

CHINA LIFE INSURANCE CO LTD

Form 6-K

September 12, 2007

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Commission File Number 001-31914

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 6-K

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Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

September 12, 2007

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## China Life Insurance Company Limited

(Translation of registrant's name into English)

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16 Chaowai Avenue

Chaoyang District

Beijing 100020, China

Tel: (86-10) 8565-9999

(Address of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F:

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

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Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes ..... No ..X..

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-\_\_\_\_\_

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On September 9, 2007, China Life Insurance Company Limited published its interim report as required by The Stock Exchange of Hong Kong Limited for the six months ended June 30, 2007, a copy of which is attached as Exhibit 99.1 hereto.

**EXHIBIT LIST**

<b>Exhibit</b>	<b>Description</b>
99.1	Hong Kong interim report for the six months ended June 30, 2007

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**China Life Insurance Company Limited**  
(Registrant)

By: /s/ Wan Feng  
(Signature)

September 12, 2007

Name: Wan Feng  
Title: Vice President and Executive Director

Acting Chief Executive Officer

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EXHIBIT 99.1

**Commission File Number 001-31914**

**Corporate Information**

Company Name: China Life Insurance Company Limited

**DIRECTORS**

Executive Directors

Yang Chao

Wan Feng

Non-executive Directors

Shi Guoqing

Zhuang Zuojin

Independent Non-executive Directors

Long Yongtu

Sun Shuyi

Ma Yongwei

Chau Tak Hay

Cai Rang

Ngai Wai Fung

**SUPERVISORS**

Xia Zhihua

Wu Weimin

Qing Ge

**REGISTERED OFFICE**

China Life Tower

16 Chaowai Avenue, Chaoyang District

Beijing 100020, China

Tel: 86 (10) 8565 9999

Fax: 86 (10) 8525 2232

Website: [www.e-chinalife.com](http://www.e-chinalife.com)

**PLACE OF BUSINESS IN HONG KONG**

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313 Hennessy Road, Wanchai

Hong Kong

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**AUDITORS**

PricewaterhouseCoopers

**LEGAL ADVISERS**

King & Wood

Allen & Overy

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Yang Hong

Debevoise & Plimpton LLP

Tian Hui

H SHARE REGISTRAR AND TRANSFER OFFICE  
Computershare Hong Kong Investor Services Limited

COMPANY SECRETARY

Room 1712-1716, 17th Floor

Heng Kwo Seng

Hopewell Centre

183 Queen's Road East

AUTHORIZED REPRESENTATIVES

Hong Kong

Wan Feng

Heng Kwo Seng

DEPOSITARY

JPMorgan Chase Bank

4 New York Plaza, New York

New York 10004

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**Financial Summary**

Unless otherwise stated, all the financial data of the Group (refers to the Company and its subsidiaries) set out in this report is prepared in accordance with Hong Kong Financial Reporting Standards ( HKFRS ).

Six months ended 30 June (unaudited)

	<b>RMB million</b>	
	<b>(except basic and diluted earnings per share)</b>	
	<b>2007</b>	<b>2006</b>
Total revenues	101,429	72,665
Net profit <sup>[Note]</sup>	23,289	8,966
Basic and diluted earnings per share (RMB)	0.82	0.33

*Note:* Net profit refers to net profit attributable to shareholders of the Company. (Unaudited as at 30 June 2007)

	<b>RMB million</b>	
	<b>As at 30</b>	<b>As at 31</b>
	<b>June 2007</b>	<b>December 2006</b>
Total assets	849,804	764,395
Investment assets <sup>[Note 1]</sup>	766,325	686,804
Total shareholders' equity <sup>[Note 2]</sup>	167,493	139,665

*Note 1:* Investment assets include debt securities, equity securities, term deposits, statutory deposits-restricted, policy loans, securities purchased under agreements to resell and cash and cash equivalents.

*Note 2:* Total shareholders' equity refers to shareholders' equity attributable to shareholders of the Company.



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**Chairman's Statement**

In the first half of 2007, the Company significantly enhanced its execution capabilities, captured opportunities arising from the markets and the listing of its A Shares, and actively responded to new challenges, thereby seeking to make itself an enterprise characterized by learning and innovative, optimizing resources and growing with added value by making use of the opportunities brought about by the promulgation of State Council's Some opinions on the reform and development of the insurance industry. The Company aims at developing the China Life group as a top international financial insurance group, with an objective of developing the Company into a first class international life insurance company with strong capitalization, advanced corporate governance, well-established management system, stringent internal control, leading technologies, first-class team, quality services, outstanding brands and harmonious and balanced mode of development. The Company maintained a steady growth in its business and achieved a significant increase in its investment income. Our three major sales channels remained stable while pursuing balanced growth in the urban and rural markets. China Life also further optimized its business structure and service quality, devoted significant efforts to serving our harmonious society, and actively explored rural insurance business to further expand its coverage in rural insurance market. With further enhancements in capital, business income, assets quality, profitability, management effectiveness and corporate image, China Life significantly strengthened its overall advantages in the market. The Company is at its best development stage ever in its history.

China Life is a core member of the China Life group which ranked 192nd among Fortune 500 announced by Fortune in 2007, and also ranked seventh in the Top 100 China Listed Companies announced by the magazine in July 2007. In the first half of 2007, the influence of the brand of China Life has continued to increase and its popularity in international market has further been boosted. It was not only named one of the World's Top 500 Brand in 2007 jointly by the World Brand Organization and the US-China Economic Trade & Investment General Chamber of Commerce, but also won the China's Top 10 Valuable Brands awarded by the World Brand Laboratory. In addition, China Life was awarded the great prize of the Most Favourable Enterprise Brand of Consumers in China 2007 in the election of the Most Favourable Enterprise Brand of consumers in China in 2007 and was the only insurance enterprise brand that was granted award.

**REVIEW OF THE FIRST HALF YEAR 2007**

**STEADY BUSINESS GROWTH, CONTINUOUS OPTIMIZATION OF BUSINESS STRUCTURE**

For the six months ended 30 June 2007, total revenues of the Group (including the Company and its subsidiaries) were RMB101,429 million, an increase of 39.6% compared with the corresponding period of 2006. Among them, gross written premiums and policy fees reached RMB63,753 million, up 16.8% from the corresponding period of 2006.

According to the data released by the China Insurance Regulatory Commission, China Life continued to maintain its leading position in the life insurance market in China (for the purpose of this report, China refers to the People's Republic of China, excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan), with a market share, based on PRC GAAP, of 46.86% in the first half of 2007, representing an increase of 1.59 percentage point from the year of 2006.

While steadily growing its business, China Life stepped up its efforts to adjust its business structure. For the six months ended 30 June 2007, the Company's first-year regular gross written premiums amounted to RMB16,173 million, an increase of 23.9% from the corresponding period of 2006. First-year regular gross written premiums accounted for 93.3% of the first-year gross written premiums of long term traditional insurance contracts.

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**Chairman's Statement**

## INCREASE IN INVESTMENT INCOME, IMPROVEMENT OF EARNING ABILITY

China Life is one of the largest institutional investors in China's capital markets. As at 30 June 2007, the Group's investment assets were RMB766,325 million, an increase of 28.8% from 30 June 2006, and an increase of 11.6% from the end of 2006.

More efforts were devoted by the Company to optimize its investment portfolio and improve asset allocation. During the first half of 2007, by capitalizing on favourable conditions in the PRC's stock markets, the Company further increased the proportion of investment in equity assets, resulting in a substantial increase in investment income. The Company continued to seize strategic investment opportunities. It participated in the private placement of China Minsheng Banking Corp. Ltd. by contributing RMB5,448 million.

For the six months ended 30 June 2007, the Group's net investment yield was 3.36%, an increase of 1.24 percentage points from the corresponding period of 2006. The total investment yield<sup>2</sup> was 5.19%, an increase of 1.90 percentage points from the corresponding period of 2006.

In the first half of 2007, net profit attributable to shareholders of the Company was RMB23,289 million, an increase of 159.7% from the corresponding period of 2006. As at 30 June 2007, total shareholders' equity of the Company was RMB167,493 million, up 19.9% from the end of 2006.

As at 30 June 2007, the Company's solvency ratio was 4.40 times the minimum regulatory requirement. In the first half of 2007, our consolidated cost ratio was 15.3%, which basically maintained at a stable level as compared with the corresponding period of 2006.

## STABLE SALES CHANNELS, ENHANCED SERVICE QUALITY

Currently, China Life has the most extensive distribution network in China's insurance industry, comprising over 650,000 exclusive agents, 12,000 group insurance sales force, over 90,000 intermediary sale agencies, spreading over in commercial bank, postal savings, cooperative saving institutions and with over 20,000 customers managers as at 30 June 2007. Sales channel for individual insurances, which is a core sales channel of the Company, maintained a stable development. 97.5% of our exclusive agents now hold valid licenses, which is an increase of about 18 percentage points from the corresponding period in 2006, and an increase of 3.5 percentage points from the end of 2006. The Company continued to strive to integrate sales channel resources and share customer information. A special business department has been created to strengthen execution of an integrated sales strategy and consolidate sales resources. Our Tibetan branch was formally opened for business on 28 May 2007, which means that the sale agencies of the Company have spread to all provinces and autonomous regions of China.

<sup>1</sup> The net investment yield = net investment income / ((investment assets at the beginning of the period - securities sold under agreements to repurchase at the beginning of the period + investment assets at the end of the period - securities sold under agreements to repurchase at the end of the period) / 2)

<sup>2</sup> The total investment yield = (net investment income + net realized gains on financial assets + net fair value gains on assets at fair value through income (held-for-trading)) / ((investment assets at the beginning of the period - securities sold under agreements to repurchase at the beginning of the period + investment assets at the end of the period - securities sold under agreements to repurchase at the end of the period) / 2)

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**Chairman's Statement**

During the first half of 2007, the Company initiated a series of customer service activities with the theme "Creation of Harmonious Life with China Life" across China. More than 25,000 activities were organized and with more than 55 million customers participated. Through these activities, the service standards were improved and the brand image of China Life was further enhanced. The Company has decided to make 16 June of every year as "China Life Customer Day".

The Company improves the segmentation and professional management of customer services and upgrades the divergence management standard through the promotion of the "China Life 1+N" service brand and the strengthening of VIP customer service management. China Life is committed to further enhancing its customer service quality through the establishment of a well-developed customer service system that is customer-centered and reflects the corporate culture of China Life.

During the first half of 2007, the Company paid a total amount of about RMB 40 billion of maturity benefits, with the number of payment cases amounting to over 2 million. This shows the strength and high service efficiency of the Company.

**CORPORATE GOVERNANCE ENHANCED, RISK MANAGEMENT STRENGTHENED**

During the first half of 2007 the Company seriously commenced activities for special projects relating to corporate governance and completed a self-review on corporate governance according to the requirements of the China Securities Regulatory Commission. The self-review report and reform program were approved by the board of directors on 12 June 2007 and subsequently made public after being successfully approved by regulatory authorities.

The Company has conducted compliance works in accordance with Sarbanes-Oxley Act Section 404 and other securities legislation in the United States throughout the Company since December 2004 which covered the Company, its subsidiary, China Life Insurance Asset Management Company Limited, and external actuary consultant. We have been through the two stages of project management and routinization of management. They continuously passed the test of management and defect rectification tests. During the first half of 2007, the Company completed a self assessment on internal control over financial reporting as at 31 December 2006 and confirmed such internal control was effective. The Company had also received from our registered independent auditors unqualified opinions on the above management's assessment of the effectiveness of internal control over financial reporting and on the effectiveness of our internal control over financial reporting as at 31 December 2006. During the first half of 2007, China Life formulated the "Guiding Opinions on Further Strengthening the Work of Internal Control" and released it for implementation. It further improved the establishment of its internal control system and stepped up its efforts in internal control, with a focus remaining on the compliance with Section 404. The Company will continue to strengthen its internal control system to ensure sustainable and healthy development of its business.

**TAKING UP OF SOCIAL RESPONSIBILITIES, CARE FOR SHAREHOLDERS' INTERESTS**

As the largest life insurer in China, the Company is committed to conscientiously performing its corporate social responsibilities. During the first half of 2007, the Company continued to develop its policy-oriented business such as promoting the New Village Cooperative Medical Scheme. By leveraging on the features of commercial insurance in the comprehensive village medical scheme, the Company serviced in the drug and medical system reform. As of the end of June 2007, there were 11 branches of the Company in 82 counties (cities and areas) that had participated in the New Village Cooperative Medical Scheme locally, 34 more regions than the end of 2006, which represented more than three fourth of the total number of regions that had participated in the New Village Cooperative Medical Scheme by the insurance industry in China. As at 30 June 2007, the New Village Cooperative Medical Scheme has reached 24.08 million participants, an increase of 6.68 million participants compared to the end of 2006.

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**Chairman's Statement**

The Company also introduced new products targeting at rural market, such as China Life New Industrial Life Insurance, China Life Villagers with Land Expropriated and Requisitioned Group Annuities (Class A), China Life Villagers with Land Expropriated and Requisitioned Group Annuities (Class B) (Participating). The Company further developed China Life Accident and Disability Insurance focusing on workers from rural areas, so as to actively pursue the rural insurance business and facilitate construction of new rural areas for building a harmonious society.

On 16 June 2007, upon the contribution of RMB 50 million, the Company officially established the China Life Charitable Fund. The fund donated RMB 10 million, and launched, together with China Red Cross, a large-scale charity activity called the Healthy New Village Project. At the same time, the China Life Program for Rural Medical Services and Poverty Assistance was launched. In addition, the Company also supported the construction of 18 China Life Long March Primary Schools. The Company strives for the combination of business benefits and social responsibilities, promote the interests of its shareholders, customers and staff, and to maximize economic benefits, corporate image and investment return for the Company through its active participation of social and charity activities.

For the outstanding contributions with respect to corporate social responsibilities, China Life was awarded the highest honour Red Cross Badge by China Red Cross Foundation. At the same time, the Company was awarded by organizations such as the Shanghai Securities News as the Most Responsible Listed Company in China.

As the sole financial enterprise of China that is currently listed in Shanghai, Hong Kong and New York, China Life has been committed to maximizing value for shareholders. In May 2007, the Company organized the first Corporate Day in Guangxi for global investors and analysts, which increased the transparency of the Company, allowed the investors and analysts around the world to improve their understandings of the Company's operation and boosted their confidence in China Life. In July 2007, the Company held a Presentation on an Analysis of the Valuation of Life Insurers in Beijing and introduced to more than 100 fund managers and analysts from 49 fund houses in China about the methods adopted internationally for analyzing and evaluating the valuation of life insurance companies. This presentation activity had achieved good results. Through the organization of the above activities, the Company further strengthened its communications with investors.

**DIVIDEND**

Pursuant to the resolution passed at the meeting of the Board on 27 August 2007, the Company will not declare any interim dividend for the six months ended 30 June 2007.

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**Chairman's Statement**

**Outlook**

In the second half of 2007, adjustments of China's macro-economic policies, volatilities in the capital markets, intense competition in the life insurance market, and changes in the regulatory policy of the industry (including reform on pricing of life insurance products) may affect the future operation of the Company.

As a leading life insurance company in China and one of the largest institutional investors in China's capital markets, the Company will pursue its great objective of making China Life Group as a top international financial insurance group. It will further implement its development strategies of strengthening core businesses and appropriate diversification into related areas, and develop traditional and participating products as its priority, suitably develop some new business such as unit-linked and universal insurance products, continue to emphasis on long term regular business, focus on optimizing its business structure, continue to emphasis on exclusive agents force, explore group insurance channel and bank insurance channel, continue to emphasis on combination of overall development strategy and local market competitive tactics, realize the fast, coordinated and continued business development of the Company. The Company will continue to leverage the advantages of having the largest client base and most extensive distribution channels and service networks in the country. While proactively adapting to the changing demands of clients, more effort will be devoted to business growth and improvement of business structure, with a view to maintaining a rapid pace of business development. China Life will further enhance its investment management capability to improve its profitability, as well as to strengthen its internal controls, risk management and staff building-up. We shall strive to develop the Company into a first class international life insurance company, to create better value for our shareholders.

Yang Chao

*Chairman*

Beijing, China

27 August 2007

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**Management Discussion and Analysis**

For the six months ended 30 June 2007 and 2006, the Company's gross written premiums and deposits were as follows:

Unaudited	RMB million	
	For the six months ended 30 June	
	2007	2006
Individual Life Insurance		
Gross written premiums	52,242	43,909
First-year gross written premiums	16,725	13,408
Single gross written premiums	624	390
First-year regular gross written premiums	16,101	13,018
Renewal gross written premiums	35,517	30,501
Deposits	47,969	46,053
First-year deposits	41,853	37,936
Single deposits	39,876	36,191
First-year regular deposits	1,977	1,745
Renewal deposits	6,116	8,117
Group life insurance		
Gross written premiums	626	807
First-year gross written premiums	612	798
Single gross written premiums	540	759
First-year regular gross written premiums	72	39
Renewal gross written premiums	14	9
Deposits	15,735	14,946
First-year deposits	15,732	14,933
Single deposits	15,727	14,923
First-year regular deposits	5	10
Renewal deposits	3	13
Accident and health insurance		
Gross written premiums	5,986	5,525
Short-term accident insurance		
Gross written premiums	2,810	2,672
Short-term health insurance		
Gross written premiums	3,176	2,853
Total gross written premiums	58,854	50,241
Total deposits	63,704	60,999

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**Management Discussion and Analysis**

As at 30 June 2007 and 31 December 2006, the investment assets of the Group were as follows:

	RMB million	
	Unaudited As at 30 June 2007	Audited As at 31 December 2006
Debt securities	397,218	357,898
Held-to-maturity securities	186,486	176,559
Available-for-sale securities	196,238	176,868
At fair value through income (held-for-trading)	14,494	4,471
Equity securities	128,049	95,493
Available-for-sale securities	105,222	62,595
At fair value through income (held-for-trading)	22,827	32,898
Term deposits	172,126	175,476
Statutory deposits-restricted	5,473	5,353
Policy loans	3,678	2,371
Securities purchased under agreements to resell	2,047	
Cash and cash equivalents	57,734	50,213
Total	766,325	686,804

**SUMMARY**

For the six months ended 30 June 2007, the Group's total revenues were RMB101,429 million as compared with RMB72,665 million for the corresponding period in 2006, representing an increase of 39.6%. Net profit attributable to shareholders of the Company for the six months ended 30 June 2007 amounted to RMB23,289 million, as compared with RMB8,966 million for the corresponding period in 2006, representing an increase of 159.7%. The increase in our total revenues was mainly attributable to the increase in gross written premiums and policy fees, as well as the substantial increase in investment income.

For the six months ended 30 June 2007, the basic and diluted earnings per share was RMB0.82, which increased about RMB0.49 from RMB0.33 as compared to the corresponding period in 2006.

During the first half of 2007, the development of the Company's business in urban and rural areas has resulted in further optimization of business structure. In order to meet the demands of changing markets, the Company strengthen its efforts in developing new products and upgrading existing products. The Company launched a new product "China Life New Industrial Life Insurance" in three pilot provinces for the rural market and has achieved satisfactory results. In the second half of this year, efforts will be devoted to expand the sales of this product to more areas.

On 12 June 2007, the Company convened the seventh meeting of the second session of the Board, where the resolution for the award of the third batch of stock appreciation rights was considered and approved in the meeting. At present, the stock appreciation rights scheme implemented by the Company is a motivation scheme targeting at the senior management officers and key employees based on the price of the Company's H shares. The stock appreciation rights do not involve any issue of new shares and have no dilution impact on shareholding structure of the Company.

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**Management Discussion and Analysis**

Pursuant to paragraph 40(2) of Appendix 16 of Rules (the Listing Rules) Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ( Hong Kong Stock Exchange ), apart from those disclosed in this report, the Company confirmed that the matters as referred to in paragraph 32 of Appendix 16 regarding the Company have not changed materially from those disclosed in our annual report for 2006.

SIX MONTHS ENDED 30 JUNE 2007 COMPARED WITH SIX MONTHS ENDED JUNE 2006

**Total Revenues**

For the six months ended 30 June 2007, gross written premiums and policy fees were RMB63,753 million, as compared with RMB54,580 million for the corresponding period in 2006, representing an increase of 16.8%. The increase was mainly attributable to the growth in individual life insurance business.

For the six months ended 30 June 2007, the Group's net investment income was RMB24,071 million, as compared with RMB11,341 million for the corresponding period in 2006, representing an increase of 112.2%. Such increase was mainly attributable to the growth in total investment assets, equity weightings adjustments made to optimize the investment portfolio and the generally favourable performance of the A Share market in China during the first half of 2007.

For the six months ended 30 June 2007, net realised gains on financial assets were RMB2,262 million (six months ended 30 June 2006: net realised gains on financial assets RMB497 million). Net fair value gains on assets at fair value through income (held-for-trading) were RMB10,842 million (six months ended 30 June 2006: net fair value gains at fair value through income (held-for-trading) were RMB5,758 million). Such result was mainly attributable to the generally favorable performance of the A Share market in China during the first half of 2007.

**Benefits, claims and expenses**

For the six months ended 30 June 2007, the Group's total benefits, claims and expenses were RMB76,918 million, as compared with RMB61,355 million for the corresponding period in 2006, which were increased by 25.4%. The increase was mainly attributable to the growth of our insurance business, payment arising from maturity of some products and increase of dividend payments to policyholders.

For the six months ended 30 June 2007, our consolidated cost ratio was 15.3%, which represents a stable result as compared with the corresponding period in 2006.

**Income tax**

For the six months ended 30 June 2007, the Group's income tax expenses were RMB1,420 million (in the corresponding period of 2006: RMB2,299 million). The effective tax rate of the Group reduced from 20.3% in the first half of 2006 to 5.7% in the first half of 2007. The decline was mainly attributable to a reduction of the enterprise income tax rate applicable to the Group from 33% to 25% with effect from 1 January 2008. Regarding the deferred tax assets or liabilities that were recognised on the date of promulgation of the new income tax law and expected to be settled after 1 January 2008, the Group made an adjustment to their book value using the applicable tax rate of 25%, resulting in a substantial reversal of deferred tax liabilities and a reduction of income tax expenses for the six months ended 30 June 2007.



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**Management Discussion and Analysis**

**Net profit**

For the six months ended 30 June 2007, net profit attributable to shareholders of the Company was RMB23,289 million, as compared with RMB8,966 million in the corresponding period of 2006, which was increased by 159.7%. The increase in net profit attributable to shareholders of the Company was mainly attributable to substantial increase in investment return, business growth, the continuing optimization of the structure of insurance business, reduction of enterprise income tax rate, and strengthened cost management.

**Liquidity and capital resources**

*Sources of Liquidity*

The Company's principal cash inflows come from insurance premiums, deposits, proceeds from sales and maturity of financial assets, investment income and financing. The primary risks over liquidity with respect to these cash inflows are the risk of early withdrawals by contract holders and policyholders, the risks of default by debtors, as well as volatilities in interest rate and capital market and other risks. The Company will closely monitor and manage these risks.

Additional sources of liquidity to meet unexpected cash outflows are available from cash and our investment assets. As at 30 June 2007, the amount of cash and cash equivalents of the Group was RMB57,734 million (RMB50,213 million as at 31 December 2006). As at 30 June 2007, the amount of term deposits of the Group was RMB172,126 million (RMB175,476 million as at 31 December 2006).

Our investment portfolio may also provide us with a source of liquidity to meet unexpected cash outflows. As at 30 June 2007, the investments in debt securities (excluding held-to-maturity securities) had a fair value of RMB210,732 million (RMB181,339 million as at 31 December 2006). As at 30 June 2007, investment in equity securities had a fair value of RMB128,049 million (RMB95,493 million as at 31 December 2006).

*Uses of Liquidity*

The Company's principal cash outflows primarily relate to the benefits and claims associated with our various life insurance, annuity and accident and health insurance products, dividend and interest payments on our insurance policies and annuity contracts, operating expenses, income taxes and dividends that may be declared and payable to the Company's shareholders.

The Company believes that its sources of liquidity are sufficient to meet its current cash requirements.

**CLASS ACTION**

The Company and certain of its past directors (the defendants) have been named in nine putative class action lawsuits filed in the United States District Court for the Southern District of New York between 16 March 2004 and 14 May 2004. The lawsuits have been ordered to be consolidated and restyled In re China Life Insurance Company Limited Securities Litigation, NO.04 CV 2112 (TPG). Plaintiffs filed a consolidated amended complaint on 19 January 2005, which names the Company, Wang Xianzhang (past director), Miao Fuchun (past director) and Wu Yan (past director) as defendants. The consolidated amended complaint alleges that the defendants named therein violated Section 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder. The Company has engaged U.S. counsel to contest vigorously on the lawsuits. The defendants jointly moved to dismiss the consolidated amended complaint on 21 March 2005. Plaintiffs then further amended their complaint. Defendants moved to dismiss the second amended complaint on 18 November 2005. That motion has been fully briefed and is pending before the Court.

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**Auditors Review Report**

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF CHINA LIFE INSURANCE COMPANY LIMITED

*(incorporated in the People's Republic of China with limited liability)*

INTRODUCTION

We have reviewed the interim financial information set out on pages 13 to 39, which comprises the condensed consolidated balance sheet of China Life Insurance Company Limited (the Company) and its subsidiaries as at 30 June 2007 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34

Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting.

PricewaterhouseCoopers

*Certified Public Accountants*

Hong Kong, 27 August 2007

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**Condensed Consolidated Balance Sheet**

As at 30 June 2007

		Unaudited As at 30 June 2007	Audited As at 31 December 2006
	<i>Note</i>	RMB million	RMB million
<b>ASSETS</b>			
Property, plant and equipment		15,263	14,565
Deferred policy acquisition costs		39,593	39,230
Investments in associates		6,391	6,071
Financial assets			
Debt securities		397,218	357,898
held-to-maturity securities	4.1	186,486	176,559
available-for-sale securities	4.2	196,238	176,868
at fair value through income (held-for-trading)	4.3	14,494	4,471
Equity securities		128,049	95,493
available-for-sale securities	4.2	105,222	62,595
at fair value through income (held-for-trading)	4.3	22,827	32,898
Term deposits	4.5	172,126	175,476
Statutory deposits-restricted		5,473	5,353
Policy loans		3,678	2,371
Securities purchased under agreements to resell		2,047	
Accrued investment income		9,784	8,461
Premiums receivables		8,949	6,066
Reinsurance assets		1,023	986
Other assets		2,476	2,212
Cash and cash equivalents		57,734	50,213
<b>Total assets</b>		<b>849,804</b>	<b>764,395</b>

The notes on pages 18 to 39 form an integral part of these condensed consolidated financial statements.

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**Condensed Consolidated Balance Sheet**

As at 30 June 2007

		Unaudited As at 30 June 2007	Audited As at 31 December 2006
	<i>Note</i>	RMB million	RMB million
<b>LIABILITIES AND EQUITY</b>			
Liabilities			
Insurance contracts			
Short-term insurance contracts			
reserves for claims and claim adjustment expenses		2,311	2,498
unearned premium reserves		5,636	5,346
Long-term traditional insurance contracts	6.2	200,031	172,875
Long-term investment type insurance contracts	6.3	282,261	282,672
Deferred income		46,331	41,371
Financial liabilities			
Investment contracts			
with Discretionary Participation Feature ( DPF )	7	49,727	45,998
without DPF	7	2,555	2,614
Securities sold under agreements to repurchase		11,069	8,227
Annuity and other insurance balances payable		12,559	8,891
Premiums received in advance		1,187	2,329
Policyholder dividends payable		35,450	26,057
Other liabilities		9,558	5,333
Current income tax liabilities		4,326	843
Deferred tax liabilities	12	18,339	19,022
Statutory insurance fund		139	114
Total liabilities		681,479	624,190
Contingencies and commitments			
	17,18		
Shareholders' equity			
Share capital	16	28,265	28,265
Reserves		86,824	77,368
Retained earnings		52,404	34,032
Total shareholders' equity		167,493	139,665
Minority interest		832	540
Total equity		168,325	140,205
Total liabilities and equity		849,804	764,395

Approved and authorized for issue by the Board of Directors on 27 August 2007

**Yang Chao**  
*Director*

**Wan Feng**  
*Director*

The notes on pages 18 to 39 form an integral part of these condensed consolidated financial statements.

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**Condensed Consolidated Income Statement**

For the six months ended 30 June 2007

		<b>Unaudited</b>	
		<b>For the six months ended 30 June</b>	
		<b>2007</b>	<b>2006</b>
	<i>Note</i>	<b>RMB million</b>	<b>RMB million</b>
<b>REVENUES</b>			
Gross written premiums and policy fees (including gross written premiums and policy fees from insurance contracts for the six months ended 30 June 2007: RMB63,308 million, for the six months ended 30 June 2006: RMB54,309 million)		63,753	54,580
Less: premiums ceded to reinsurers		(35)	(43)
Net written premiums and policy fees		63,718	54,537
Net change in unearned premium reserves		(301)	(289)
Net premiums earned and policy fees		63,417	54,248
Net investment income	8	24,071	11,341
Net realised gains on financial assets	9	2,262	497
Net fair value gains on assets at fair value through income (held-for-trading)	10	10,842	5,758
Other income		837	821
Total revenues		101,429	72,665
<b>BENEFITS, CLAIMS AND EXPENSES</b>			
Insurance benefits and claims			
Life insurance death and other benefits		(8,504)	(4,120)
Accident and health claims and claim adjustment expenses		(2,988)	(3,193)
Increase in long-term traditional insurance contracts liabilities		(27,170)	(26,741)
Interest credited to long-term investment type insurance contracts		(3,530)	(3,073)
Interest credited to investment contracts		(650)	(592)
Increase in deferred income		(4,454)	(7,007)
Policyholder dividends resulting from participation in profits		(13,386)	(5,398)
Amortisation of deferred policy acquisition costs		(9,466)	(6,071)
Underwriting and policy acquisition costs		(1,468)	(1,265)
Administrative expenses		(4,550)	(3,542)
Other operating expenses		(648)	(263)
Statutory insurance fund		(104)	(90)
Total benefits, claims and expenses		(76,918)	(61,355)
Share of results of associates		321	
Net profit before income tax expenses	11	24,832	11,310

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Income tax expenses	12	(1,420)	(2,299)
Net profit		23,412	9,011
Attributable to:			
shareholders of the Company		23,289	8,966
minority interest		123	45
Basic and diluted earnings per share	13	RMB 0.82	RMB 0.33
Dividends approved and declared during the period	14	3,957	1,338

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The notes on pages 18 to 39 form an integral part of these condensed consolidated financial statements.

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**Condensed Consolidated Statement of Changes In Equity**

For the six months ended 30 June 2007

	Attributable to shareholders of the Company		Unaudited	Minority interest	Total
	Share capital RMB million	Reserves RMB million	Retained earnings RMB million	RMB million	RMB million
As at 1 January 2007	28,265	77,368	34,032	540	140,205
Net profit			23,289	123	23,412
Dividends approved and declared			(3,957)		(3,957)
Appropriation to reserve fund		960	(960)		
Unrealised gains/(losses), net of tax		8,496		(7)	8,489
Capital contribution				179	179
Others				(3)	(3)
As at 30 June 2007	28,265	86,824	52,404	832	168,325
As at 1 January 2006	26,765	37,225	16,388	431	80,809
Net profit			8,966	45	9,011
Dividends approved and declared			(1,338)		(1,338)
Dividends to minority interests				(8)	(8)
Unrealised gains, net of tax		3,560		10	3,570
As at 30 June 2006	26,765	40,785	24,016	478	92,044

The notes on pages 18 to 39 form an integral part of these condensed consolidated financial statements.



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**Condensed Consolidated Cash Flow Statement**

For the six months ended 30 June 2007

	<b>Unaudited</b>	
	<b>For the six months ended 30 June</b>	
	<b>2007</b>	<b>2006</b>
	<b>RMB million</b>	<b>RMB million</b>
Net cash inflow from operating activities	59,508	36,193
Net cash outflow from investing activities	(57,857)	(74,471)
Net cash inflow from financing activities	6,070	53,336
Net increase in cash and cash equivalents	7,721	15,058
Cash and cash equivalents		
Beginning of period at 1 January	50,213	28,051
Foreign currency losses on cash and cash equivalents	(200)	(135)
End of period at 30 June	57,734	42,974
Analysis of balances of cash and cash equivalents		
Cash at bank and in hand	49,607	26,795
Short-term bank deposits	8,127	16,179
Cash and cash equivalents	57,734	42,974

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The notes on pages 18 to 39 form an integral part of these condensed consolidated financial statements.

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**Notes to the Condensed Consolidated Financial Statements**

For the six months ended 30 June 2007

**1 ORGANIZATION AND PRINCIPAL ACTIVITIES**

China Life Insurance Company Limited (the Company) was established in the People's Republic of China (China or PRC) on 30 June 2003 as a joint stock company with limited liability as part of a group restructuring of China Life Insurance (Group) Company (formerly China Life Insurance Company) (CLIC) and its subsidiaries (the Restructuring). The Company and its subsidiaries, are hereinafter collectively referred to as the Group. The Group's principal activity is the writing of life insurance business, providing life, annuities, accident and health insurance products in China.

The Company is a limited liability company incorporated and located in China. The address of its registered office is: 16 Chaowai Avenue, Chaoyang District, Beijing, PRC. The Company was listed on the Stock Exchange of Hong Kong, the New York Stock Exchange and the Shanghai Stock Exchange.

These condensed consolidated financial statements are presented in millions of RenMinBi (RMB million) unless otherwise stated. These condensed consolidated financial statements have been approved for issue by the board of directors on 27 August 2007.

**2 BASIS OF PREPARATION AND ACCOUNTING POLICIES**

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (HKAS) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants.

These condensed consolidated financial statements should be read in conjunction with the 2006 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2006.

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**Notes to the Condensed Consolidated Financial Statements**

For the six months ended 30 June 2007

3 SEGMENT INFORMATION

3.1 Business segments

The Group has the following main business segments:

(i) *Individual life insurance business*

Individual life insurance business relates primarily to the sale of insurance contracts and investment contracts to individuals and comprises participating and non-participating business. Participating life insurance business relates primarily to the sale of participating contracts, which provides the policyholder with a participation in the profits arising from the invested assets relating to the policy and mortality gains. Non-participating insurance business relates primarily to non-participating life insurance and annuity products, which provides guaranteed benefits to the insured without a participation in the profits.

(ii) *Group life insurance business*

Group life insurance business relates primarily to the sale of insurance contracts and investment contracts to group entities and comprises participating and non-participating business as described above.

(iii) *Accident and health insurance business*

Accident and health insurance business relates primarily to the sale of accident and health insurance and accident only products.

(iv) *Corporate and other*

Corporate and other business relates primarily to income and expenses in respect of the provision of the services to CLIC, as described in note 15, share of results of associates and unallocated income taxes.

3.2 Basis of allocating net investment income, realised and unrealised gains or losses and administrative and other operating expenses  
Net investment income, net realised gains or losses on financial assets, net fair value gains or losses on assets at fair value through income (held-for-trading) and foreign exchange losses within other operating expenses are allocated among segments in proportion to each respective segment's average statutory policyholder reserve and claims provision at the beginning and end of the period. Administrative and other operating expenses are allocated among segments in proportion to the unit cost of products in the respective segments.

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**Notes to the Condensed Consolidated Financial Statements**

For the six months ended 30 June 2007

## 3 SEGMENT INFORMATION (CONTINUED)

	For the six months ended 30 June 2007				
	Individual life	Group life	Accident & Health (RMB million)	Corporate & other	Total
Revenues					
Gross written premiums and policy fees	56,687	1,080	5,986		63,753
Gross written premiums	52,242	626	5,986		
Term Life	83	8			
Whole Life	16,029	516			
Endowment	24,271				
Annuity	11,859	102			
Policy fees	4,445	454			
Net premiums earned and policy fees	56,681	1,080	5,656		63,417
Net investment income	21,595	2,125	351		24,071
Net realised gains on financial assets	2,029	200	33		2,262
Net fair value gains on assets at fair value through income (held-for-trading)	9,727	957	158		10,842
Other income				837	837
Segment revenues	90,032	4,362	6,198	837	101,429
Benefits, claims and expenses					
Insurance benefits and claims					
Life insurance death and other benefits	(7,860)	(644)			(8,504)
Accident and health claims and claim adjustment expenses			(2,988)		(2,988)
Increase in long-term traditional insurance contracts liabilities	(27,087)	(83)			(27,170)
Interest credited to long-term investment type insurance contracts	(3,520)	(10)			(3,530)
Interest credited to investment contracts		(650)			(650)
Increase in deferred income	(4,415)	(39)			(4,454)
Policyholder dividends resulting from participation in profits	(11,744)	(1,642)			(13,386)
Amortization of deferred policy acquisition costs	(8,665)	(202)	(599)		(9,466)
Underwriting and policy acquisition costs	(1,268)	(44)	(156)		(1,468)
Administrative expenses	(2,562)	(287)	(822)	(879)	(4,550)
Other operating expenses	(514)	(55)	(43)	(36)	(648)
Statutory insurance fund	(90)		(14)		(104)
Segment benefits, claims and expenses	(67,725)	(3,656)	(4,622)	(915)	(76,918)
Share of results of associates				321	321

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Segment results	22,307	706	1,576	243	24,832
Income tax expenses				(1,420)	(1,420)
Net profit/(loss)	22,307	706	1,576	(1,177)	23,412
Attributable to:					
shareholders of the Company	22,307	706	1,576	(1,300)	23,289
minority interest				123	123
Unrealised gains/(loss) included in shareholders equity	7,623	750	124	(1)	8,496

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**Notes to the Condensed Consolidated Financial Statements**

For the six months ended 30 June 2007

## 3 SEGMENT INFORMATION (CONTINUED)

	For the six months ended 30 June 2006				
	Individual life	Group life	Accident & Health (RMB million)	Corporate & other	Total
Revenues					
Gross written premiums and policy fees	47,958	1,097	5,525		54,580
Gross written premiums	43,909	807	5,525		
Term Life	83	13			
Whole Life	13,990	781			
Endowment	26,793				
Annuity	3,043	13			
Policy fees	4,049	290			
Net premiums earned and policy fees	47,923	1,097	5,228		54,248
Net investment income	10,042	1,180	119		11,341
Net realised gains on financial assets	440	52	5		497
Net fair value gains on assets at fair value through income (held-for-trading)	5,098	599	61		5,758
Other income				821	821
Segment revenues	63,503	2,928	5,413	821	72,665
Benefits, claims and expenses					
Insurance benefits and claims					
Life insurance death and other benefits	(4,027)	(93)			(4,120)
Accident and health claims and claim adjustment expenses			(3,193)		(3,193)
Increase in long-term traditional insurance contracts liabilities	(26,320)	(421)			(26,741)
Interest credited to long-term investment type insurance contracts	(3,058)	(15)			(3,073)
Interest credited to investment contracts		(592)			(592)
Increase in deferred income	(6,935)	(72)			(7,007)
Policyholder dividends resulting from participation in profits	(5,045)	(353)			(5,398)
Amortization of deferred policy acquisition costs	(5,277)	(342)	(452)		(6,071)
Underwriting and policy acquisition costs	(1,131)	(24)	(110)		(1,265)
Administrative expenses	(2,003)	(202)	(680)	(657)	(3,542)
Other operating expenses	(180)	(22)	(1)	(60)	(263)
Statutory insurance fund	(80)	(1)	(9)		(90)
Segment benefits, claims and expenses	(54,056)	(2,137)	(4,445)	(717)	(61,355)
Segment results	9,447	791	968	104	11,310
Income tax expenses				(2,299)	(2,299)
Net profit/(loss)	9,447	791	968	(2,195)	9,011

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Attributable to:					
shareholders of the Company	9,447	791	968	(2,240)	8,966
minority interest				45	45
Unrealised gains included in shareholders equity	3,153	370	37		3,560

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**Notes to the Condensed Consolidated Financial Statements**

For the six months ended 30 June 2007

## 4 FINANCIAL ASSETS

## 4.1 Held-to-maturity securities

	<b>Amortised cost RMB million</b>	<b>Gross unrealised gains RMB million</b>	<b>Gross unrealised losses RMB million</b>	<b>Estimated fair value RMB million</b>
As at 30 June 2007				
Debt Securities				
Government bonds	95,006	2,005	(303)	96,708
Government agency bonds	63,855	929	(3,660)	61,124
Corporate bonds	3,257	224	(5)	3,476
Subordinated bonds/debts	24,368	298		24,666
<b>Total</b>	<b>186,486</b>	<b>3,456</b>	<b>(3,968)</b>	<b>185,974</b>
As at 31 December 2006				
Debt Securities				
Government bonds	94,999	7,791	(26)	102,764
Government agency bonds	53,935	2,642	(244)	56,333
Corporate bonds	3,257	296		3,553
Subordinated bonds/debts	24,368	1,282	(8)	25,642
<b>Total</b>	<b>176,559</b>	<b>12,011</b>	<b>(278)</b>	<b>188,292</b>
<b>Contractual maturity schedule</b>				
	<b>Amortised cost</b>		<b>Estimated fair value</b>	
	<b>As at 30 June 2007 RMB million</b>	<b>As at 31 December 2006 RMB million</b>	<b>As at 30 June 2007 RMB million</b>	<b>As at 31 December 2006 RMB million</b>
Maturing:				
Within one year	4,785	2,974	4,821	3,008
After one year but within five years	50,933	51,483	52,112	54,345
After five years but within ten years	35,947	37,295	36,728	40,279
After ten years	94,821	84,807	92,313	90,660
<b>Total</b>	<b>186,486</b>	<b>176,559</b>	<b>185,974</b>	<b>188,292</b>



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**Notes to the Condensed Consolidated Financial Statements**

For the six months ended 30 June 2007

## 4 FINANCIAL ASSETS (CONTINUED)

## 4.2 Available-for-sale securities

	Amortised cost/Cost RMB million	Gross unrealised gains RMB million	Gross unrealised losses RMB million	Estimated fair value RMB million
As at 30 June 2007				
Debt securities				
Government bonds	60,523	77	(2,126)	58,474
Government agency bonds	105,491	149	(8,168)	97,472
Corporate bonds	31,917	114	(1,092)	30,939
Subordinated bonds/debts	9,467	9	(123)	9,353