on Commercial Banks' Information Disclosure (2006)

■ CSRC

- ✓ Corporate Governance Standards on China's Listed Companies (2007)
- ✓ Regulations on Strengthening the Protection on Public Shareholders' Interests (2007)
- ✓ Administration of Stock Options of Listed Companies (2006)
- ✓ Guidance on Listed Companies' Investors Relations (2005)

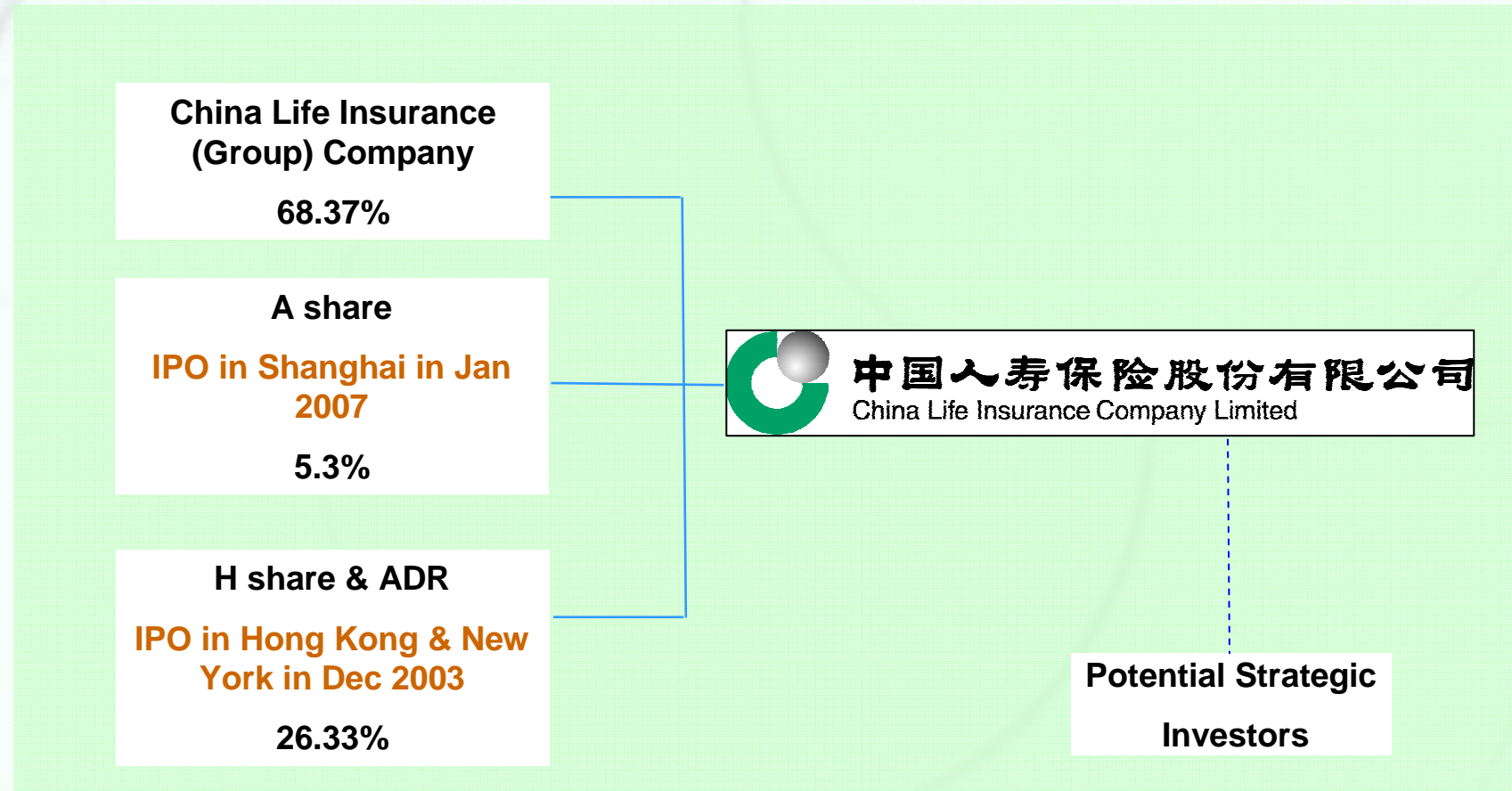
■ CIRC

- ✓ Provisional Measures on Administration of Independent Directors of the Board of Insurance Companies (2007)
- ✓ Provisional Guidance on Establishment of Corporate Governance Structure of Insurance Companies (2006)

■ Stock Exchanges

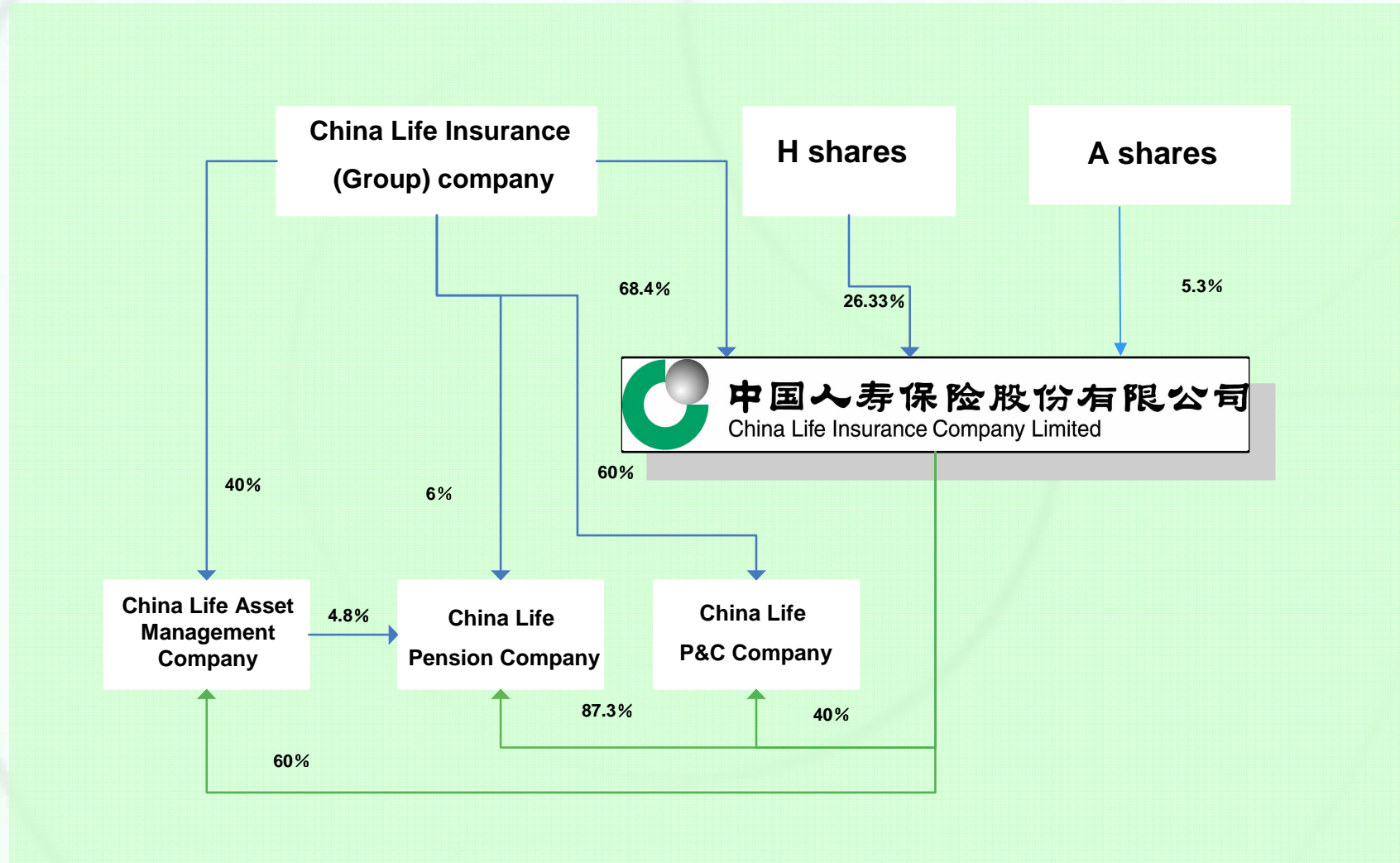
- ✓ Rules on Stock Offerings of Shanghai Stock Exchanges (revised 2004)

The first domestic financial & insurance company listed in 3 exchanges



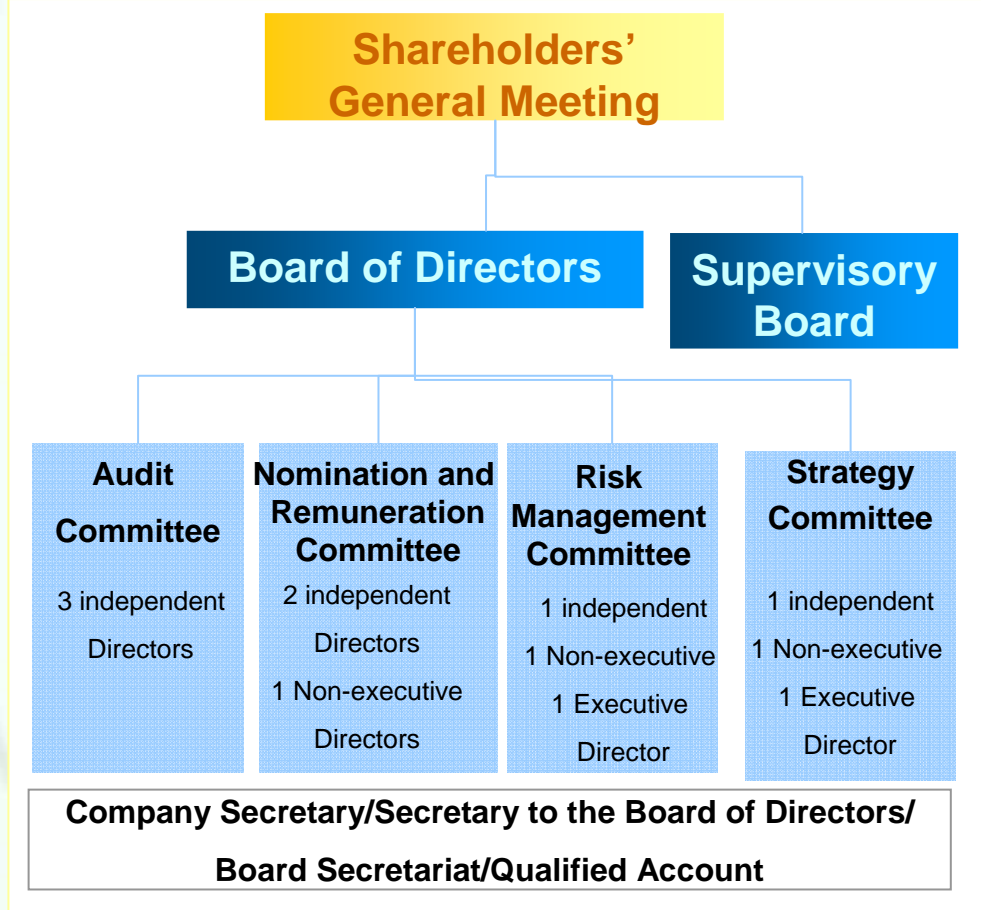
By the end of 2007, China Life's market value surpassed US\$160 bn and is the largest listed life insurance company globally in terms of market value

China Life's ownership structure



Effective and balanced corporate governance structure

Enhanced Corporate Governance Structure

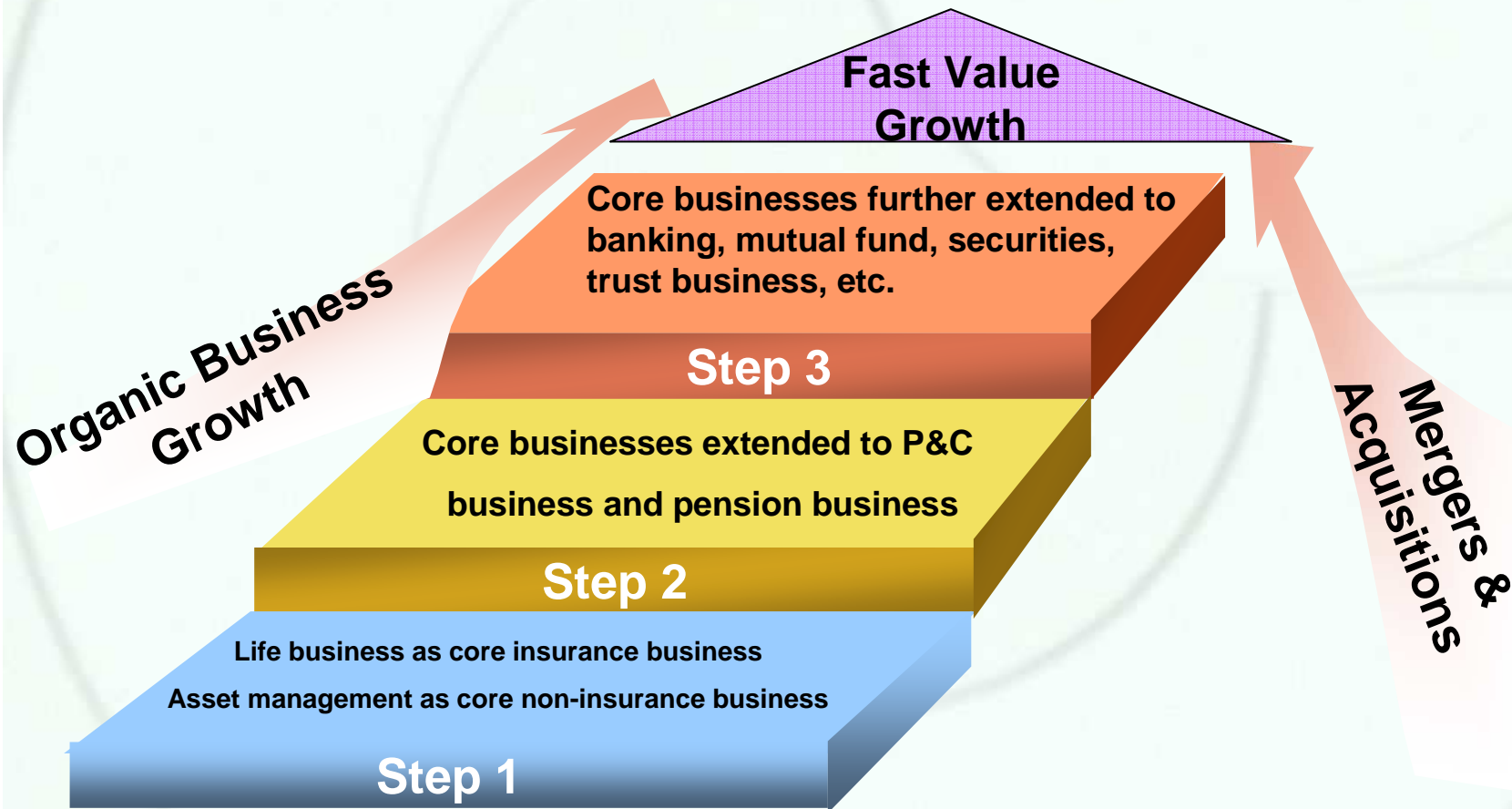


Characteristics

- State holding is the foundation of China Life's corporate governance
- Independent directors accounts for more than half of the board of directors, and each professional committees is chaired by independent directors.
- Corporate governance practices meet regulatory requirements of 3 exchanges.
- Corporate governance practices are supported by relevant rules and systems.
- Corporate governance practices are supported by a strong back office platform.

A platform to provide full range financial and insurance services

Top global financial & insurance group with strong core businesses and appropriate diversification



Changes in operating models

1

**Change in business objective:
Maximization of shareholders'
benefits as the core target of
operation.**

4

**Change in valuation: Adopted
the embedded value method**

2

**Change in operating model:
Priority shifted from business
scale to profitability**

3

**Change in performance
evaluation: More emphasis on
business mix optimization,
maintaining market leadership
and long term development
sustainability**

Improved transparency

Enhancing information disclosure

- Established a system to guarantee an accurate, complete and timely disclosure
- Publish periodic reports such as monthly premium data, quarterly reports, interim reports and annual reports. Disclose important operating information through temporary reports.
- Increase information disclosure such as embedded value and business segment data to continue to improve transparency

Proactive Investor Relations

- Established an IR working model in compliance with the best international practices
- Communicate with investors through results release, road show, investors meetings, conference call, investor conferences, IR website, telephone and emails. In 2007, held face to face meeting with more than 1400 investors, and reply telephone and emails with more than 2300 persons/times.
- Held Corporate Day for global financial analysts and media
- Utilize video conference technology to simultaneously release 2007 annual results to both domestic and international investment societies

Internal control and risk management system tightened

Organizational Structure of Risk Management and Internal Control



Risk Management System

First Firewall: Sales Dept. at various levels

- Sales risk prospecting system
- Risk supervision system and customer call-back system

Second Firewall: Business Management, Financial, Actuarial and Investment Dept.

- Control on sales risk , premium recognition risk, reserve assessment risk, capital management risk and investment management risk

Third Firewall: Internal Control & Compliance Dept. at various levels

- Compliance review, check and remediate the weakness and loopholes from the first two firewalls

Fourth Firewall: Auditing and Supervision Dept. at various levels

- Re-evaluation on risk management, internal control and compliance activities

Performance assessment system and incentive scheme

Incentive Schemes

- Designed a new remuneration incentive scheme assisted by an independent advisor Established a market-responsive and performance-related remuneration system

Stock Appreciation Rights

- Offered stock appreciation rights to senior management and key employees as a long term incentive scheme with no diluted effect on shareholders

All-round Assessment System

- Set up a top-down performance assessment system on management at various levels and implemented a tenure system and responsibility system

Return to shareholders, uptake of social responsibilities

Fulfill our commitment in IPO

- ROE surpassed 15% within 3 years after IPO
- Over 20% annual growth of GWP under HK GAAP within 3 years after IPO
- Promote risk type insurance products and optimize business mix

Sustainable Growth of Shareholder return

- ROE improved annually and reached 22.7% in 2007
- RMB 0.42 dividend per share in 2007, tripled that of 2006
- H share price reached HK40.35 end of 2007, over 10 times of the IPO offering price

Uptake of Social Responsibilities

- Established China Life Charity Foundation with an initial donation of RMB 50 million and launched the “Healthy New Village” project and “China Life Program for Rural Medical Services and Poverty Relief”
- Actively promoted New Village Cooperative Medical Scheme and launched the New Industrial Life plan in rural areas



market cap



Ranked in Fortune 500 and World Brand 500
The largest listed life insurance company in terms of

Fine corporate governance recognized by the public

Our Honors

-  **Overall Winner Award for Corporate Governance Excellence in 2007**
-  **100 Most Respected Listed companies in China in 2007**
-  **2007 Best Corporate Governance Award by “Investors Relations” magazine**
-  **The Most Responsible Listed Company in 2006 by Shanghai Securities Daily**
-  **In October 2006, China Life was invited by UNCTAD as the only representative from developing countries to attend UN Conference for Corporate Governance and Information Disclosure where the company delivered a speech on corporate governance and its experience was further studied and rolled out by UNCTAD**

Fine corporate governance creating premium to valuation

China Life's Share Price

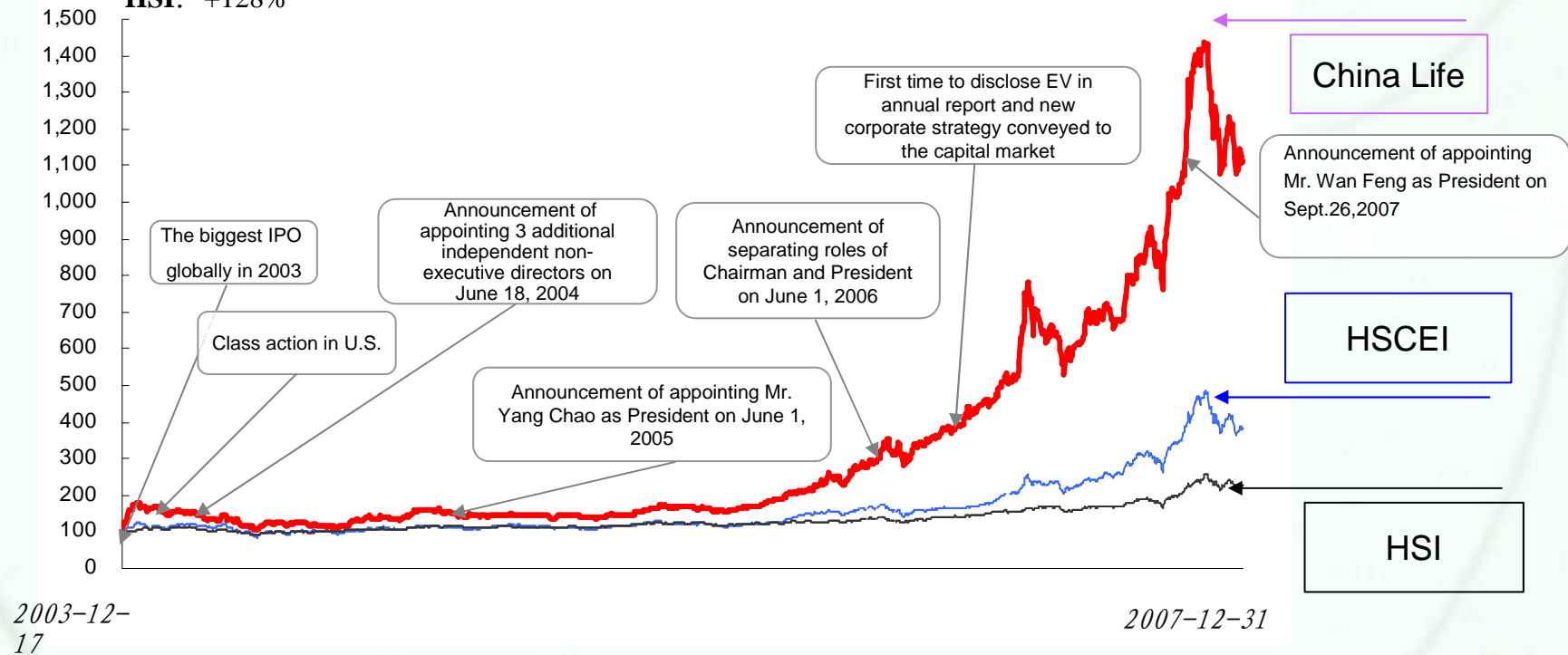
Performance since Dec. 17, 2003:

China Life: +1013%

HSCEI: +283%

HSI: +128%

China Life's H share price closed at HK\$40.35 on Dec.31 2007, 11.1 times of the IPO price at HK\$3.625/share



Establishing first class corporate governance in line with best international practices



Achieving “highest profitability, best returns and a favorable public image”

Thanks!