



Chairman's Statement



Wang Xianzhang
Chairman

To all Shareholders:

I am honoured to present my first report of China Life Insurance Company Limited's operating results for the year ended December 31, 2003 to all shareholders. I would also like to take this opportunity to express my sincere thanks for the support of our shareholders, and the close cooperation of the Board, the Supervisory Committee and the Management of Operations. Furthermore, I would like to extend my heartfelt thanks to our staff for their hard work and dedication.

2003 marked the Company's transition to a new era in its history. The Company successfully restructured and became the first domestic financial enterprise to be listed on both the New York Stock Exchange and the Hong Kong Stock Exchange. At the same time, written premiums continued their growth and profit and earnings significantly improved. All in all, the Company fulfilled the promises made to its shareholders.

After the listing, the Company's solvency level was strengthened and the actual solvency ratio reached 3.95 times the minimum solvency standards, thus providing room for business expansion.

Continuous improvement of our corporate governance structure

Pursuant to the legal requirements and the requirements of regulatory institutions of China and the jurisdictions in which our shares are listed, the Company further improved its corporate governance structure in accordance with the prevailing corporate system. The Board of Directors, the four specialized committees under the Board of Directors, the Supervisory Committee, and the Management of Operations were formed and have assumed their respective duties. The Board of Directors appointed two independent non-executive directors to safeguard the interests of minority shareholders. Accordingly, a system of checks and balances among the decision-making body, the supervisory body and the operative management was established.



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Maintaining strong growth in written premiums

Written premiums maintained strong growth in 2003 on the foundation of rapid expansion during the previous two years. In accordance with Hong Kong accounting standards, gross written premiums and policy fees of the transferred policies and the new premiums and policy fees generated after the restructuring amounted to RMB52.9 billion, representing an increase of 12.3% compared to 2002.

Continuous strengthening of the ability to prevent risks

We have proactively created a better operational structure and business environment by centralizing operational data at the provincial level, computerizing the management of short-term insurance policies business, further improving a comprehensive budget-control system and a structured evaluation system, centralizing the administration of funds, implementing a centralized procurement system, and adopting stringent cost and expenditure control measures. The Company has newly developed and modified 26 insurance products. The Auditing Committee and Risk Management Committee, which operate under the Board of Directors, have been formed to strengthen the internal control and auditing protocols, and to further strengthen the risk management capacities of the Company.

Significant improvement in profit and earnings

In accordance with HK GAAP, the pro forma net profit for the year was RMB5.86 billion and the pro forma net profit per share was RMB0.29.

Dividends

According to the resolutions of the Board of Directors' meeting on April 23, 2004, no dividends for 2003 will be declared by the Company.



2004 Outlook

Following its establishment, 2004 marks a very important year for the Company. Our individual insurance business will continue to play a key role in business development. We will further strengthen our marketing efforts, raise the quality of our agents and prioritize the development of a profitable business. We will equally stress the importance of scale and profit in group insurance business. We will further expand our intermediary networks. Risk control will be strengthened in our health insurance business. The Company will actively develop new products and seek new business opportunities. We will strengthen our key city strategy to maintain our leading position in the market. Furthermore, the Company will seek to further strengthen staff training, increase our talent intake and raise the overall quality of the staff.

Wang Xianzhang

Chairman

Beijing, China

April 23, 2004





Largest
customer base
nationwide

