



from left to right  
Mr. Shi Guoqing,  
Mr. Miao Fuchun,  
Mr. Ma Yongwei,  
Mr. Long Yongtu,  
Mr. Yang Chao,  
Mr. Wu Yan,  
Mr. Sun Shuyi,  
Mr. Chau Tak Hay,  
Mr. Cai Rang.

## 1. Principal Business

The Company is a leading life insurance company in China's life insurance market. Its individual and group life insurance policies, annuity products, and long-term health insurance policies are sold through the most extensive distribution network in China, which includes exclusive agents, direct sales representatives and dedicated and non-dedicated agencies. The Company also provides individual and group accident and short-term health insurance policies. In addition, the Company has become China's largest insurance asset management company through its controlling shareholding in AMC, as well as one of the largest institutional investors in China. The analysis of operations by business segments during the year is set out in note 5 to the financial statements.

## 2. Results and Allocation

The results of the Group for the year are set out in the Group's consolidated income statements on page 86.

## 3. Dividends

The Board of Directors proposed a final dividend of RMB0.05 per share be paid to shareholders whose names appeared on the register of members of the Company on Wednesday, May 17, 2006. This proposal is subject to shareholders' approval at the 2005 annual general meeting.

## 4. Reserves

Details of the reserves of the Group are set out in note 30 to the consolidated financial statements below.

## 5. Charitable Donations

The total amount of charitable donations of the Company for the year was RMB12.67 million.

## 6. Fixed Assets

Details of the movement in fixed assets of the Company are set out in note 6 to the consolidated financial statements.

## 7. Share Capital

Details of share capital of the Company are set out in note 29 to the consolidated financial statements.

## 8. Bank Borrowings

As at December 31, 2005, the Group did not have any bank borrowings.

## 9. Purchase, Sales or Redemption of the Company's Shares

During the reporting period, the Company and its subsidiaries have not purchased, sold or redeemed any of the Company's securities.

## 10. Stock Appreciation Rights

At the nineteenth meeting of the first session of the Board of Directors held on January 5, 2006, the "Implementation for the Initial Grant under the Share Appreciation Rights Plan" was passed and adopted. Share appreciation rights were initially granted to the chairman of the Board of Directors, executive directors, non-executive directors, chairman of the Supervisory Committee, internal supervisors, the President, vice presidents, the Board of Directors secretary, appointed actuary required by CIRC, appointed legal officer required by CIRC, the principal responsible officers of different departments and of provincial branches (including branches at cities under separate planning), who were employed by the Company as on July 1, 2005. The initial grant of share appreciation rights took place on July 1, 2005 with an aggregate of approximately 4.07 million shares granted, accounting for approximately 0.02% of the issued share capital. Share appreciation rights do not involve any issue of new shares and have no dilution impact on shareholding structure of the Company.

## 11. Biographical Details of Directors, Supervisors and Members of the Senior Management

Brief descriptions of the Directors, Supervisors and members of the senior management of the Company are set out from pages 66 to 72.

## 12. Directors' Service Contracts

Mr. Long Yongtu and Mr. Chau Tak Hay, independent non-executive Directors of the Company, entered into independent non-executive Directors' service contracts with the Company on February 6, 2004 in Beijing respectively. The term of appointment of these two independent non-executive Directors is three years, commencing from the date of the general meeting (i.e. August 18, 2003) at which resolutions were passed for their appointment as independent non-executive Directors of the Company. Upon the expiration of the term and with the consent of both parties, independent non-executive Directors may be re-appointed.

Mr. Sun Shuyi, Mr. Cai Rang and Mr. Fan Yingjun, independent non-executive Directors of the Company, entered into independent non-executive Directors' service contracts with the Company on October 9, 2004 in Beijing respectively. The term of appointment of these three independent non-executive Directors is three years, commencing from the date of the general meeting (i.e. June 18, 2004) at which resolutions were passed for their appointment as independent non-executive Directors of the Company. Upon the expiration of the term and with the consent of both parties, such independent non-executive Directors may be re-appointed. Mr. Fan Yingjun resigned as independent non-executive Director on July 29, 2005.

Save as mentioned above, none of the other Directors of the Company has entered into any service contract with the Company (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

### 13. Directors' and Supervisors' Interests in Material Contracts

None of the Directors or Supervisors is or was materially interested, directly or indirectly, in any contracts of significance entered into by the Company or its subsidiaries at any time during the reporting period.

### 14. Directors' and Supervisors' Rights to Acquire Shares

At no time during the year had the Company authorized its Directors, Supervisors or their respective spouses or children under the age of 18 to benefit by means of the acquisition of shares or debentures of the Company or any of its other associated corporations, and no such rights for the acquisition of shares or debentures were exercised by them.

### 15. Directors' and Supervisors' Interests in Shares

During the year, none of the Directors or Supervisors had any interests in the shares and underlying shares or debentures of the equity derivatives of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Chapter 571 of the Laws of HongKong (the "SFO")) that were required to be recorded in the register of the Company required to be kept pursuant to Section 352 of the SFO or which had to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, Appendix 10 to the Listing Rules.

### 16. Pre-emptive Rights and Arrangements on Options of Shares

According to the Articles of Association of the Company and the relevant PRC laws, there is no provision for any pre-emptive rights of the shareholders of the Company. At present, the Company does not have any arrangement on options of shares.

### 17. Substantial Shareholders and Persons who have an Interest or Short Position Discloseable under Divisions 2 and 3 of Part XV of the SFO

As at December 31, 2005, the following persons (other than the Directors, Supervisors and Chief Executive) had interests in the share capital of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Substantial Shareholder	Capacity	Long Positions No. of Domestic Shares	Percentage of total number of Domestic Shares in issue
China Life Insurance (Group) Company	Beneficial Owner	19,323,530,000	100%

Name of Substantial Shareholders	Capacity	Long Positions No. of H Shares	Percentage of total number of H shares in issue
Lee Shau Kee ( <i>Note 1</i> )	Founder of discretionary trusts & interest of controlled corporations	428,358,620	5.76%
Lee Tat Man ( <i>Note 1</i> )	Interest of controlled corporations	428,358,620	5.76%
Lee Woon King ( <i>Note 1</i> )	Interest of controlled corporations	428,358,620	5.76%
Leeworld (Cayman) Limited ( <i>Note 1</i> )	Trustee	428,358,620	5.76%
Leesons (Cayman) Limited ( <i>Note 1</i> )	Trustee	428,358,620	5.76%
Lee Financial (Cayman) Limited ( <i>Note 1</i> )	Interest of controlled corporations	428,358,620	5.76%
Shau Kee Financial Enterprises Limited ( <i>Note 1</i> )	Interest of controlled corporations	428,358,620	5.76%
Richbo Investment Limited ( <i>Note 1</i> )	Beneficial owner	428,358,620	5.76%
J.P. Morgan Chase & Co. ( <i>Note 2</i> )	Investment manager, custodian and asset proprietor	452,426,960	6.08%

*Note 1:*

These references to 428,358,620 H Shares relates to the same block of shares in the Company.

These 428,358,620 H shares were held by Richbo Investment Limited ("Richbo"), an indirect wholly-owned subsidiary of Shau Kee Financial Enterprises Limited ("Shau Kee Financial"). Lee Financial (Cayman) Limited ("Lee Financial") as trustee of a unit trust (the "Unit Trust") owned all the issued shares of Shau Kee Financial. Leeworld (Cayman) Limited ("Leeworld") and Leesons (Cayman) Limited ("Leesons"), as trustees of respective discretionary trusts, held units in the Unit Trust. Mr. Lee Shau Kee, Mr. Lee Tat Man and Ms. Lee Woon King each held one-third of the entire issued share capital of Lee Financial, Leeworld and Leesons. Accordingly, each of Mr. Lee Shau Kee, Mr. Lee Tat Man, Ms. Lee Woon King, Lee Financial, Leeworld, Leesons, Shau Kee Financial and Richbo was taken to have an interest in these 428,358,620 H shares under the SFO.

*Note 2:*

Of these shares, 211,875,000 H Shares, 21,058,512 H Shares, 1,883,000 H Shares, 6,600,000 H Shares, 124,560,000 H Shares, 3,742,000 H Shares, 797,000 H Shares, 31,929,448 H Shares, 250,000 H Shares, 49,679,000 H Shares and 53,000 H Shares are respectively held by JPMorgan Chase Bank, N.A., JP Morgan Investment Management Inc., J.P. Morgan Investment Management Limited, JF Asset Management (Singapore) Limited – Co Reg# 197601586K, JF Asset Management Limited, JF International Management Inc., JPMorgan Asset Management (Canada) Inc., JPMorgan Asset Management (UK) Limited, J.P. Morgan Securities Ltd., J.P. Morgan Whitefriars Inc. and JPMorgan Asset Management (London) Limited, all of which are either controlled or indirectly controlled subsidiaries of J.P. Morgan Chase & Co.

Included in the 452,426,960 H Shares are 201,005,000 H Shares (2.7%) which are the lending pool under section 5(4) of the Securities and Futures (Disclosure of Interests – Securities Borrowing and Lending) Rules.

Save as disclosed above, the Directors are not aware of any other person (other than the Directors, Supervisors and Chief Executive) having any interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

## 18. Information of Tax Deduction

Items for tax deduction while calculating the enterprise income tax of 2005 of the Company:

Gross wages before tax:	RMB3,118 million
Interest income received from Government bonds:	RMB3,921 million
Dividend income of funds:	RMB225 million

## 19. Management Contracts

No management contracts for the entire or principal businesses of the Company were entered into during the year.

## 20. Connected Transactions

Details of the connected transactions of the Company are set out in the section "Connected Transactions" and note 28 to the consolidated financial statements.

## 21. Remuneration of the Directors, Supervisors and Members of the Senior Management

Details of the remuneration of the Directors, supervisors and members of the senior management for the year ended December 31, 2005 are set out in note 34 to the consolidated financial statements below.

## 22. Board Committees

The Board of Directors of the Company has established Audit Committee, Management Training and Remuneration Committee, Risk Management Committee and Strategic Committee.

The Audit Committee is responsible for the review and supervision of the Company's financial reporting procedures and internal control system. The Committee is currently comprised of Mr. Sun Shuyi, Mr. Chau Tak Hay and Mr. Cai Rang.

The Management Training and Remuneration Committee is mainly responsible for the formulation of training and remuneration policy for the senior management of the Company and the administration of the remuneration system of the senior management of the Company. The Committee is currently comprised of Mr. Cai Rang, Mr. Sun Shuyi, Mr. Ma Yongwei, Mr. Wu Yan and Mr. Miao Fuchun.

The Risk Management Committee is mainly responsible for assisting the Management to manage internal and external risks. The Committee is currently comprised of Mr. Wu Yan, Mr. Chau Tak Hay and Mr. Cai Rang.

The Strategic Committee is mainly responsible for the formulation of the overall development plan and decision-making procedures of investment. The Committee is currently comprised of Mr. Long Yongtu, Mr. Miao Fuchun and Mr. Shi Guoqing.

## 23. Major Litigation

Details of the class action litigations in the United States are set out from page 7 of this annual report.

## 24. Major Customer

During the reporting period, the premium income and policy fee of the Company's five largest customers accounted for less than 30% of the Company's total premium income and policy fees for the year. None of the directors of the Company or any of their associates or any shareholders (which to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Company's five largest customers.

## 25. Sufficient of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the directors as the latest practicable date prior to the issue of this annual report, being April 18, 2006, not less than 25% of the issued share capital of the Company (being the minimum public float applicable to the shares of the Company) was held in public hands.

## 26. Compliance with the Code on Corporate Governance Practices

Save as disclosed in the Corporate Governance Report, none of the Directors of the Company is aware of any information that would reasonably indicate that the Company did not meet the applicable code provisions under the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules during the reporting period. Details of the "Report of Corporate Governance of China Life Insurance Company Limited" are set out from pages 44 to 61 of this annual report.

## 27. Auditors

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co., Ltd. were the international and PRC auditors to the Company respectively for the year ended December 31, 2005. A resolution for the re-appointment of PricewaterhouseCoopers as the international auditors and PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co., Ltd. as the PRC auditors to the Company will be proposed at the forthcoming Annual General Meeting on June 16, 2006.

By Order of the Board of Directors

**Yang Chao**

*Chairman*

Beijing, China

April 18, 2006