

News Release

China Life Reports Embedded Value for 2010

China Life Insurance today announced the result of embedded value as of the end of 2010. Embedded value (EV) was NT\$ 71.1 billion, compared with the EV in 2009 of NT\$ 49.4 billion, representing a 43.9% growth. Based on the 1,709 million outstanding common shares, EV per share was NT\$ 41.64.

PricewaterhouseCoopers Asia Actuarial Services provides an independent review of the actuarial assumptions on EV.

As of the end of 2010, the adjusted net worth was NT\$ 48.1 billion, plus value of in-force policies of NT\$ 36.0 billion and deducted by cost of capital of NT\$ 13.0 billion, the embedded value was NT\$ 71.1 billion, representing a 43.9% growth over the NT\$ 49.4 billion in 2009. Based on the 1,709 million outstanding common shares in 2010, EV per share was NT\$ 41.64. The calculation has remained the assumptions same as last year, under which are investment yield of 3.75%~5.25% for traditional policies, and 2.75%~4.6% for interest sensitive policies, rate of discount rate of 10.5%, and the regulatory minimum risk based capital requirement (RBC) of 200%.

China Life has completed the rights issue plan in May 2011; among which, 300 million new shares were issued at a price of NT\$ 25 per share, and the total proceed received was NT\$ 7.5 billion. After the cash injection, China Life's paid-

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in capital increased to NT\$ 20.09 billion; based on the 2,009 million outstanding shares, Embedded value per share would be NT\$ 39.15.

China Life has demonstrated strong results in 1Q 2011 on first year premium growth, financial structure, and superior management competency. First year premium (FYP) in the first quarter of 2011 was NT\$ 20.5 billion, compared with 14.5 billion same period last year, representing a 41% growth. Net profit before tax in the first quarter of 2011 was NT\$ 2,401 million, and net profit after tax was NT\$ 2,219 million, compared to 603 million same period last year, representing 269% yoy growth. Basic EPS after tax was \$ 1.30 and total assets reached NT\$ 670.4 billion in end-March 2011.

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