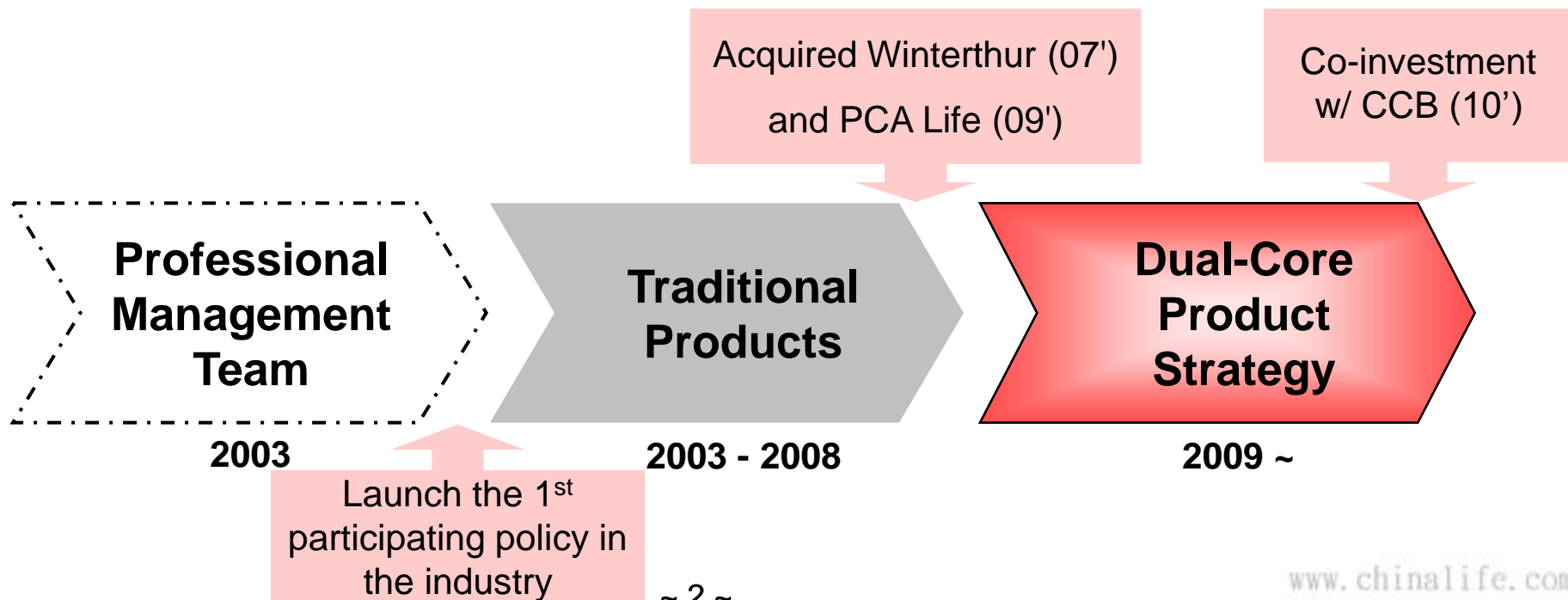


China Life Insurance Co., Ltd.

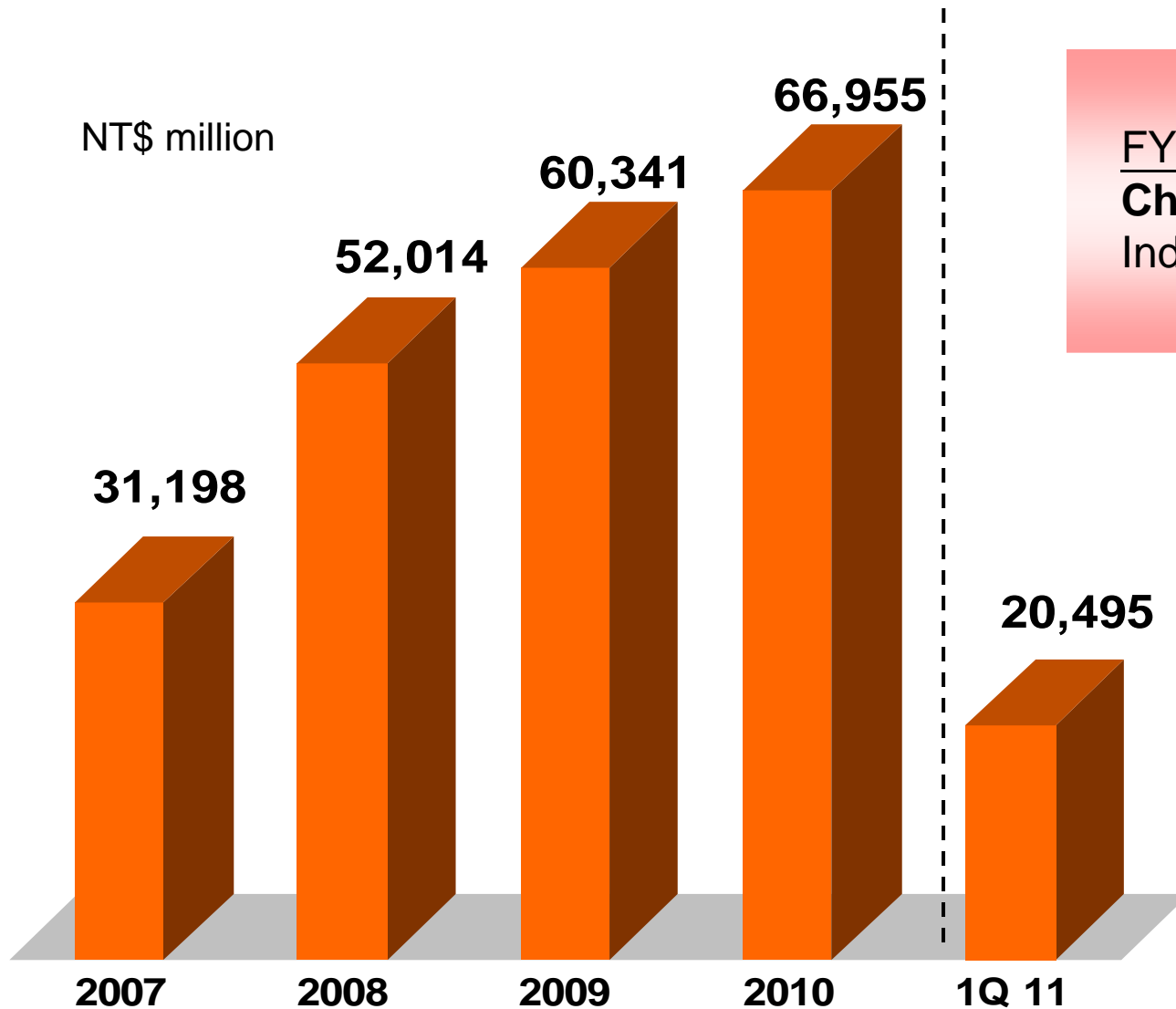
May 2011

Business Strategies

- ❑ Keep promoting traditional policies to further average down cost of liability (COL)
- ❑ Expand product lines to regular premium investment linked products (ILP) with fee income contribution.
- ❑ Entered into a joint investment agreement with China Construction Bank (CCB), to begin developing the insurance market in Mainland China.
- ❑ To fortify corporate governance and transparency in financial disclosures, an Audit Committee and a Remuneration Committee are proposed to be set up.



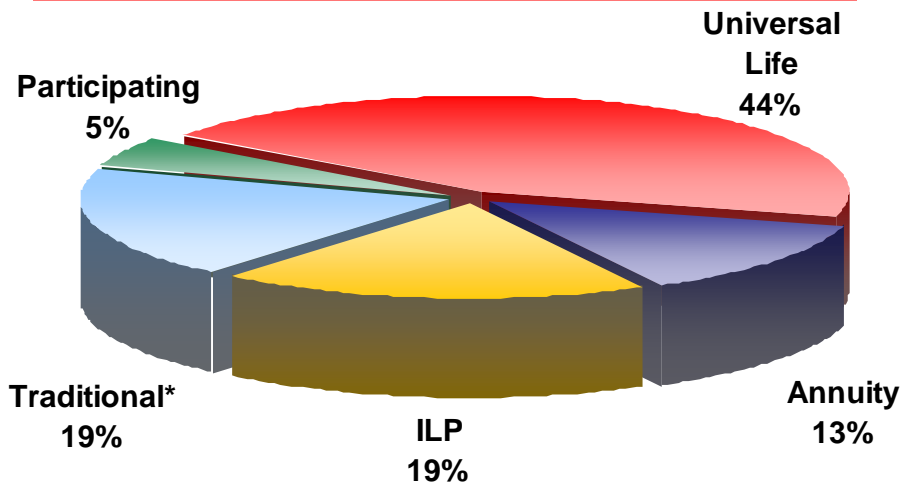
First Year Premium



FYP YoY growth:
China Life: 41%
Industry: (-2%)

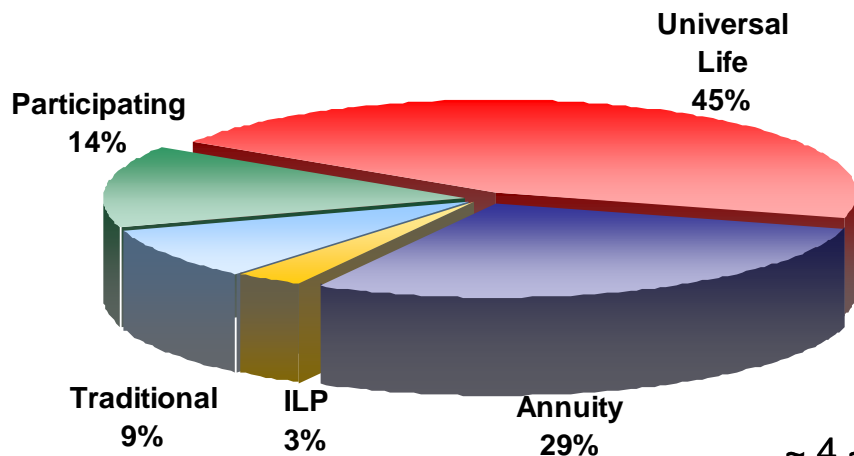
▶▶ Product Mix (YoY Comparison)

1Q 11 - FYP



- ❑ Build up a complete investment linked product (ILP) platform to satisfy customers with different risk preference
- ❑ Keep developing diverse product offering and target at high net worth individuals

1Q 10 - FYP

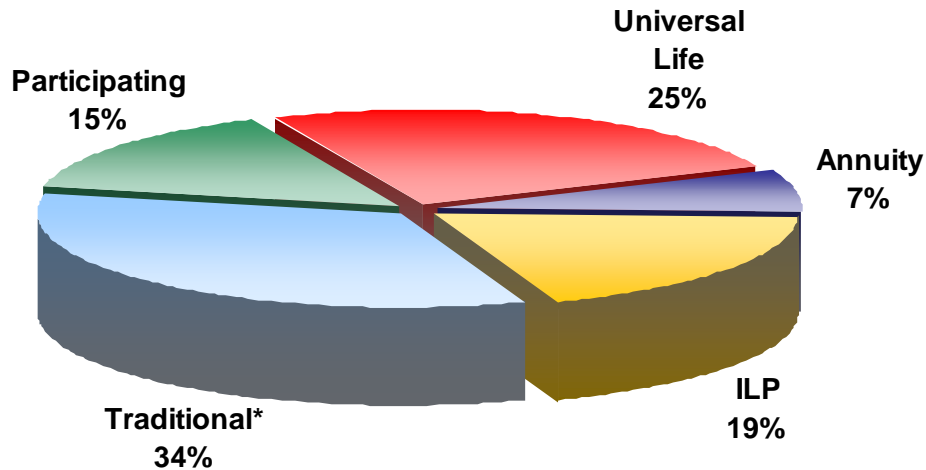


*Traditional:

incl. Non-participating, A&H, riders, & short term etc.

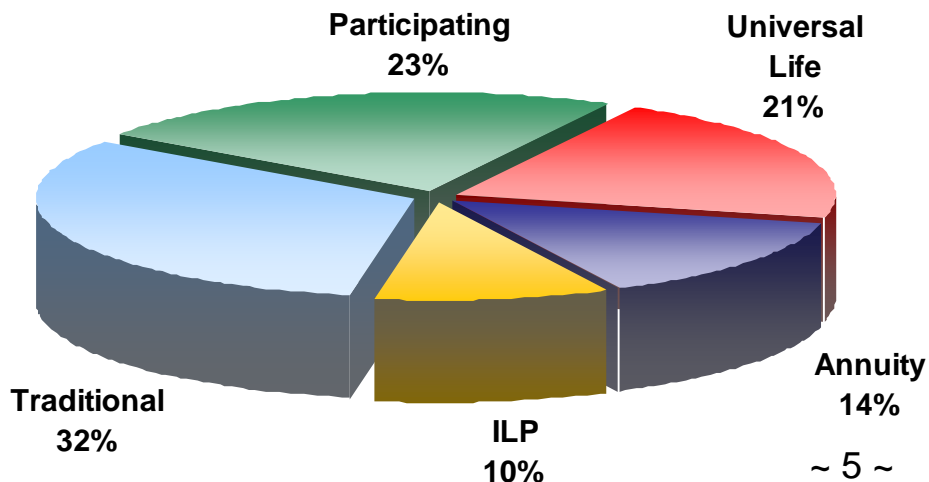
▶ Product Mix (APE Comparison)

1Q 11 - FYP by APE



- Penetrate to regular premium, long duration products with higher profit margin
- Focus on dual-core product strategy to help policyholders with comprehensive wealth management and retirement plans

1Q 10 – FYP by APE



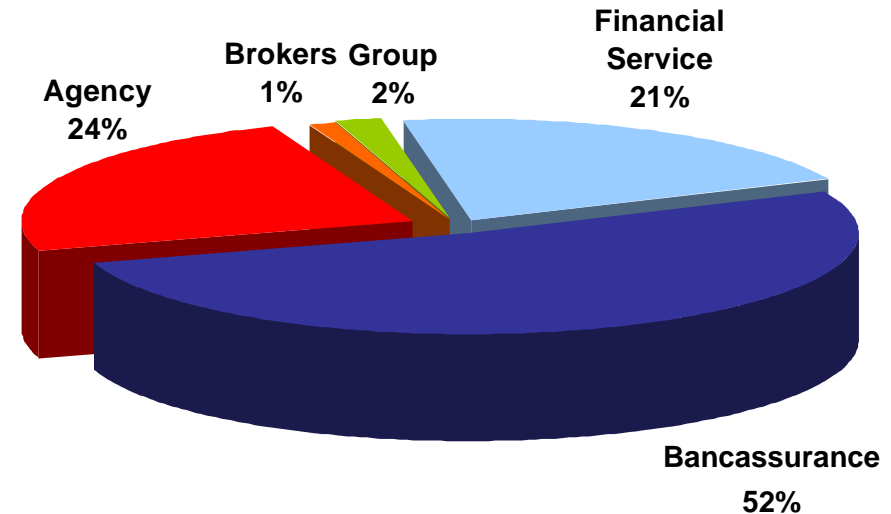
* **Traditional:**
incl. Non-participating, A&H, riders, & short term etc.

** **APE (Annual Premium Equivalent)**
= Total amount of regular premiums from new business + 10% of the total amount of single premiums on business written during the period

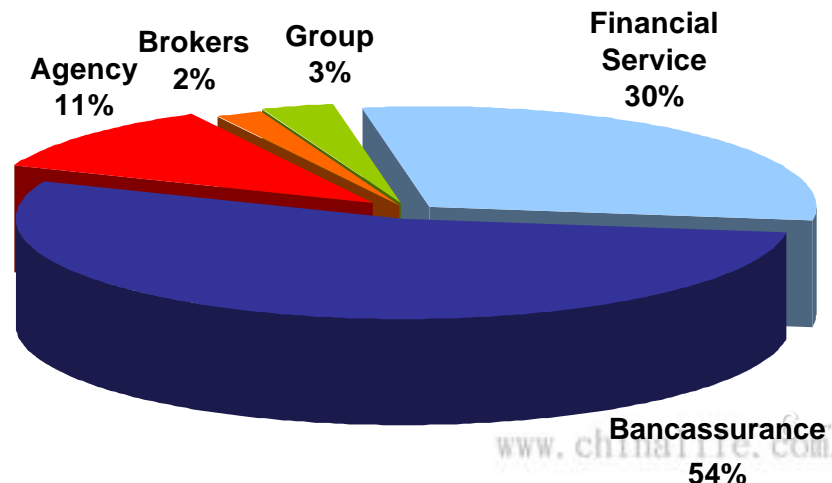
Distribution Channels (by YoY)

- ❑ Contribution from agency and high profit margin channel surged post PCA Life acquisition
- ❑ Led the market to start bancassurance business in 2000 without support from a holding company. As of 2010, the company has penetrated to 34 banks countrywide
- ❑ Introduced an exclusive low-cost, high-productivity financial services team in 1989 to focus on 8,000 high net worth clients, and provide wealth management services to build up loyalty through professionally trained sales team

1Q 11 - FYP



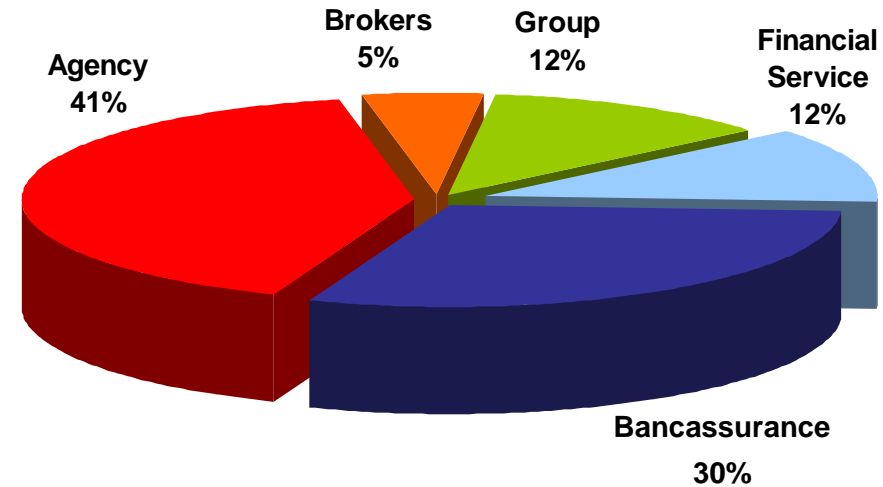
1Q 10 - FYP



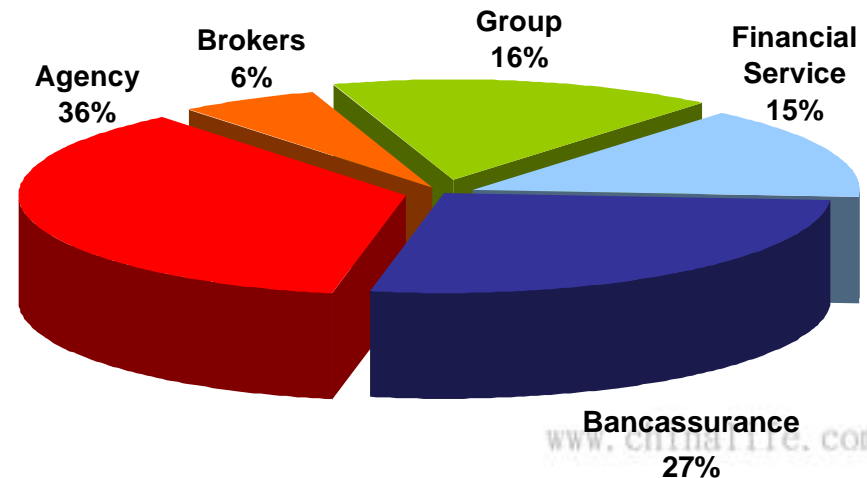
Distribution Channels (by APE)

- ❑ Expand and broaden multi-channel platform to tap on different segment customers
- ❑ Increased agency channel contribution significantly post PCA Life acquisition
- ❑ Enlarge sales from high profit margin channels and maximize cross-selling opportunities

1Q 11 - FYP by APE

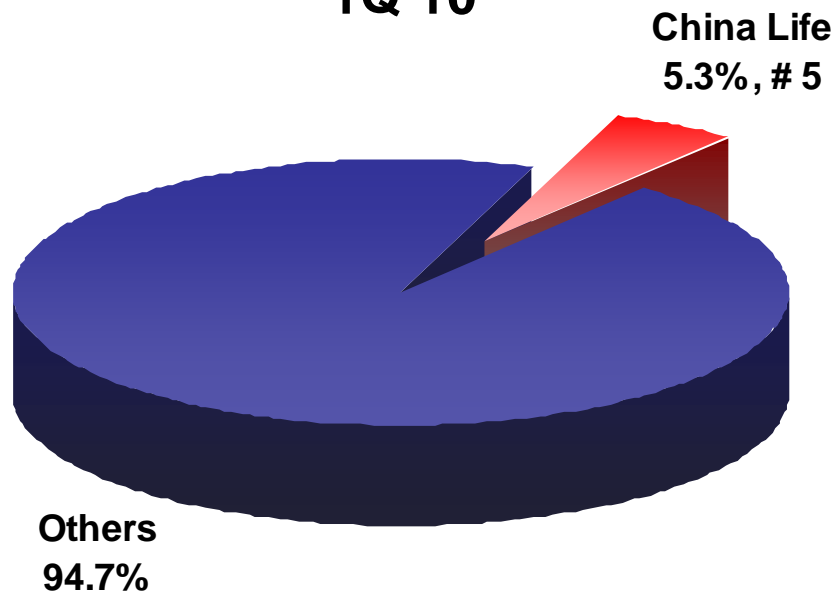


1Q 10 - FYP by APE

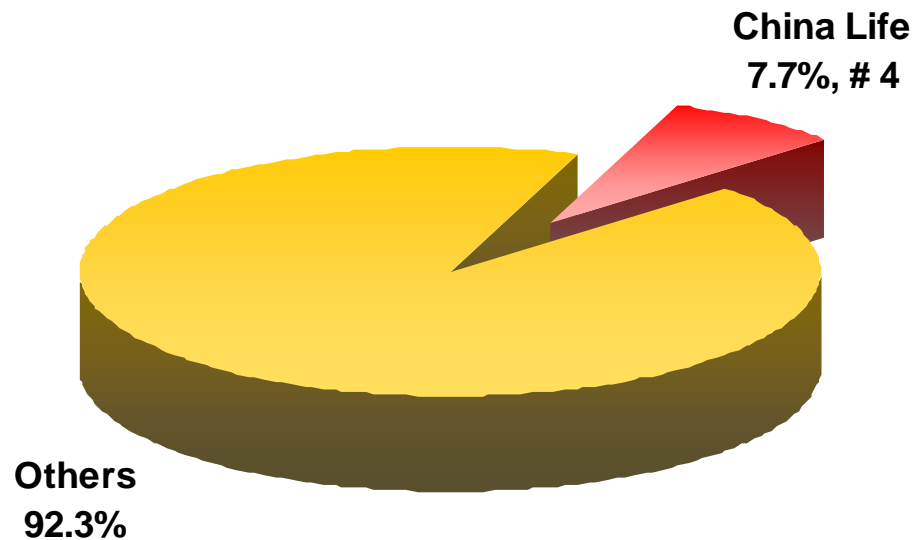


***APE (Annual Premium Equivalent)**
= Total amount of regular premiums from new business + 10% of the total amount of single premiums on business written during the period

1Q 10



1Q 11



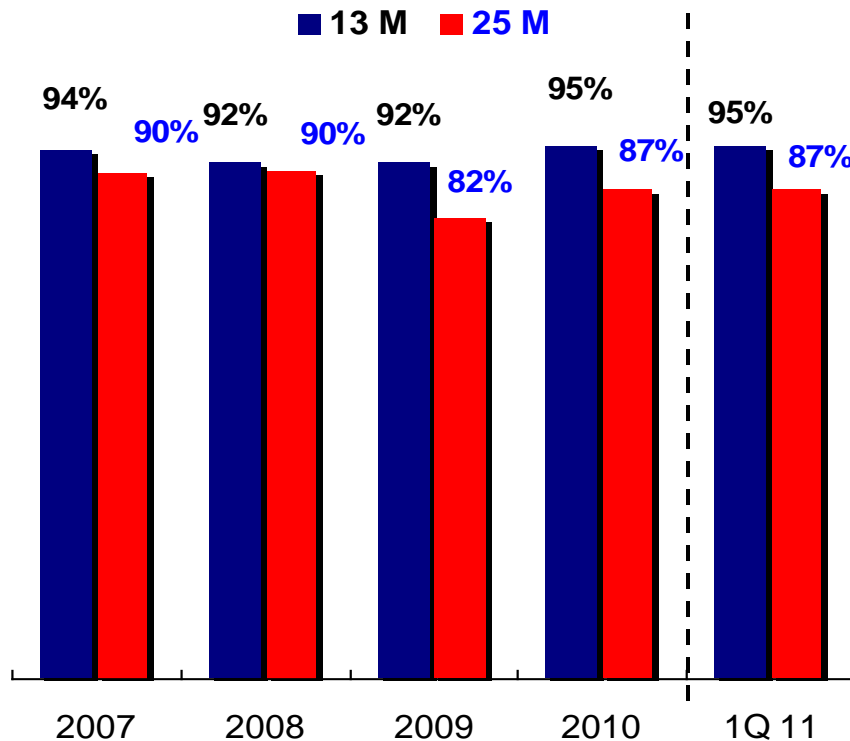
- ❑ Provide segregated products according to different channel customer demands
- ❑ Combine traditional & investment linked products to enjoy cross-sell benefits
- ❑ Target at high net worth individuals to provide wealth management services
- ❑ Strengthen protection on accident & medical policies
- ❑ Enlarge protection amount and develop preferred life policies

▶▶ Financial Highlights

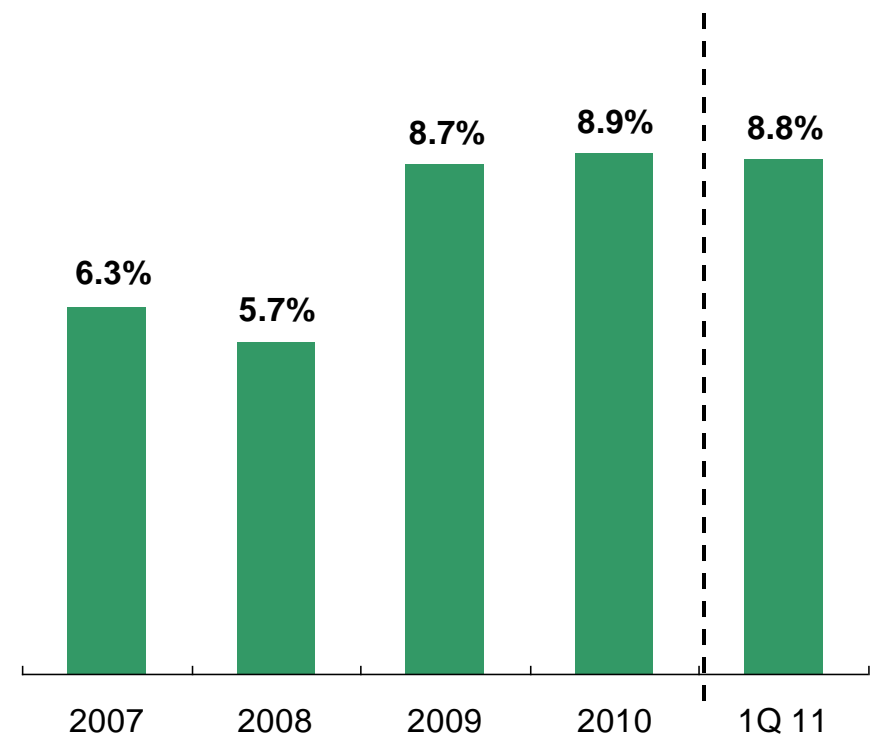
NT\$ million	2010	1Q 10	1Q 11	+/- %
First Year Premium	66,955	14,529	20,495	41%
Total Premium	120,278	27,482	33,413	22%
Investment Income	21,012	4,523	6,679	48%
Profit before Tax	2,452	643	2,401	273%
Income Tax	911	(40)	(182)	355%
Net Profit	3,363	603	2,219	268%
Basic EPS	1.97	0.40	1.30	225%
Total Asset	648,753	578,037	670,370	16%
Paid-in Capital	17,086	15,014	17,086	14%
Net worth	31,821	22,687	31,400	38%

Record-high quarterly profit was accomplished by the surging fee income from investment-linked product sales, substantial investment return and solid cost saving from the PCA Life acquisition. Both agency and bancassurance channels demonstrated strong sales growth

Persistency Ratio



Expense Ratio



- ❑ Product mix change and sales of regular premium high profit margin products led to higher variable (commission) expense
- ❑ Lower 25-month persistency ratio was resulted from PCA Life acquisition, whose in-force policies had a higher lapse ratio. The ratio presents a gradual improvement post integration

❑ Fixed Income

- Accounts for more than 74% of total invested assets
- Emphasis on Asset Liability Matching principal
- Domestic fixed income accounts for 39% of total portfolio; Largely allocate at long duration bonds in 4Q10 and 1Q 11 to enjoy rate hike benefit and enhance yield

❑ Domestic Equities

- Focus on equities with long-term upside potential & high dividend yield
- Select undervalued stocks with sustainable profitability growth

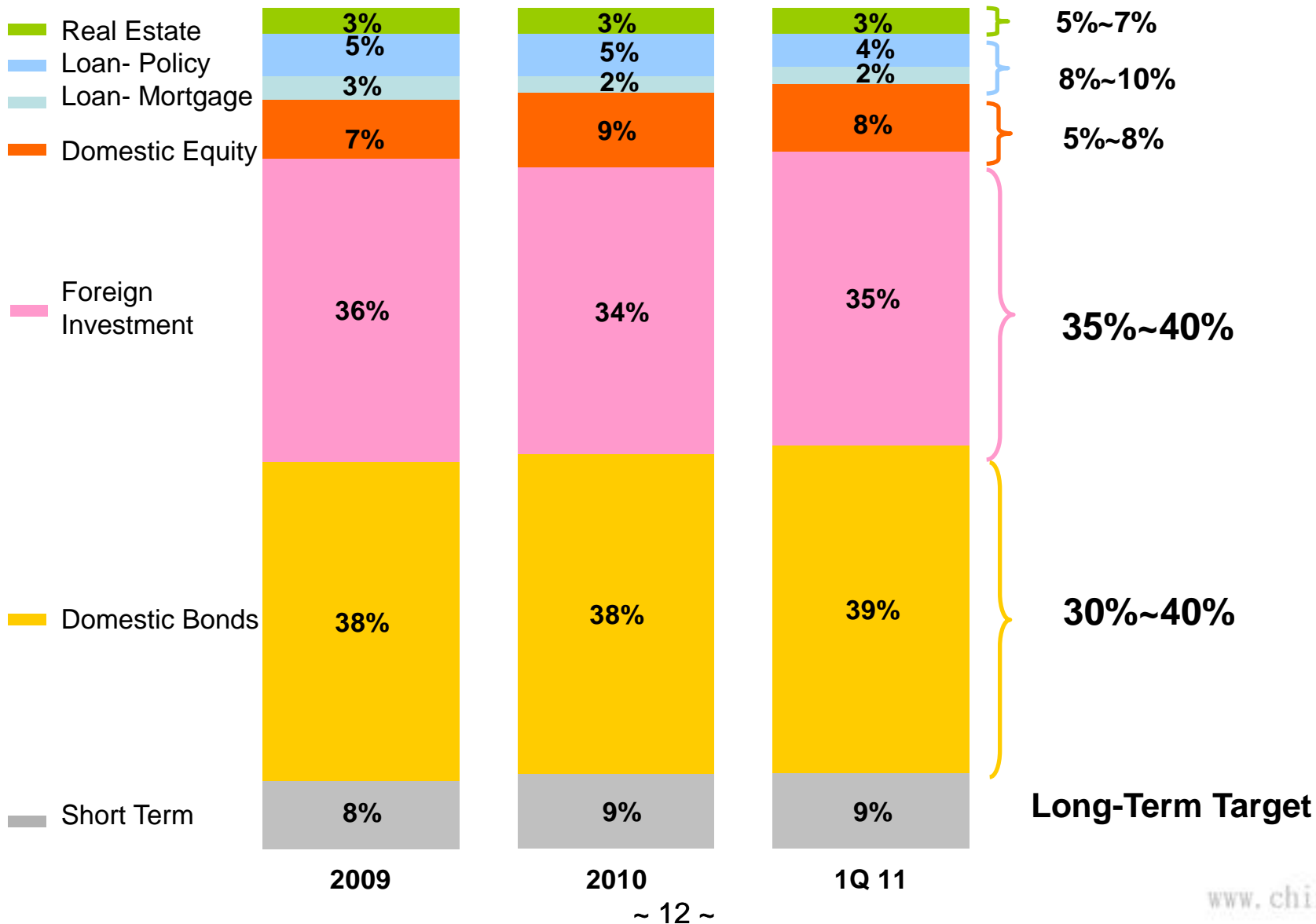
❑ Foreign Investment

- Assumption of selective interest rate risk
- Minimum credit rating requirement single A or above
- Utilization of direct hedge & proxy hedge and dynamically adjust hedging ratio
- Further increase overseas investment to enhance yield pick-up on the rate hike trend

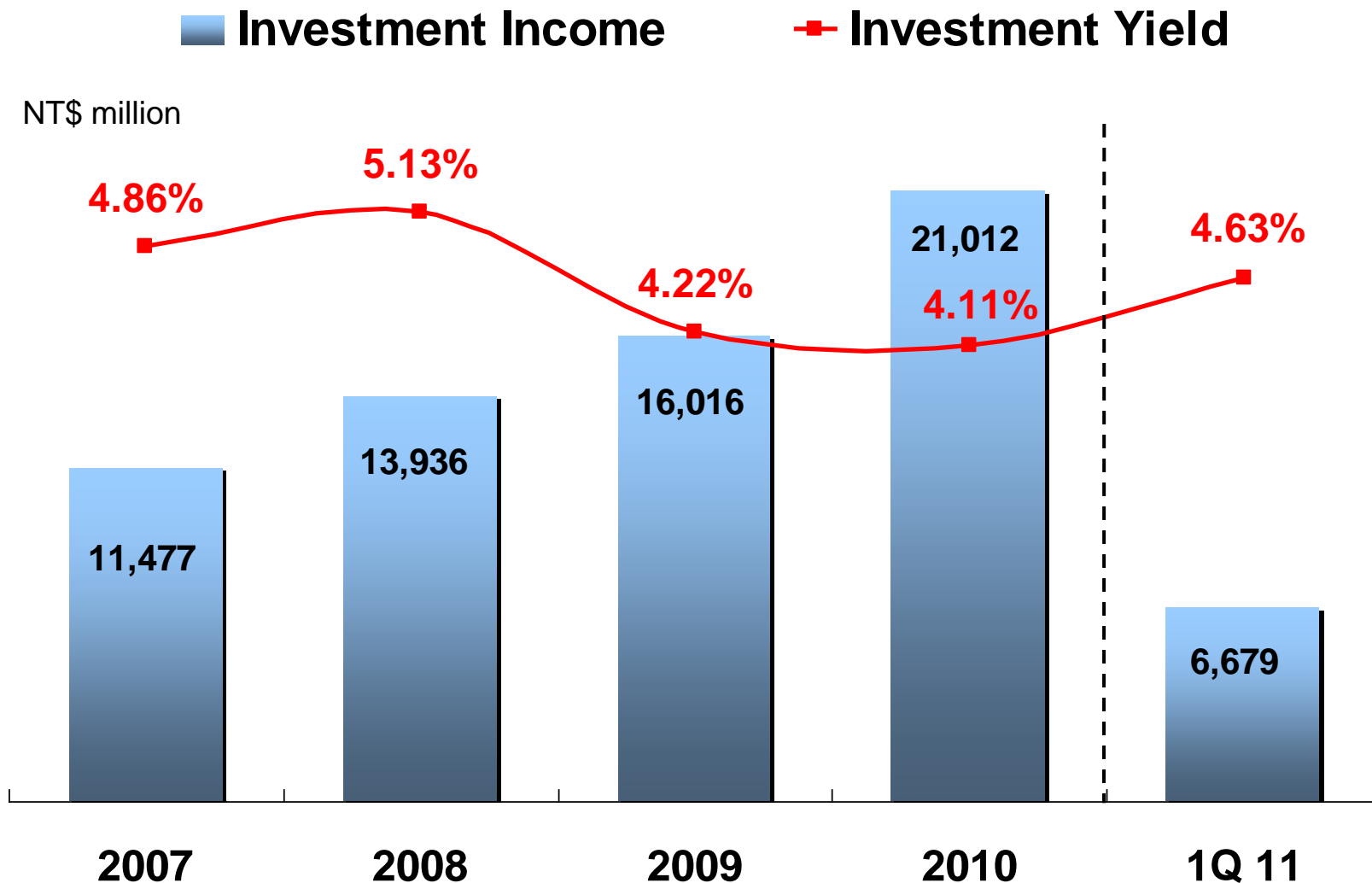
❑ Real Estate

- 3% of total assets
- Targeting Grade A commercial buildings with 3%+ rental yield
- Selection of areas with high appreciation potential

▶▶▶ Asset Portfolio

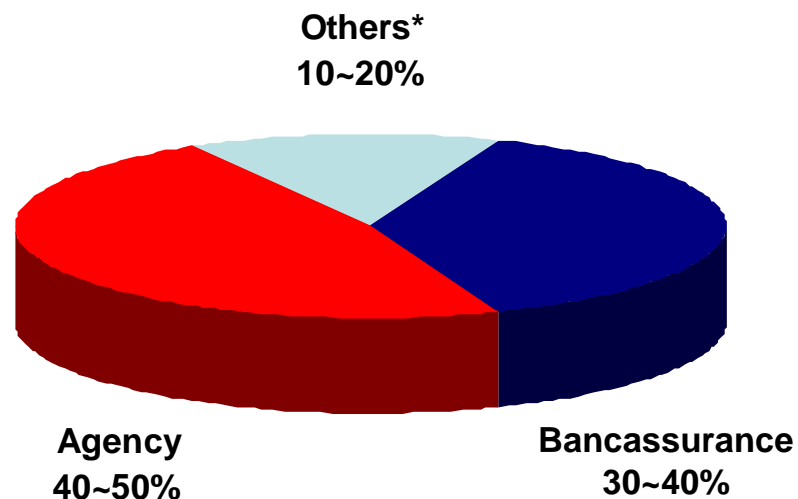
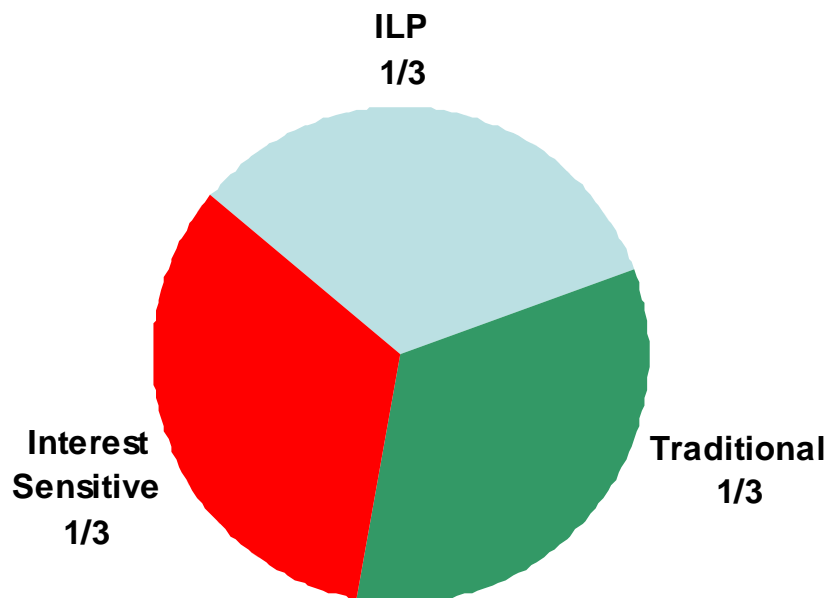


▶▶▶ Investment Income



▶ Post- M&A Business Strategy

- ❑ Complementary products (China Life's American participating, interest sensitive, accident & medical policies with PCA Life's English participating, investment linked products (ILP), and high profit margin riders)
- ❑ More balanced and comprehensive product mix and distribution channels. Target at:



* Others include financial services team, group insurance and brokers

Financial Summary

NT\$ million

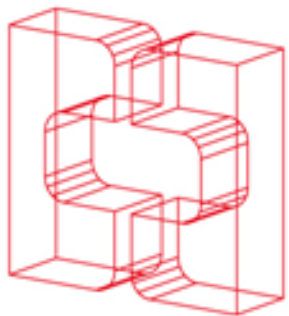
	<u>2009</u>	<u>2010</u>	<u>Variance</u>	<u>1Q 10</u>	<u>1Q 11</u>	<u>Variance</u>
<u>Income Statement Data</u>						
Premium Income	91,683	107,384	17.1%	25,025	27,607	10.3%
Net Investment Income	16,016	21,012	31.2%	4,523	6,679	47.7%
Other Revenue - separate account	15,199	18,456	21.4%	2,743	4,420	61.1%
Miscellaneous Income	1,114	749	-32.8%	396	338	-14.6%
Benefits to Policyholders and Beneficiaries	69,241	38,259	-44.7%	7,346	10,382	41.3%
Acquisition and Operation Expenses	7,633	9,113	19.4%	2,074	2,377	14.6%
Change in Actuarial Liabilities	28,592	78,577	174.8%	19,738	19,251	-2.5%
Other Operating Cost - separate account	15,199	18,456	21.4%	2,743	4,420	61.1%
Miscellaneous Expenses	581	744	28.1%	143	213	49.0%
Net Profit Before Tax	2,766	2,452	-11.4%	643	2,401	273.4%
Net Profit	2,716	3,363	23.8%	603	2,219	268.0%
Basic Earnings Per Share	2.10	1.97	-6.2%	0.40	1.30	225.0%
<u>Balance Sheet Data</u>						
Total Assets	561,611	648,753	15.5%	578,037	670,370	16.0%
Total Liabilities	537,019	616,932	14.9%	555,350	638,970	15.1%
Total Stockholders' Equity	24,592	31,821	29.4%	22,687	31,400	38.4%

▶ Year to Year Embedded Value

Unit: NT\$ Million (NT\$ Per Share)

Valuation Date	2008/12/31 (Pro-forma)	2009/12/31
Solvency Basis	200% RBC	200% RBC
Rate of Investment Return	Yr1 ~ Yr6 : 3.75% ~ 5.15% After Yr7 : 5.25% (Int. Sensitive 2.75%~4.6%)	Yr1 ~ Yr6 : 3.75% ~ 5.15% After Yr7 : 5.25% (Int. Sensitive 2.75%~4.6%)
Risk Discount Rate	10.50%	10.50%
Adjusted Net Worth*	13,714	33,135
Value of In Force	25,139	28,550
Cost of Capital	(12,215)	(12,266)
Embedded Value	26,638	49,419
Embedded Value Per Share	NT\$22.74	NT\$32.92
V1NB (after CoC)	5,154	6,015

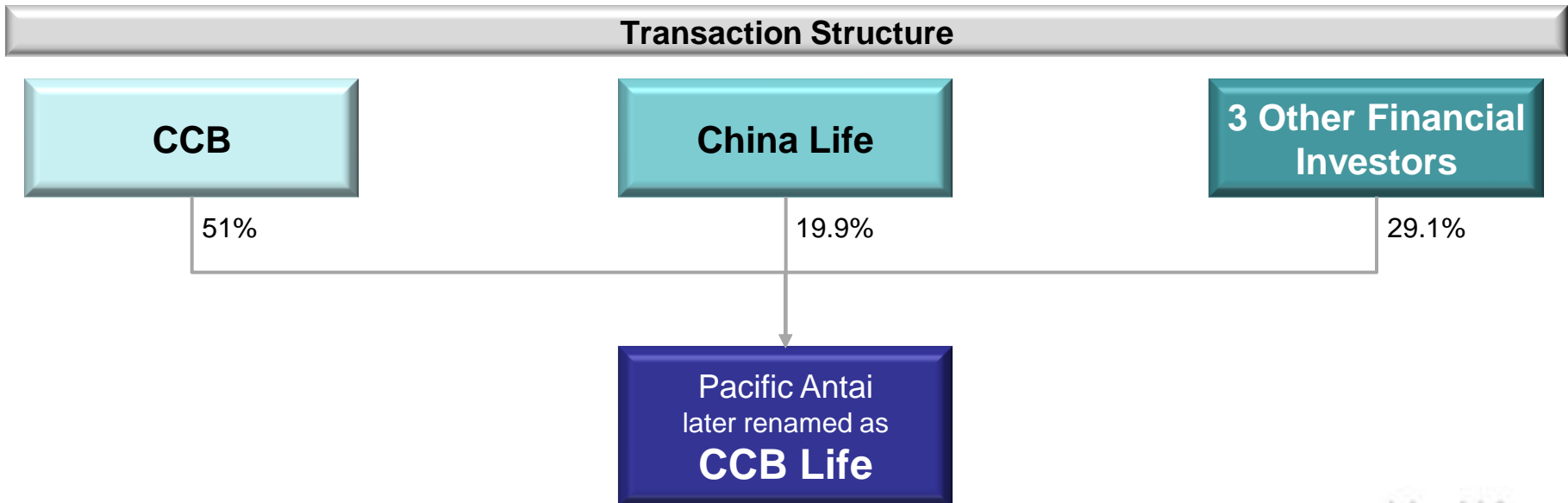
EV per share based on outstanding shares: 1,171 million shares in 2008; 1,501 million shares in 2009



China Life and CCB Investment in Pacific Antai

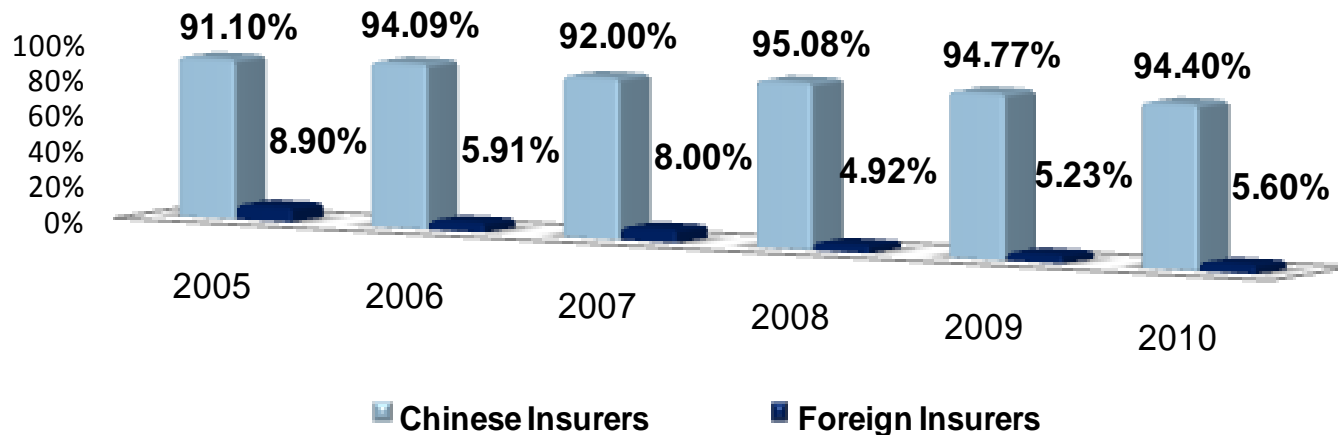
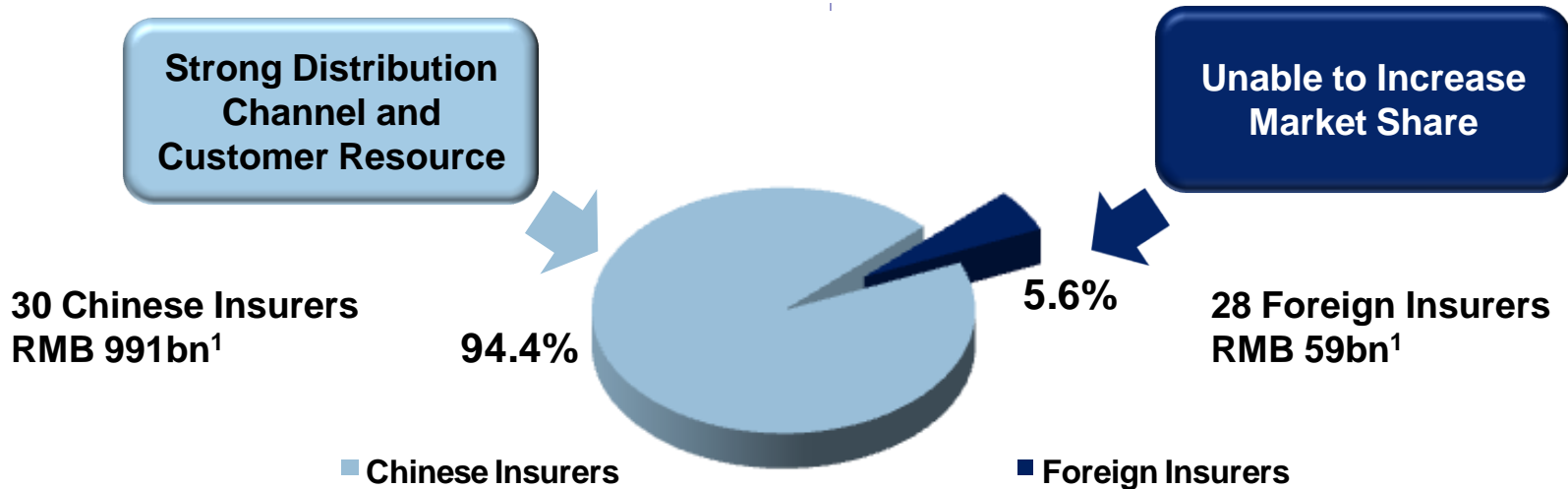
Transaction Structure

- ❑ **China Life's** equity investment is RMB379 million (approximately NT\$1.78 billion)
- ❑ Post-transaction **China Life** holds **19.9%** stake, while **CCB** will hold a **51%** ownership
- ❑ **China Life** is the **only** foreign investor and strategic partner of **CCB Life**
- ❑ The transaction represents the **first** cross-straits joint-investment across the banking and insurance sectors post ECFA
- ❑ China Life will offer the insurance expertise and technical support to the new entity



China Life's Mainland China Strategy

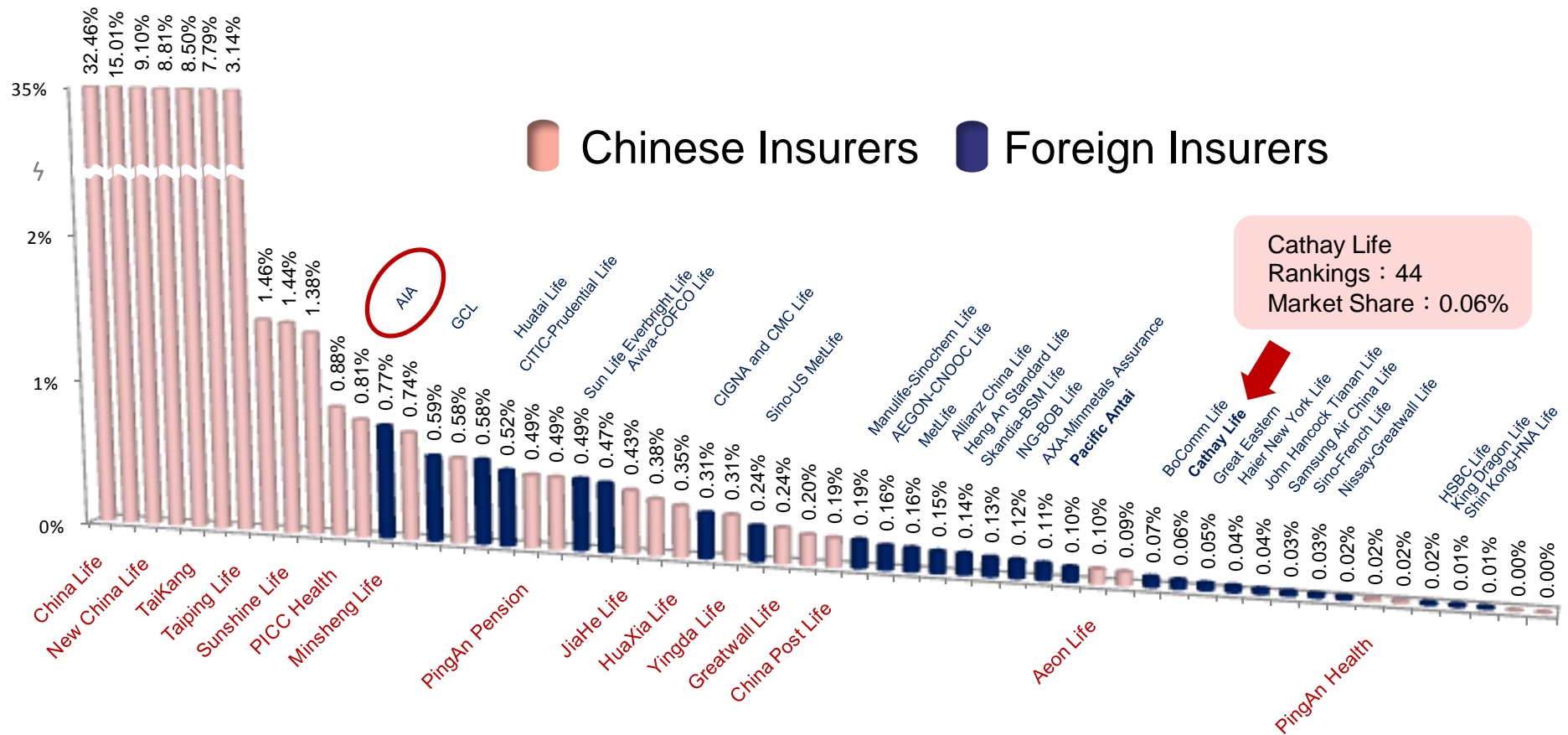
- Team up with the most competitive partner to become a leading life insurer
- 19.9% equity investment in a Chinese insurer is superior to a 50% stake in a foreign insurer



Note : 2010 cumulative premiums.

China Life Insurance Market Overview

- The two largest Chinese life insurers have nearly 50% market share amongst the 58 insurers in the market
- After years of operation, foreign insurers only make up 5.6% market share. The largest foreign insurer, AIA, has only 0.77% market share



▶▶▶ Ideal Partners



Top 5 Insurer in Taiwan

2nd Largest Bank Worldwide

Forbes Asia Fab 50

Fortune Global 500

Experienced Management Team

Solid Customer Base

Bancassurance Leader

2nd Most Profitable Among Global Commercial Banks

Leader in Participating Policy

Well Established Branch Network

Solid Financial Structure and Outstanding Performance

Leader in Bancassurance

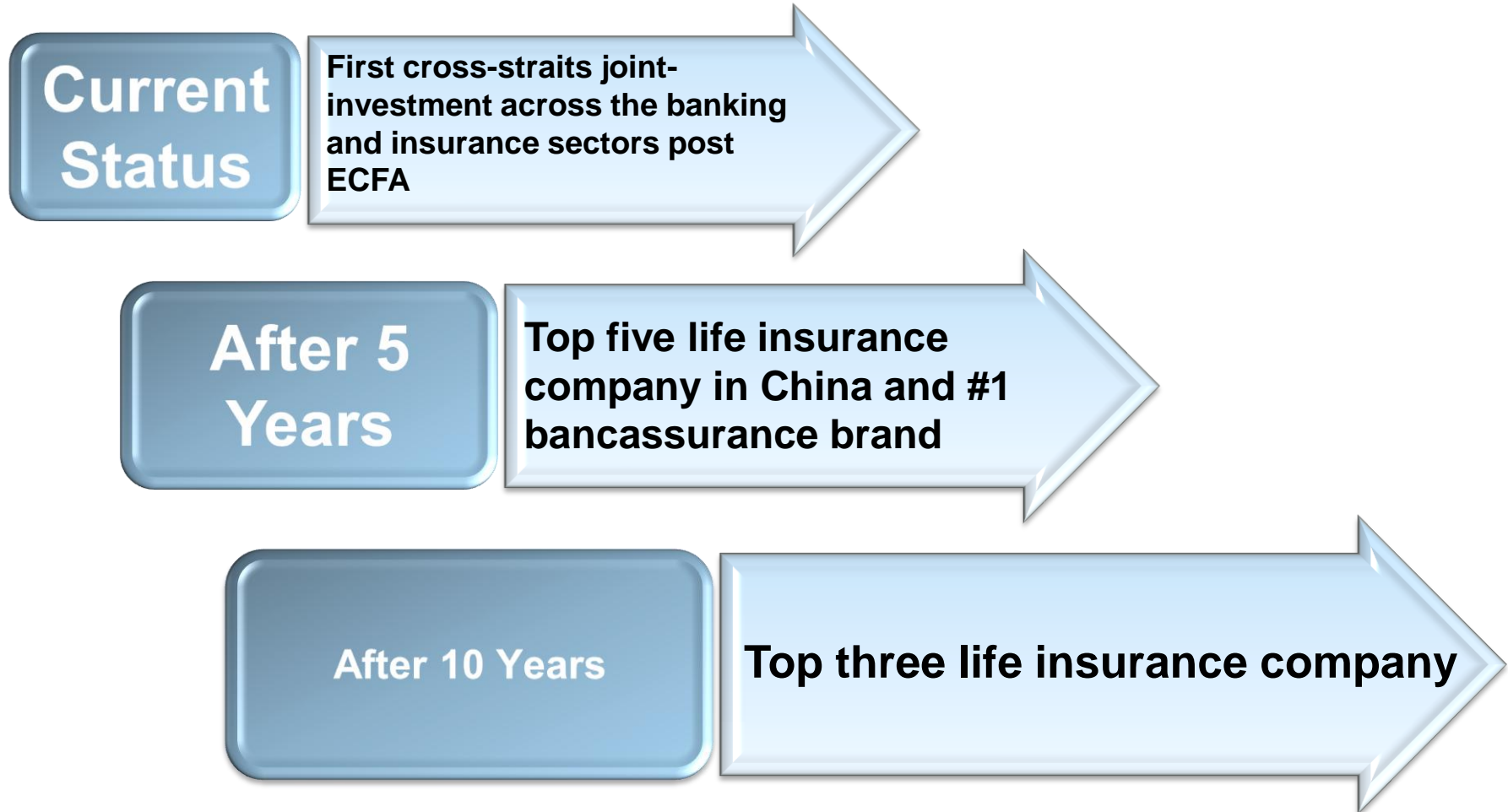
Advanced Risk Management

Strong Capital Capacity



Business Target

Pacific Antai (CCB Life) is the opportunity for China Life to build a leading bancassurance franchise in the Mainland China market



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