
Highlights

- As at the end of the Reporting Period, the Company’s total assets reached RMB3,254,403 million, an increase of 12.3% from the end of 2017. The Company’s embedded value was RMB795,052 million, an increase of 8.3% year-on-year.

- During the Reporting Period, the Company’s total revenue was RMB627,419 million, a decrease of 2.5% year-on-year; the Company’s gross written premiums were RMB535,826 million, an increase of 4.7% year-on-year; the value of one year’s sales was RMB49,511 million, a decrease of 17.6% year-on-year. The Company’s market share in 2018 was approximately 20.4%, maintaining the first place in life insurance industry in China.

- As at the end of the Reporting Period, the Company’s investment assets reached RMB3,104,014 million, an increase of 12.7% from the end of 2017. During the Reporting Period, the gross investment yield was 3.29%, the net investment yield was 4.64%. The comprehensive investment yield taking into account the current net fair value changes of available-for-sale securities recognized in other comprehensive income was 3.10%.

- During the Reporting Period, net profit attributable to equity holders of the Company was RMB11,395 million, a decrease of 64.7% year-on-year.

- The board of directors of the Company recommended the payment of a final dividend of RMB0.16 per share (inclusive of tax). The foregoing profit distribution plan is subject to the approval by the 2018 Annual General Meeting to be held on 30 May 2019 (Thursday).
Business Overview of 2018

In 2018, the macro environment was complicated and volatile, and the restructuring of the insurance sector exceeded expectation in terms of both the depth and the breadth. Due to the combined effects of multiple factors, the development of the Chinese life insurance industry was under pressure. The Company adhered to the overall keynote of making progress with stability, implemented the “new development” concepts, made efforts to meet the requirements of high-quality development, and overcame obstacles and forged ahead with concerted efforts. The Company continued to maintain the value-oriented principle, pushed forward various tasks and achieved a steady momentum of development. During the Reporting Period, the Company’s gross written premiums amounted to RMB535,826 million, an increase of 4.7% year-on-year. The Company’s market share, remaining the first place in the industry, was approximately 20.4%, an increase of 0.7 percentage point from the end of 2017. As at 31 December 2018, the embedded value of the Company reached RMB795,052 million, an increase of 8.3% from the end of 2017.

In 2018, the Chinese economy slowed down slightly, with interest rate trending down in the bond market and a decline in the stock market second only to that in 2008. The Company continued to implement its investment strategies of making long-term investment, value investment and prudent investment, and maintained a stable net investment yield by seizing the opportunity of the relatively high interest rates at certain stages and increasing allocation in long-term fixed-income assets. However, due to a significant decrease in the equity market, both the spread income and the fair value through profit or loss of stocks and funds were negative, which caused a significant year-on-year decline of the gross investment yield of the Company.

During the Reporting Period, the Company continued to optimize its premiums payment structure and product mix. By significantly reducing single premiums from the bancassurance channel, first-year regular premiums amounted to RMB104,419 million, which accounted for 90.16% in long-term first-year premiums, an increase of 26.17 percentage points from 2017; single premiums were RMB11,399 million, a decrease of 82.1% year-on-year, and the percentage of single premiums in long-term first-year premiums was reduced to 9.84% from 36.01% of 2017. Renewal premiums amounted to RMB364,678 million (an increase of 26.6% year-on-year) and accounted for 68.06% of the gross written premiums (an increase of 11.79 percentage points from 2017). Renewal premiums became a more important driving factor for business growth. The Company continued to push forward diversification of its products, through which the percentage of premiums of the top-five products in long-term first-year premiums decreased by 17.86 percentage points from 2017. The protection-oriented businesses developed rapidly and the percentage of premiums from designated protection-oriented products in first-year regular premiums increased by 6.73 percentage points from 2017.

During the Reporting Period, net profit attributable to equity holders of the Company was RMB11,395 million, a decrease of 64.7% year-on-year resulting from a significant decrease in the income from open market equity investments of the Company due to the overall volatility and downward trend of the equity market. As at 31 December 2018, the embedded value of the Company was RMB795,052 million, an increase of 8.3% from the end of 2017. The value of one year’s sales was RMB49,511 million, a decrease of 17.6%
from 2017, the year-on-year decline of which was narrowed by 6.02 percentage points compared to the first half of 2018 and the new business margin of one year’s sales was enhanced from 2017. The number of in-force policies of long-term insurance of the Company was 285 million, an increase of 6.3% from the end of 2017. The Policy Persistency Rates (14 months and 26 months) reached 91.10% and 86.00%, an increase of 0.20 and 0.30 percentage point compared to 2017, respectively.

During the Reporting Period, due to a significant decrease in single premiums and the proactive restructuring of the insurance industry, gross written premiums from the life insurance business of the Company amounted to RMB437,540 million, an increase of 1.8% year-on-year. The Company made great efforts in the development of protection-oriented insurance businesses. In particular, gross written premiums from the health insurance business amounted to RMB83,614 million, an increase of 23.5% year-on-year, and gross written premiums from the accident insurance business were RMB14,672 million, an increase of 1.6% year-on-year.

In 2018, economic and financial situations at home and abroad were complicated and challenging, and the insurance industry underwent proactive restructuring. The Company adhered to the operating guideline of “prioritizing value, strengthening sales force, optimizing business structure, achieving stable growth and safeguarding against risks”, proactively adjusted its business structure and pushed forward product diversification, and made great efforts on developing the designated protection-oriented businesses and short-term insurance business. The Company continually implemented the sales force development strategy of quality improvement and size expansion by focusing on quality improvement. The Company continued to optimize the structure of sales force by raising recruitment standards, tightening performance assessment, improving management and reinforcing dismissal of low-performance agents. As at the end of the Reporting Period, the total number of sales force from all channels amounted to 1.722 million and the quality of sales force was effectively improved.

**Exclusive Individual Agent Channel.** In 2018, the exclusive individual agent channel achieved continuous and steady growth and further optimized the business structure by focusing on business value, making efforts on sales management transformation and upgrade, strengthening the coordinated development among business, sales force and day-to-day management. During the Reporting Period, gross written premiums from the exclusive individual agent channel amounted to RMB408,278 million, an increase of 15.4% year-on-year. First-year regular premiums were RMB79,241 million, which accounted for 99.66% of long-term first-year premiums. In particular, the percentages of first-year regular premiums with a payment duration of five years or longer and first-year regular premiums with a payment duration of ten years or longer in first-year regular premiums were 61.65% and 46.35%, respectively. Renewal premiums amounted to RMB316,930 million, an increase of 25.0% year-on-year, which significantly drove the growth of gross written premiums from this channel. The new business margin of one year’s sales of the channel in the second half of 2018 increased by 15.27 percentage points compared with the same period of 2017, which narrowed the year-on-year decline in the value of one year’s sales compared with the first half of 2018. As at the end of the Reporting Period, the number of exclusive individual agents was 1.439 million. The monthly average productive agents increased by 2.6% year-on-year. Besides, the Company accelerated the systematic operation of new agent development and agent manager
cultivation in order to enhance management efficiency, and actively accelerated the development of the protection-oriented business. The monthly average number of agents selling designated protection-oriented insurance products increased by 43.4% year-on-year.

**Bancassurance Channel.** In 2018, the bancassurance channel made more efforts in its business restructuring, significantly reduced single premiums, focused on the development of regular premium business, constantly improved the quality of sales force, and the new business margin of one year’s sales of the channel enhanced consistently. During the Reporting Period, single premiums from the channel were significantly reduced to RMB8,642 million from RMB59,777 million of 2017, a decrease of 85.5% year-on-year. Accordingly, gross written premiums were RMB76,841 million, a decrease of 32.3% year-on-year. First-year regular premiums were RMB23,239 million (a year-on-year increase of 10.9%) which accounted for 72.89% of long-term first-year business (an increase of 46.93 percentage points from 2017). Renewal premiums were RMB43,785 million (a year-on-year increase of 37.3%), which accounted for 56.98% of the gross written premiums (a year-on-year increase of 28.89 percentage points). The new business margin of one year’s sales of the channel increased by 10.74 percentage points from 2017. As at the end of the Reporting Period, the number of sales representatives in the bancassurance channel was 0.245 million. In particular, the monthly average active insurance planners for long-term business in the bancassurance channel increased by 34.5% year-on-year.

**Group Insurance Channel.** In 2018, the group insurance channel further pushed forward diversified business development, strengthened structural optimization and achieved stable development of various businesses. During the Reporting Period, gross written premiums from the group insurance channel were RMB26,404 million, an increase of 0.8% year-on-year. Short-term insurance premiums from the group insurance channel were RMB21,268 million, an increase of 2.1% year-on-year. The Company actively launched the pilot program of tax deferred individual pension insurance business and constantly promoted the tax-advantaged health insurance business. As at the end of the Reporting Period, the number of direct sales representatives reached 83,000. In particular, the number of direct sales representatives with high performance reached 54,000, an increase of 4.3% year-on-year.

**Other Channels.** During the Reporting Period, gross written premiums from other channels reached RMB24,303 million, a rapid growth of 30.8% year-on-year. The Company actively developed the policy-oriented health insurance businesses, including supplementary major medical expenses insurance and long-term care insurance, which maintained leading positions in the market. As at the end of the Reporting Period, the Company carried out over 240 supplementary major medical expenses insurance projects, providing services for over 400 million urban and rural residents in 28 provinces, and undertook 22 long-term care insurance projects on a cumulative basis. The Company actively pushed forward the transformation and upgrade of its tele-sales channel and put great efforts in the development of online sales from the internet-sales channel.

In 2018, the global economic growth was differentiated, the growth rate of major economies other than that of the United States slowed down significantly and the global stock markets saw a widespread decline. The endogenetic driving force for the growth of the Chinese economy remained to be enhanced, the marginal pulling effects from external
demands decreased, and the economic growth decelerated. The interest rate of domestic bond market declined in general, and the stock market plummeted. In respect of the allocation of general categories of assets, the Company continued to increase its allocation in long-term fixed-income assets at high interest rates to optimize the asset-liability matching; selected high-quality debt-type financial products and strictly controlled credit risk; and pushed forward structural adjustment of open market equity portfolio by selecting stocks with low valuations and high dividends. As at the end of the Reporting Period, the Company’s investment assets reached RMB3,104,014 million, an increase of 12.7% from the end of 2017.

As at the end of the Reporting Period, among the major types of investments, the percentage of investment in bonds changed to 42.20% from 43.17% as at the end of 2017, the percentage of term deposits increased to 18.02% from 16.32% as at the end of 2017, the percentage of investment in stocks and funds (excluding money market funds) changed to 9.03% from 9.73% as at the end of 2017, and the percentage of investment in debt-type financial products increased to 11.32% from 10.96% as at the end of 2017.

The balances of the Company’s fixed income investment and equity investment increased along with the continuous expansion of its investment scale. In 2018, the Company’s net investment income was RMB133,017 million, an increase of RMB3,078 million from 2017 and a year-on-year increase of 2.4%. In particular, the yield-to-maturity of new fixed income investments increased significantly compared to the existing allocation, however, due to the impact of a decrease in dividends from funds, the net investment yield was 4.64%, a decrease of 0.28 percentage point from 2017. Due to the effect of a significant decline in stock market, the gross investment income of the Company was RMB95,148 million, a decrease of RMB41,016 million from 2017, and the gross investment yield was 3.29%, a decrease of 1.87 percentage points from 2017. The comprehensive investment yield taking into account the current net fair value changes of available-for-sale securities recognized in other comprehensive income was 3.10%, a decrease of 1.47 percentage points from 2017.

2019 Outlook

Time and tide wait for no man. With confidence and expectations, we have entered a new era when the Chinese economy has transformed from high-speed growth to high-quality development, and the transformation and upgrading of the insurance sector is moving to a deeper level; customer demands diversify further and FinTech is reshaping the insurance landscape. Now that the relay baton is in our hands, how can we navigate China Life, an ocean liner, to ride the wind and waves to lead in the new era? How can we maintain the undertaking for which generations of China Life employees have devoted their efforts and keep it everlasting? Facing new situations and requirements for development, we have set a strategic target on “China Life Revitalization” based on the Company’s actual reality. Not long ago, on the “China Life 2019 Open Day”, the new session of the Company’s management released and interpreted the overall strategic planning of “China Life Revitalization”. In the future, centering on the target of “China Life Revitalization”, we will continue to focus on business value, strengthen sales force, maintain stable growth, upgrade technologies, improve customer services and safeguard against risks, and make great efforts to complete three transformations: the transformation from being
sales-oriented to attaching equal importance to sales and services, the transformation from being human-driven to being human- and technology-driven, and the transformation from being scale-oriented to the coordination of scale and value. We will continue to build the four driving engines of “Talent, Mechanism, Innovation and Integration” to improve our development quality, enhance our urban market competence, expand and strengthen the sales force, reinforce the brand image and boost the spirit of China Life. This is the inheritance and development of the original aspiration and mission of the Company which is to protect the good life and strive to become a world-class life insurance company, and also the mission and responsibility of the new session of the Board and the management; more importantly, it is the solemn commitment of China Life to its investors, shareholders, customers and employees.

The year 2019 marks the beginning of “China Life Revitalization”, in which we will lay firm steps in market-oriented reforms, customer experience improvement, stronger competence in the large- and medium-sized cities and sales force transformations. Furthermore, we will strengthen the management of assets and liabilities, push forward the construction of a comprehensive risk management system and incorporate the compliance concept in the whole process of operations so as to lay a sound foundation for the development of a world-class life insurance company.
About China Life Insurance Company Limited

China Life Insurance Company Limited is a life insurance company established in Beijing, China on 30 June 2003 according to the “Company Law of the People’s Republic of China” and the “Insurance Law of the People's Republic of China”. The Company was successfully listed on the New York Stock Exchange, the Hong Kong Stock Exchange and the Shanghai Stock Exchange on 17 and 18 December 2003, and 9 January 2007, respectively. The Company’s registered capital is RMB28,264,705,000.

The Company is a leading life insurance company in China and possesses an extensive distribution network comprising exclusive agents, direct sales representatives, and dedicated and non-dedicated agencies. The Company is one of the largest institutional investors in China, and becomes one of the largest insurance asset management companies in China through its controlling shareholding in China Life Asset Management Company Limited. The Company also has controlling shareholding in China Life Pension Company Limited.

Our products and services include individual life insurance, group life insurance, and accident and health insurance. The Company is a leading provider of individual and group life insurance, annuity products and accident and health insurance in China. As at 31 December 2018, the Company had approximately 285 million long-term individual and group life insurance policies, annuity contracts, and long-term health insurance policies in force. We also provide both individual and group accident and short-term health insurance policies and services.

Forward-looking statements

Certain statements contained in this press release may be viewed as “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. Further information regarding these risks, uncertainties and other factors is included in the Company’s Annual Report on Form 20-F for the fiscal year ended 31 December 2017 filed with the U.S. Securities and Exchange Commission, or SEC, on 25 April 2018 and in the Company’s other filings with the SEC. You should not place undue reliance on these forward-looking statements. All information provided in this press release is as of the date of this press release, unless otherwise stated, and we undertake no duty to update such information, except as required under applicable law. Unless otherwise indicated, the Chinese insurance market information set forth in this press release is based on public information released by the China Banking and Insurance Regulatory Commission.
For further information, please contact:

Media enquiries
Ms. Yinghui Li
China Life Insurance Company Limited
Tel: +852 5512 5886 (for 27-28 March 2019 only)
Fax: +86 10 6657 5112
E-mail: liyh@e-chinalife.com

Mr. Isaac Yau (Hong Kong)
Citigate Dewe Rogerson
Mobile: +852 6337 1723
Tel: +852 3103 0112
Fax: +852 2524 5599
E-mail: isaac.yau@citigatedewerogerson.com

Mr. Benny Liu (Beijing)
Citigate Dewe Rogerson
Mobile: +86 135 2188 9320
Tel: +86 10 6567 5056
Fax: +86 10 6567 5865
E-mail: benny.liu@citigatedewerogerson.com

Investor and analyst enquiries
Ms. Grace Hou
China Life Insurance Company Limited
Mobile: +86 138 1009 6827
Tel: +86 10 6363 1241
Fax: +86 10 6657 5112
Email: houjue@e-chinalife.com