CHINA LIFE INSURANCE CO LTD
Form 20-F
April 24, 2015
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As filed with the Securities and Exchange Commission on April 24, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

¨ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

OR

¨ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report __________

Commission file number 001-31914

(Exact name of Registrant as specified in its charter)

China Life Insurance Company Limited

(Translation of Registrant s name into English)

People s Republic of China

(Jurisdiction of incorporation or organization)

16 Financial Street

Xicheng District

Beijing 100033, China

(Address of principal executive offices)

Tian Zeng

16 Financial Street

Xicheng District

Beijing 100033, China

Tel: (86-10) 6363-1244

Fax: (86-10) 6657-5112

Email: zengtian@e-chinalife.com

(Name, Telephone, Email and/or Facsimile Number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
American depositary shares	New York Stock Exchange
H shares, par value RMB1.00 per share	New York Stock Exchange*

* Not for trading, but only in connection with the listing on the New York Stock Exchange of American depositary shares, each representing 15 H shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None.

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None.

(Title of Class)

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report.

As of December 31, 2014, 7,441,175,000 H shares and 20,823,530,000 A shares, par value RMB1.00 per share, were issued and outstanding. H shares are listed on the Hong Kong Stock Exchange. A shares are listed on the Shanghai Stock Exchange. Both H shares and A shares are ordinary shares.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. x Yes ¨ No

If this report is an annual report or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ¨ Yes x No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ¨ Yes ¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer x	Accelerated filer ¨	Non-accelerated filer ¨

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S.GAAP ¨	International Financial Reporting Standards as issued by the International Accounting Standards Board x	Other ¨

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ¨ Item 17 ¨ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨ Yes x No

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FORWARD-LOOKING STATEMENTS

This annual report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements state our intentions, beliefs, expectations or predictions for the future, in particular under Item 4. Information on the Company , Item 5. Operating and Financial Review and Prospects and Item 8. Financial Information Embedded Value .

The forward-looking statements include, without limitation, statements relating to:

- future developments in the insurance industry in China;
- changes in interest rates and other economic and business conditions in China;
- the industry regulatory environment as well as the industry outlook generally;
- the amount and nature of, and potential for, future development of our business;
- the outcome of litigation and regulatory proceedings that we currently face or may face in the future;
- our business strategy and plan of operations;
- the prospective financial information regarding our business;
- our dividend policy; and
- information regarding our embedded value.

In some cases, we use words such as believe , intend , anticipate , estimate , project , forecast , plan , potentia should and expect and similar expressions to identify forward-looking statements. All statements other than statements of historical facts included in this annual report, including statements regarding our future financial position, strategy, projected costs and plans and objectives of management for future operations, are forward-looking statements. Although we believe that the expectations reflected in those forward-looking statements are reasonable, we can give no assurance that those expectations will prove to have been correct, and you are cautioned not to place undue reliance on such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed under Item 3. Key Information Risk Factors and elsewhere in this annual report, including in conjunction with the forward-looking statements included in this annual report. We undertake no obligation to publicly update or revise any forward-looking statements contained in this annual report, whether as a result of new information, future events or otherwise, except as required by law. All forward-looking statements contained in this annual report are qualified by reference to this cautionary statement.

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CERTAIN TERMS AND CONVENTIONS

References in this annual report to we , us , our , the Company or China Life mean China Life Insurance Company Limited and, as the context may require, its subsidiaries. References to CLIC mean China Life Insurance (Group) Company and, as the context may require, its subsidiaries, other than China Life. References in this annual report to AMC mean China Life Asset Management Company Limited, the asset management company established by us with CLIC on November 23, 2003. References to CLPCIC mean China Life Property and Casualty Insurance Company Limited, the property and casualty company established by us with CLIC on December 30, 2006. References to China Life Pension mean China Life Pension Company Limited established by us, CLIC and AMC on January 15, 2007.

The statistical and market share information contained in this annual report has been derived from government sources, including the China Insurance Yearbook 2012, the China Insurance Yearbook 2013, the China Insurance Yearbook 2014 and other public sources. The information has not been verified by us independently. Unless otherwise indicated, market share information set forth in this annual report is based on premium information as reported by the CIRC. The reported information includes premium information that is not determined in accordance with HKFRS, U.S. GAAP or IFRS.

References to A shares mean the RMB ordinary shares which have been listed on the Shanghai Stock Exchange since January 9, 2007.

References to China or PRC mean the People s Republic of China, excluding, for purposes of this annual report, Hong Kong, Macau and Taiwan. References to the central government mean the government of the PRC. References to State Council mean the State Council of the PRC. References to the CIRC mean the China Insurance Regulatory Commission. References to MOF or Ministry of Finance mean the Ministry of Finance of the PRC. References to Ministry of Commerce mean the Ministry of Commerce of the PRC. References to CSRC mean the China Securities Regulatory Commission. References to CBRC mean the China Banking Regulatory Commission. References to PBOC mean the People s Bank of China. References to SAFE mean the State Administration of Foreign Exchange of the PRC. References to SAIC mean the State Administration for Industry and Commerce of the PRC.

References to HKSE or Hong Kong Stock Exchange mean The Stock Exchange of Hong Kong Limited. References to NYSE or New York Stock Exchange mean the New York Stock Exchange. References to SSE or Shanghai Stock Exchange mean the Shanghai Stock Exchange.

References to IFRS mean the International Financial Reporting Standards as issued by the International Accounting Standards Board, references to U.S. GAAP mean the generally accepted accounting principles in the United States, references to HKFRS mean the Hong Kong Financial Reporting Standards, issued by the Hong Kong Institute of Certified Public Accountants, and references to PRC GAAP mean the PRC Accounting Standards for Business Enterprises (2006) applicable to companies listed in the PRC. Unless otherwise indicated, our financial information presented in this annual report has been prepared in accordance with IFRS.

References to Renminbi or RMB in this annual report mean the currency of the PRC, references to U.S. dollars or US$ mean the currency of the United States of America, and references to Hong Kong dollars , H.K. dollars or HK$ mean the currency of the Hong Kong Special Administrative Region of the PRC.

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Unless otherwise indicated, translations of RMB amounts into U.S. dollars for presentation only in this annual report have been made at the rate of US$1.00 to RMB 6.2046**,** the noon buying rate in the City of New York for cable transfers payable in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York on December 31, 2014. No representation is made that Renminbi amounts could have been, or could be, converted into U.S. dollars at that rate on December 31, 2014 or at all. Translations of foreign currency amounts into RMB amounts for the purpose of preparing our audited consolidated financial statements included elsewhere in this annual report or our previous annual reports have been made at the exchange rates published by the PBOC.

Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

If there is any discrepancy or inconsistency between the Chinese names of the PRC entities in this annual report and their English translations, the Chinese version shall prevail.

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PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS.

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE.

Not applicable.

ITEM 3. KEY INFORMATION.

A. SELECTED FINANCIAL DATA

Selected Historical Consolidated Financial Data

The following tables set forth our selected consolidated financial information for the periods indicated. We have derived the consolidated financial information from our audited consolidated financial statements included elsewhere in this annual report or our previous annual reports.

We prepare our consolidated financial statements in accordance with IFRS as issued by the IASB.

You should read this information in conjunction with the rest of the annual report, including our audited consolidated financial statements and the accompanying notes, Item 5. Operating and Financial Review and Prospects included elsewhere in this annual report and the independent registered public accounting firm s reports.

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	For the year ended December 31,					
	2010 RMB	2011 RMB	2012 RMB	2013 RMB	2014 RMB	2014 US$
	(in millions except for per share data)					
Consolidated Statement of Comprehensive Income						
Revenues						
Gross written premiums	318,229	318,252	322,742	326,290	331,010	53,349
Less: premiums ceded to reinsurers	(177)	(232)	(384)	(556)	(515)	(83)
Net written premiums	318,052	318,020	322,358	325,734	330,495	53,266
Net change in unearned premium reserves	36	256	(232)	(921)	(390)	(63)
Net premiums earned	318,088	318,276	322,126	324,813	330,105	53,203
Investment income	48,872	60,722	73,243	82,816	93,548	15,077
Net realised gains and impairment on financial assets	15,841	(11,208)	(26,876)	5,793	7,120	1,148
Net fair value gains/(losses) through profit or loss	280	337	(313)	137	5,808	936
Other income	2,757	2,772	3,305	4,324	4,185	675
Total revenues	**385,838**	**370,899**	**371,485**	**417,883**	**440,766**	**71,039**
Benefits, claims and expenses						
Insurance benefits and claims expenses						
Life insurance death and other benefits	(71,237)	(101,349)	(107,674)	(193,671)	(192,659)	(31,051)
Accident and health claims and claim adjustment expenses	(8,740)	(7,789)	(7,898)	(11,263)	(16,752)	(2,700)
Increase in insurance contract liabilities	(199,655)	(181,579)	(184,990)	(107,354)	(105,883)	(17,065)
Investment contract benefits	(1,950)	(2,031)	(2,032)	(1,818)	(1,958)	(316)
Policyholder dividends resulting from participation in profits	(13,224)	(6,125)	(3,435)	(18,423)	(24,866)	(4,008)
Underwriting and policy acquisition costs	(27,256)	(27,434)	(27,754)	(25,690)	(27,147)	(4,375)
Finance costs	(304)	(873)	(2,575)	(4,032)	(4,726)	(762)
Administrative expenses	(20,285)	(21,549)	(23,283)	(24,805)	(25,432)	(4,099)
Other expenses	(3,351)	(3,275)	(3,304)	(3,864)	(4,151)	(668)
Statutory insurance fund contribution	(599)	(595)	(609)	(637)	(701)	(113)
Total benefits, claims and expenses	**(346,601)**	**(352,599)**	**(363,554)**	**(391,557)**	**(404,275)**	**(65,157)**
Share of profit of associates and joint ventures	1,771	2,213	3,037	3,125	3,911	630
Profit before income tax	41,008	20,513	10,968	29,451	40,402	6,512
Income tax	(7,197)	(2,022)	304	(4,443)	(7,888)	(1,272)
Net profit	**33,811**	**18,491**	**11,272**	**25,008**	**32,514**	**5,240**

Attributable to:						
- Equity holders of the Company	33,626	18,331	11,061	24,765	32,211	5,191
- Non-controlling interests	185	160	211	243	303	49
Basic and diluted earnings per share[(1)]	1.19	0.65	0.39	0.88	1.14	0.18

(1) Numbers are based on the weighted average number of 28,264,705,000 shares in issue.

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	For the year ended December 31,					
	2010 RMB	2011 RMB	2012 RMB	2013 RMB	2014 RMB	2014 US$
	(in millions except for per share data)					
Other comprehensive income						
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:						
Consolidated Statement of Comprehensive Income						
Fair value gains/(losses) on available-for-sale securities	(13,666)	(45,576)	8,864	(25,135)	70,342	11,339
Amount transferred to net profit from other comprehensive income	(15,763)	11,054	26,876	(5,793)	(7,120)	(1,148)
Portion of fair value changes on available-for-sale securities attributable to participating policyholders	7,983	2,521	(2,635)	2,635	(11,035)	(1,779)
Share of other comprehensive income of associates and joint ventures under the equity method	(131)	(201)	167	(332)	120	19
Others	(1)	(1)				
Income tax relating to components of other comprehensive income	5,362	7,989	(8,265)	7,050	(13,023)	(2,099)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods	(16,216)	(24,214)	25,007	(21,575)	39,284	6,332
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods						
Other comprehensive income for the year, net of tax	(16,216)	(24,214)	25,007	(21,575)	39,284	6,332
Total comprehensive income for the year, net of tax	**17,595**	**(5,723)**	**36,279**	**3,433**	**71,798**	**11,572**
Attributable to:						
- Equity holders of the Company	17,423	(5,874)	36,056	3,203	71,443	11,515
- Non-controlling interests	172	151	223	230	355	57

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	As of December 31,					
	2010 RMB	2011 RMB	2012 RMB	2013 RMB	2014 RMB	2014 US$
	(in millions)					
Consolidated Statement of Financial Position						
Assets						
Property, plant and equipment	18,946	20,231	22,335	23,393	25,348	4,085
Investment properties				1,329	1,283	207
Investments in associates and joint ventures	20,892	24,448	28,991	34,775	44,390	7,154
Held-to-maturity securities	246,227	261,933	452,389	503,075	517,283	83,371
Loans	36,543	61,104	80,419	118,626	166,453	26,827
Term deposits	441,585	520,793	641,080	664,174	690,156	111,233
Statutory deposits - restricted	6,153	6,153	6,153	6,153	6,153	992
Available-for-sale securities	548,121	562,948	506,416	491,527	607,531	97,916
Securities at fair value through profit or loss	9,762	23,683	34,035	34,172	53,052	8,550
Securities purchased under agreements to resell		2,370	894	8,295	11,925	1,922
Accrued investment income	18,193	22,946	28,926	34,717	44,350	7,148
Premiums receivable	7,274	8,253	8,738	9,876	11,166	1,800
Reinsurance assets	830	878	948	1,069	1,032	166
Other assets	8,199	12,182	18,140	20,430	19,411	3,129
Cash and cash equivalents	47,854	55,985	69,452	21,330	47,034	7,581
Total assets	**1,410,579**	**1,583,907**	**1,898,916**	**1,972,941**	**2,246,567**	**362,081**
Liabilities and equity						
Liabilities						
Insurance contracts	1,018,135	1,199,373	1,384,537	1,494,497	1,603,446	258,429
Investment contracts	70,171	69,797	66,639	65,087	72,275	11,649
Policyholder dividends payable	52,828	46,368	44,240	49,536	74,745	12,047
Interest-bearing loans and borrowings					2,623	423
Bonds payable		29,990	67,981	67,985	67,989	10,958
Financial liabilities at fair value through profit or loss					10,890	1,755
Securities sold under agreements to repurchase	23,065	13,000	68,499	20,426	46,089	7,428
Annuity and other insurance balances payable	8,275	11,954	16,890	23,179	25,617	4,129
Premiums received in advance	1,880	3,719	2,576	6,305	15,850	2,555
Other liabilities	13,746	13,968	16,435	18,233	20,062	3,232
Deferred tax liabilities	11,776	1,454	7,834	4,919	19,375	3,123
Current income tax liabilities	34	750	22	5	52	8

Statutory insurance fund	194	146	162	184	223	36
Total liabilities	**1,200,104**	**1,390,519**	**1,675,815**	**1,750,356**	**1,959,236**	**315,772**
Equity						
Share capital	28,265	28,265	28,265	28,265	28,265	4,555
Reserves	100,537	83,424	112,509	97,029	145,919	23,518
Retained earnings	79,908	79,841	80,311	95,037	109,937	17,719
Attributable to equity holders of the Company	**208,710**	**191,530**	**221,085**	**220,331**	**284,121**	**45,792**
Non-controlling interests	1,765	1,858	2,016	2,254	3,210	517
Total equity	**210,475**	**193,388**	**223,101**	**222,585**	**287,331**	**46,309**
Total liabilities and equity	**1,410,579**	**1,583,907**	**1,898,916**	**1,972,941**	**2,246,567**	**362,081**

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Exchange Rate Information

We prepare our consolidated financial statements in Renminbi. This annual report contains translations of Renminbi amounts into U.S. dollars, and U.S. dollars into Renminbi, at RMB 6.2046 to US$1.00, the noon buying rate on December 31, 2014 in the City of New York for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York. You should not assume that Renminbi amounts could actually be converted into U.S. dollars at these rates or at all. Translations of foreign currency amounts into RMB amounts for the purpose of preparing our audited consolidated financial statements included elsewhere in this annual report or our previous annual reports have been made at the exchange rates published by the PBOC.

Since July 21, 2005, the PRC government has followed a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. During this period, the PRC government has made, and may in the future make, further adjustments to the exchange rate system. The PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for the trading against the Renminbi on the following working day.

Although PRC governmental policies were introduced in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currency for current account items, conversion of Renminbi into foreign exchange for capital account items, such as foreign direct investments, loans or securities, requires the approval of the SAFE and other relevant authorities. Although experimental policies were recently introduced in certain pilot areas such as the Shanghai free trade zone to reduce foreign exchange control, restrictions on the convertibility of Renminbi into foreign currency are still in force in most parts of China.

The Hong Kong dollar is freely convertible into other currencies, including the U.S. dollar. Since October 17, 1983, the Hong Kong dollar has been linked to the U.S. dollar at the rate of HK$7.80 to US$1.00. The central element in the arrangements which give effect to the link is that by agreement between the Hong Kong government and the three Hong Kong banknote issuing banks, The Hong Kong and Shanghai Banking Corporation Limited, Standard Chartered Bank and the Bank of China, certificates of debts, which are issued by the Hong Kong Government Exchange Fund to the banknote issuing banks to be held as cover for their banknote issues, are issued and redeemed only against payment in U.S. dollars, at the fixed exchange rate of HK$7.80 to US$1.00. When the banknotes are withdrawn from circulation, the banknote issuing banks surrender the certificates of debts to the Hong Kong Government Exchange Fund and are paid the equivalent U.S. dollars at the fixed rate.

The market exchange rate of the Hong Kong dollar against the U.S. dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate which applies to the issue of the Hong Kong currency in the form of banknotes, as described above, the market exchange rate has not deviated materially from the level of HK$7.80 to US$1.00 since the link was first established. The Hong Kong government has stated its intention to maintain the link at that rate, and it, acting through the Hong Kong Monetary Authority, has a number of means by which it may act to maintain exchange rate stability. Exchange rates between the Hong Kong dollar and other currencies are influenced by the linked rate between the U.S. dollar and the Hong Kong dollar.

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The following tables set forth various information concerning exchange rates between Renminbi and U.S. dollars and between Hong Kong dollars and U.S. dollars for the periods indicated. These rates are provided solely for your convenience and are not necessarily the exchange rates we used in this annual report. The source of these rates is the H.10 statistical release of the Federal Reserve Board. On April 17, 2015, the exchange rates were US$ 1.00 to RMB 6.1976 and US$ 1.00 to HK$7.7510, respectively. The following table sets forth the high and low rates between Renminbi and U.S. dollars and between Hong Kong dollars and U.S. dollars for each of the periods shown:

	RMB per US$		HK$ per US$	
	High	**Low**	**High**	**Low**
October 2014	6.1385	6.1107	7.7645	7.7541
November 2014	6.1429	6.1117	7.7572	7.7519
December 2014	6.2256	6.1490	7.7616	7.7509
January 2015	6.2535	6.1870	7.7563	7.7508
February 2015	6.2695	6.2399	7.7584	7.7517
March 2015	6.2741	6.1930	7.7686	7.7516
April 2015 (through April 17, 2015)	6.2152	6.1930	7.7525	7.7499

The following table sets forth the period-end rates and the average rates between Renminbi and U.S. dollars and between Hong Kong dollars and U.S. dollars for each of 2010, 2011, 2012, 2013, 2014 and 2015 (through April 17, 2015) (calculated by averaging the rates on the last day of each month of the periods shown):

	Period-end rate		Average rate	
	RMB per US$	**HK$ per US$**	**RMB per US$**	**HK$ per US$**
2010	6.6000	7.7810	6.7603	7.7692
2011	6.2939	7.7663	6.4475	7.7793
2012	6.2301	7.7507	6.2990	7.7556
2013	6.0537	7.7539	6.1412	7.7565
2014	6.2046	7.7531	6.1704	7.7554
2015 (through April 17, 2015)	6.1976	7.7510	6.2289	7.7535

B. CAPITALIZATION AND INDEBTEDNESS

Not Applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not Applicable.

D. RISK FACTORS

Our business, financial condition and results of operations can be affected materially and adversely by any of the following risk factors.

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Risks Relating to Our Business

Our growth is dependent on our ability to attract and retain productive agents.

A substantial portion of our business is conducted through our individual agents. Because of differences in productivity, a relatively small percentage of our sales agents is responsible for a disproportionately high percentage of our sales of individual products. If we are unable to retain and build on this core group of highly productive agents, our business could be materially and adversely affected. Increasing competition for agents from other insurance companies and business institutions and increasing labor costs in China may also force us to increase the compensation of our agents and sales representatives, which would increase our operating costs and reduce our profitability. In addition, on January 6, 2013, the CIRC issued the Regulatory Rules on Insurance Sales Personnel, or the Sales Personnel Rules, which became effective on July 1, 2013. Among other things, the Sales Personnel Rules provide that individual agents must have at least a college degree, instead of a junior high school degree as previously required by the CIRC. See Item 4. Information on the Company Business Overview Regulatory and Related Matters Regulation of Insurance Agencies, Insurance Brokers and Other Intermediaries . While detailed rules implementing the Sales Personnel Rules have not been issued and it is still unclear how such rules will be implemented by the CIRC at the national level, the CIRC has authorized its local branches to set the education degree requirements for individual agents by considering local conditions. As of the date of this annual report, the CIRC s local branches maintain different requirements on education degrees of the individual agents who practice in their respective jurisdictions. For example, the CIRC s Beijing branch has stipulated that since January 1, 2015, any new qualified individual agents that sell insurance products in Beijing must have at least a college degree. The CIRC s Jiangsu branch has stipulated that the college degree requirement will be applicable to any new qualified individual agents who sell insurance products in Jiangsu province s non-rural and rural areas since July 1, 2015 and July 1, 2018, respectively. The CIRC s Hainan branch has stipulated that since July 1, 2013, any new qualified individual agents who sell insurance products in Hainan s non-rural areas must have at least a high school degree. We believe that the market competition for qualified agents will be increased further if more CIRC branches were to impose the requirement of having a college degree or above on new qualified individual agents or if the CIRC were to strictly enforce such rules at the national level. We cannot guarantee that we will not have difficulty attracting and retaining productive agents in the future.

If we are unable to develop other distribution channels for our products, our growth may be materially and adversely affected.

Commercial banks and banking operations of post offices are rapidly emerging as some of the fastest growing distribution channels in China. Newly established domestic and foreign-invested life insurance companies have been focusing on commercial banks and banking operations of post offices as one of their main distribution channels. In addition, with the relaxation of the regulatory restrictions of ownership by commercial banks in insurance companies, the number of insurance companies owned or controlled by commercial banks is increasing. Each of the five largest Chinese stated-owned commercial banks has set up their own life insurance companies. These insurance companies are able to benefit from their holding relationships with these commercial banks to develop bancassurance as their main distribution channels. We do not have exclusive arrangements with any of the commercial banks and banking operations of post offices through which we sell insurance and annuity products, and thus our sales may be materially and adversely affected if one or more commercial banks or banking operations of post offices choose to favor our competitors products over our own. In addition, as the bancassurance market becomes increasingly competitive, commercial banks and banking operations of post offices may demand higher commission rates, which could increase our cost of sales and reduce our profitability. If we are unable to continue to develop our alternative distribution channels, our growth may be materially and adversely affected.

Agent and employee misconduct is difficult to detect and deter and could harm our reputation or lead to regulatory sanctions or litigation costs.

Agent or employee misconduct could result in violations of law by us, regulatory sanctions, litigation or serious reputational or financial harm. Misconduct could include:

- engaging in misrepresentation or fraudulent activities when marketing or selling insurance policies or annuity contracts to customers;
- hiding unauthorized or unsuccessful activities, resulting in unknown and unmanaged risks or losses; or
- otherwise not complying with laws or our control policies or procedures.

We cannot always deter agent or employee misconduct, and the precautions we take to prevent and detect these activities may not be effective in all cases. We have experienced agent and employee misconduct that has resulted in litigation and administrative actions against us and these agents and employees, and in some cases criminal proceedings and convictions against the agent or employee in question. None of these actions has resulted in material losses, damages, fines or other sanctions against us. We cannot assure you, however, that agent or employee misconduct will not lead to a material adverse effect on our business, results of operations, financial condition or prospects.

Our business is dependent on our ability to attract and retain key personnel, including senior management, underwriting personnel, actuaries, information technology specialists, investment managers and other professionals.

The success of our business is dependent to a large extent on our ability to attract and retain key personnel who have in-depth knowledge and understanding of the life insurance market in China, including members of our senior management, qualified underwriting personnel, actuaries, information technology specialists and experienced investment managers. As of the date of this annual report, we do not carry key personnel insurance for any of these personnel. We compete to attract and retain these key personnel with other life insurance companies and financial institutions, some of which may offer better compensation arrangements. Existing insurers are expanding their operations and the number of other financial institutions is growing. As the insurance and investment businesses continue to expand in China, we expect that competition for these personnel will increase in the future. Although we have not had difficulty in attracting and retaining qualified key personnel in the past, we cannot guarantee that this will continue to be the case. If we were unable to continue to attract and retain key personnel, our business and financial performance could be materially and adversely affected.

We are exposed to changes in interest rates.

Changes in interest rates may affect our profitability.

Our profitability is affected by changes in interest rates. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations, trade surpluses and deficits, regulatory requirements and other factors beyond our control. During 2012, the PBOC reduced the interest rates twice, from 3.50% to 3.00%. In November 2014, the interest rate on one-year term deposits was reduced from 3.00% to 2.75%, and in March 2015, the interest rate was further reduced from 2.75% to 2.50%. The Chinese government may further reduce interest rates, which may reduce the income we realize from our investments, affecting our profitability. In addition, as instruments in our investment portfolio mature, we might have to reinvest the funds we receive in investments bearing low interest rates. However, if interest rates were to increase in the future, surrenders and withdrawals of insurance and annuity policies and contracts may increase as policy holders may seek other investments with higher perceived returns. This process may result in cash outflows requiring that we sell investment assets at a time when the prices of those assets are adversely affected by the increase in market interest rates, which may result in realized investment losses.

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For many of our long-term life insurance and annuity products, we are obligated to pay a minimum interest or crediting rate to our policyholders or annuitants, which is established when the product is priced. These products expose us to the risk that changes in interest rates may reduce our spread , or the difference between the rates that we are required to pay under the policies and the rate of return we are able to earn on our investments intended to support our insurance obligations.

On June 10, 1999, the CIRC reduced to 2.50% the maximum guaranteed rate which life insurance companies could commit to pay on new policies and, in response, CLIC adopted new pricing policies which reduced the guaranteed rates on its products to a range of between 1.50% and 2.50%. As of December 31, 2014, the average guaranteed rate of return of the products we offered was 2.49%. We also have shifted our mix of products to emphasize products that lessen the impact from interest rate changes, including traditional policies that are not as sensitive to interest rates and participating policies under which our customers receive a portion of our distributable earnings from participating products, as well as products having shorter terms to better match the duration of our investment portfolio. Furthermore, we have made use of the relaxation of investment restrictions applicable to us to diversify our investments. We have not incurred negative spread on policies we have issued since our incorporation, as the average investment returns we have been able to generate have been higher than their guaranteed rates. However, if the rates of return on our investments were to fall below the minimum rates we guarantee, our profitability would be materially and adversely affected.

In August 2013 and February 2015, the CIRC published regulations that removed the cap fixed by it on the guaranteed rate which life insurance companies could commit to pay on traditional non-participating insurance policies and universal life insurance policies, which was 2.50%. The 2.50% cap on the guaranteed rate will still remain in effect for participating life insurance policies. We have not yet determined the impact of the new CIRC regulations, if any, on our business as a whole in the long term, although it is possible that it could affect the profitability of our products. We cannot assure you that the removal of the 2.50% cap will not lead to a material adverse effect on our business, results of operations or financial condition.

Because of the general lack of long-term fixed income securities in the Chinese capital markets, we are unable to match closely the duration of our assets and liabilities, which increases our exposure to interest rate risk.

Like other insurance companies, we seek to manage interest rate risk through managing, to the extent possible, the average duration of our investment assets and the insurance policy liabilities they support. Matching the duration of our assets to their related liabilities reduces our exposure to changes in interest rates, because the effect of the changes largely will be offset against each other. However, the limited availability of long-duration investment assets in the markets in which we invest, has resulted in, and in the future may result in, the duration of our assets being shorter than that of our liabilities, particularly with respect to liabilities with durations of more than 20 years. Furthermore, the Chinese financial markets currently do not provide adequate financial derivative products for us to hedge our interest rate risk. We believe that with the development of the Chinese capital markets and the gradual easing of the investment restrictions imposed on insurance companies in China, our ability to match the duration of our assets to that of our liabilities will improve. We also seek to manage the risk of duration mismatch by focusing on product offerings whose maturity profiles are in line with the duration of investments available to us in the prevailing investment environment. However, until we are able to match more closely the duration of our assets and liabilities, we will continue to be exposed to interest rate changes, which may materially and adversely affect our business and earnings.

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Our investments are subject to risks.

We are exposed to potential investment losses if there is an economic downturn in China.

Until November 2006, we were only permitted to invest the premiums and other income we receive in investments in China. We obtained the approval to invest overseas with our foreign currency denominated funds in November 2006. See Item 4. Information on the Company Business Overview Regulatory and Related Matters Insurance Company Regulation Regulation of investments . However, we continued to make our investments mainly in China and, as of December 31, 2014, approximately 99.38% of our total investment assets were in China. In particular, as of December 31, 2014, approximately 44.83% of our total investment assets consisted of debt securities including Chinese government bonds, government agency bonds, corporate bonds, subordinated bonds and debt and other bonds and debts as approved by relevant government agencies; and 32.85% of our total investment assets consisted of term deposits with Chinese banks, and of these deposits, 67.82% were placed with the five largest Chinese state-owned commercial banks. A serious downturn in the Chinese economy may lead to investment losses, which would reduce our earnings.

The PRC securities markets are still emerging markets, which may expose us to risks of loss from our investments there.

As of December 31, 2014, we had RMB 236,030 million (US$38,041 million) invested in equity securities, among which RMB 225,248 million (US$36,303 million) were invested in PRC securities markets, including securities investment funds and shares traded on the securities markets in China. These securities investment funds are primarily invested in equity securities that are issued by Chinese companies and traded on China s stock exchanges. Beginning in March 2005, we are also permitted to directly invest in shares traded on the securities markets in China. The PRC securities markets are still emerging markets and are characterized by evolving regulatory, accounting and disclosure requirements. This may from time to time result in significant price volatility, unexpected losses or lack of liquidity. These factors could cause us to incur losses on our publicly traded investments. In addition, the PRC securities markets have recently experienced, and may experience in the future, significant volatility. Also, as one of the largest institutional investors in China, we may from time to time hold significant positions in many securities in which we invest, and any decision to sell or any perception in the market that we are a major seller of a security could adversely affect the liquidity and market price of that security.

Defaults on our debt investments may materially and adversely affect our profitability.

Approximately 44.83% of our investment assets as of December 31, 2014 were comprised of debt securities. The issuers whose debt securities we hold may fail to pay or otherwise default on their obligations due to bankruptcy, a lack of liquidity, a downturn in the economy, operational failures or other reasons. Losses due to these defaults could reduce our profitability.

Investments in new investment channels may not lead to improvements in our rate of investment return or we may incur losses.

The CIRC has in recent years significantly broadened the investment channels of Chinese life insurance companies. We have considered these alternative methods when making investments. For example, we made our first domestic private equity fund investment in 2011. In 2012, we made a direct equity investment in COFCO Futures Co., Ltd. by acquiring a 35% equity interest in it. In 2013, we began making investments in commercial real estate properties. In 2014, we made our first overseas real property investment, first overseas private equity fund investment and first domestic preferred shares investment. However, our experience with these new investment channels, especially overseas channels, might be limited, and these new channels are still subject to evolving regulatory requirements, which may increase the risk exposure of our investments. For example, since January 2013, debt investment plans are no longer required to be filed with and reviewed by the CIRC, and in March 2014, the CIRC warned insurance companies of risks in debt investment plans. The CIRC noted, among other things, that issuers of some debt investment plans are not properly backed by their parent companies which are supposed to guarantee the payments if the plans face financial difficulties. Parent companies of some issuers do not engage in operating activities that can generate cash inflows and do not have effective control over their subsidiaries. As a result, the consolidated financial statements of these companies may not fully reflect their capacity to make payments when the plans face financial difficulties. In addition, the total amount of debt investment plans issued in recent years increased significantly, which caused concerns over the health of the debt investment plans market. As of December 31, 2014, the total amount of our investment in debt investment plans was RMB 59,897 million (US$9,654 million). These factors could cause us to incur losses for our investments in these new investment channels or limit our ability to improve our rate of investment return.

We may incur foreign exchange and other losses for our investments denominated in foreign currencies.

A portion of our investment assets are held in foreign currencies. We are authorized by the CIRC to invest our assets held in foreign currencies in the overseas financial markets as permitted by the CIRC. Thus, our investment results may be subject to foreign exchange risks, as well as the volatility and various other factors of overseas capital markets, including, among others, increase in interest rates. We recorded RMB 437 million in foreign exchange losses for the year ended December 31, 2013, resulting from our assets held in foreign currencies, which were affected by the appreciation of the Renminbi. In June 2014, to fund our overseas investments, we obtained a fixed-interest rate bank loan of 275 million British pounds sterling with a term of five years. We recorded RMB 268 million (US$43 million) in foreign exchange gains for the year ended December 31, 2014, resulting mainly from the depreciation of the British pound against the Renminbi. Future movements in the exchange rate of RMB against the U.S. dollar and other foreign currencies may adversely affect our results of operations and financial condition.

Under China s existing foreign exchange control regulations, the conversion of foreign currencies into the Renminbi requires approval of relevant government agencies. We obtained an approval to settle a portion of our assets held in foreign currencies into the Renminbi in 2005, which partially reduced the foreign exchange risks we are exposed to. Except for the aforementioned approval obtained in 2005, we have not obtained any approval to settle any portion of our assets held in foreign currencies into the Renminbi, and there is no guarantee that we will be able to obtain any such approval in the future. If we do not obtain such approval, our ability to manage our foreign exchange risks may be limited. There are few financial products available in China to hedge foreign exchange risks, which substantially limits our ability to manage our foreign exchange risks.

Differences in future actual operating results from the assumptions used in pricing and establishing reserves for our insurance and annuity products may materially affect our earnings.

Our earnings depend significantly upon the extent to which our actual operating results are consistent with the relevant assumptions used in setting the prices for our products and establishing the reserves in our financial statements. Our assumptions include those for discount rate, mortality, morbidity, expenses and lapse rate, as well as certain macro-economic factors. To the extent that trends in actual experiences are less favorable than our underlying assumptions used in establishing these reserves, and these trends are expected to continue in the future, we could be required to increase our reserves. Any such increase could have a material adverse effect on our profitability and, if significant, our financial condition.

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We establish the reserves for obligations of future policies based on the expected payout of benefits, calculated through the use of assumptions for discount rate, mortality, morbidity, expenses and lapse rate, as well as certain macro-economic factors. These assumptions are based on our previous experience and data published by other Chinese life insurers, as well as judgments made by the management. These assumptions may deviate from our actual experience, and, as a result, we cannot determine precisely the amounts which we will ultimately pay to settle these reserves or when these payments will need to be made. These amounts may vary from the estimated amounts, particularly when those payments may not occur until well into the future. The discount rate assumption is affected by certain factors, such as further macro-economy, monetary and exchange rate policies, capital market results and availability of investment channels to invest our insurance funds. We review and update the assumptions used to evaluate the reserves periodically, and establish the reserves for insurance policies based on such assumptions. Standards with respect to the calculation and presentation of reserves are still evolving, and any charges in the future may also impact our earnings and presentations of financial statements. We record changes in our reserves in the period the reserves are established or re-estimated. If the reserves originally established for future policy benefits prove inadequate, we must increase our reserves established for future policy benefits, which may have a material effect on our earnings and our financial condition.

We have data available for a shorter period of time than do insurance companies operating in some other countries and, as a result, less claims experience on which to base some of the assumptions used in establishing our reserves. For a discussion of how we establish our assumptions for mortality, morbidity and lapse rate, see Item 5. Operating and Financial Review and Prospects Critical Accounting Policies . Given the limited nature of this experience, it is possible that our actual claims could vary significantly from the assumptions used.

Our risk management and internal reporting systems, policies and procedures may leave us exposed to unidentified or unanticipated risks, which could materially and adversely affect our businesses or result in losses.

Our policies and procedures to identify, monitor and manage risks may not be fully effective. Many of our methods of managing risk and exposures are based upon our use of observed historical market behavior or statistics based on historical models. As a result, these methods may not predict future exposures, which could be significantly greater than what the historical measures indicate. Other risk management methods depend upon the evaluation of information regarding markets, customers or other matters that is publicly available or otherwise accessible to us, which may not always be accurate, complete, up-to-date or properly evaluated. In addition, a significant portion of business information needs to be centralized from our many branch offices. Management of operational, legal and regulatory risks requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, and these policies and procedures may not be fully effective. Failure or the ineffectiveness of these systems could materially and adversely affect our business or result in losses.

We are likely to offer a broader and more diverse range of insurance and investment products in the future as the insurance market in China continues to develop. At the same time, we anticipate that the relaxing of regulatory restraints will result in us being able to invest in a significantly broader range of asset classes. The combination of these factors will require us to continue to enhance our risk management capabilities and is likely to increase the importance of our risk management policies and procedures to our results of operations and financial condition. If we fail to adapt our risk management policies and procedures to our changing business, our business, results of operations and financial condition could be materially and adversely affected.

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Catastrophes could materially reduce our earnings and cash flow.

We could in the future experience catastrophic losses that may have an adverse impact on the business, results of operations and financial condition of our insurance business. Catastrophes can be caused by various events, including terrorist attacks, earthquakes, hurricanes, floods, fires and epidemics, such as severe acute respiratory syndrome, or SARS. For example, the snow disaster in South China and earthquake in Wen Chuan in 2008 increased our current claims payments. In 2008, our claims payments for the snow disaster and for the earthquake were approximately RMB 12 million and RMB 153 million, respectively.

We establish liabilities for claims arising from a specific catastrophe after assessing the exposure and damages arising from the event. Although we have purchased catastrophe reinsurance in order to reduce our catastrophe exposure, we cannot assure you that any significant catastrophic event will not have a material adverse effect on us.

Current or future litigation, arbitration and regulatory proceedings could result in financial losses or harm our businesses.

We are involved in litigation and arbitration proceedings involving our insurance operations on an ongoing basis. In addition, the CIRC, as well as other PRC governmental agencies, including tax, commerce and industrial administration and audit bureaus, from time to time make inquiries and conduct examinations or investigations concerning our compliance with PRC laws and regulations. These litigation, arbitration and administrative proceedings have in the past resulted in payments of insurance benefits, damage awards, settlements or administrative sanctions, including fines, which have not been material to us. We currently have control procedures in place to monitor our litigation, arbitration and regulatory exposure and take appropriate actions. See Item 8. Financial Information Consolidated Financial Statements and Other Financial Information Legal and Regulatory Proceedings . While we cannot predict the outcome of any pending or future litigation, arbitration, examination or investigation, we do not believe that any pending legal matter will have a material adverse effect on our business, financial condition or results of operations. However, we cannot assure you that any future litigation, arbitration or regulatory proceeding will not have an adverse outcome, which could have a material adverse effect on our operating results or cash flows. See Item 8. Financial Information Consolidated Financial Statements and Other Financial Information Legal and Regulatory Proceedings .

The embedded value information we present in this annual report is based on several assumptions and may vary significantly as those assumptions are changed.

In order to provide investors with an additional tool to understand our economic value and business results, we have disclosed information regarding our embedded value, as discussed in the section entitled Item 8. Financial Information Embedded Value . These measures are based on a discounted cash flow valuation determined using commonly applied actuarial methodologies. Standards with respect to the calculation of embedded value are still evolving, however, and there is no universal standard which defines the form, calculation method or presentation format of the embedded value of an insurance company. Assumptions used in embedded value calculations include discount rate, mortality, morbidity, expenses and surrender rate, as well as certain macro-economic factors. These assumptions may deviate significantly from our actual experience. Because of the technical complexity involved in embedded value calculations and the fact that embedded value estimates vary materially as key assumptions are changed, you should read the discussion under the section entitled Item 8. Financial Information Embedded Value in its entirety. You should use special care when interpreting embedded value results and should not place undue reliance on them. See also Forward-Looking Statements .

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A computer system failure, cyber-attacks or other security breaches may disrupt our business, damage our reputation and adversely affect our results of operations and financial condition.

We use computer systems to store, retrieve, evaluate and utilize customer and company data and information. Our business is highly dependent on our ability to access these systems to perform necessary business functions such as developing and selling insurance products, providing customer support, policy management, filing and paying claims, managing our investment portfolios and producing financial statements. Although we have designed and implemented a variety of security measures and backup plans to prevent or limit the effect of failure, our computer systems may be vulnerable to disruptions as a result of natural disasters, man-made disasters, criminal activities, pandemics or other events beyond our control. In addition, our computer systems may be subject to computer viruses or other malicious codes, unauthorized access, cyber-attacks or other computer-related penetrations. The failure of our computer systems for any reason could disrupt our operations and may adversely affect our business, results of operations and financial condition. Although we have not experienced such a computer system failure or security breach in the past, we cannot assure you that we will not encounter a failure or security breach in the future.

We retain confidential information on our computer systems, including customer information and proprietary business information. In addition, for business purposes, from time to time customer information is transmitted between our computer systems and those of third parties, such as third-party agents selling insurance products for us. Any compromise of the security or other errors of our computer systems or those arising during the information transmission process that result in the disclosure of personally identifiable customer information could damage our reputation, expose us to litigation, increase regulatory scrutiny and require us to incur significant technical, legal and other expenses.

United States Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act, or FATCA, generally requires a foreign financial institution, or FFI, to enter into an FFI agreement under which it will agree to identify and provide the United States Internal Revenue Service, or IRS, with information regarding accounts, including certain insurance policies, held by U.S. persons and U.S.-owned foreign entities, or face 30% withholding tax on withholdable payments, which include among other items, payments of U.S.-source interest and dividends and gross proceeds from the sale or other disposition of property that may produce U.S.-source interest or dividends. In addition, an FFI that has entered into an FFI agreement may be required to withhold on certain foreign passsthru payments that it makes to FFIs that have not entered into their own FFI Agreements or to account holders who do not respond to requests to confirm their U.S. person status and/or do not agree to allow the FFI to report certain account related information to the IRS. Withholding on foreign passthru payments will begin no earlier than 2017. Since existing guidance reserves on the definition of foreign passthru payment, the scope of any withholding on foreign passthru payments is uncertain at this time.

The United States and the PRC have agreed in substance on the terms of an intergovernmental agreement, or IGA, that is intended to facilitate the type of information reporting required under FATCA. Under the agreed terms, instead of reporting directly to the IRS, Chinese FFIs are required to report specified account information directly to the PRC taxing authority, which will then pass that information to the IRS. While compliance with the IGA will not eliminate the risk of withholding described above, it is expected to reduce that risk for FFIs that are resident in China. Although the IGA has not yet been officially signed, the PRC and the United States have agreed to treat the IGA as in effect from June 26, 2014, provided that the PRC continues to demonstrate firm resolve to sign the IGA as soon as possible. If the United States and the PRC ultimately fail to reach a final agreement on the terms of the IGA, then the FATCA reporting and withholding regime described in the prior paragraph will apply to Chinese FFIs.

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We will closely monitor developments regarding FATCA and the IGA. If we are required to comply with the terms of the IGA or FATCA, as applicable, we expect that our compliance costs will increase. If we do not comply with the terms of the IGA or FATCA, as applicable, then certain payments to us will be subject to withholding under FATCA. However, since the text of the IGA has not been released, and regulations and other guidance remain under development, the future impact of this law on us is uncertain.

The auditors reports included in this annual report are prepared by relying on audit work which is not inspected by the Public Company Accounting Oversight Board and, as such, investors may be deprived of the benefits of such inspection.

Auditors of companies that are registered with the SEC and traded publicly in the United States, including our independent registered public accounting firm, must be registered with the US Public Company Accounting Oversight Board (United States), or the PCAOB, and are required by the laws of the United States to undergo regular inspections by the PCAOB to assess their compliance with the laws of the United States and professional standards. Because we have substantial operations within China, our auditor relied on its China affiliate to perform audits on our consolidated financial statements, and the PCAOB is currently unable to conduct inspections of the work of our auditor as it relates to those operations without the approval of the Chinese authorities, our auditor s work related to our operations in China is not currently inspected by the PCAOB.

This lack of PCAOB inspection of audit work performed in China prevents the PCAOB from regularly evaluating the audit work of any auditor that was performed in China including those performed by our auditor. As a result, investors may be deprived of the full benefits of PCAOB inspections.

The inability of the PCAOB to conduct inspections of audit work performed in China makes it more difficult to evaluate the effectiveness of our auditor s audit procedures as compared to auditors in other jurisdictions that are subject to PCAOB inspections on all of their work. Investors may lose confidence in our reported financial information and procedures and the quality of our consolidated financial statements.

We may be adversely affected if additional remedial measures are imposed on the four China-based accounting firms which reached settlement with the SEC in the administrative proceedings brought by the SEC against them.

In December 2012, the SEC initiated administrative proceedings against five accounting firms in China, alleging that they refused to produce audit work papers and other documents related to certain China-based companies under investigation by the SEC for potential accounting fraud. In January 2014, an SEC administrative law judge ruled in favor of the SEC, issuing an initial decision which censured each of the five accounting firms for failure to provide their audit work papers to the SEC and ordered a six-month suspension of the China-based affiliates of four of the five accounting firms right to practice before the SEC. The accounting firms have appealed the decision of the administrative law judge to the SEC, and the decision will not come into force unless and until an order of finality is issued by the SEC. We are not subject to any SEC investigations, nor are we involved in the proceedings brought by the SEC against the accounting firms. However, the China affiliate of the independent registered public accounting firm that has issued the auditors reports included in our annual reports filed with the SEC for the fiscal years of 2011 and 2012 and the China affiliate of our independent registered public accounting firm for the fiscal years of 2013 and 2014 are two of the five accounting firms named in the SEC s proceedings.

In February 2015, four of the five accounting firms, including the China affiliate of the independent registered public accounting firm that has issued the auditors reports included in our annual reports filed with the SEC for the fiscal years of 2011 and 2012 and the China affiliate of our independent registered public accounting firm for the fiscal years of 2013 and 2014, each agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC. The settlement required the firms to follow detailed procedures and to seek to provide the SEC with access to audit documents of China-based companies via the CSRC. If future document productions fail to meet the specified criteria, the SEC retains authority to impose a variety of additional remedial measures on the firms depending on the nature of the failure, including an automatic six-month bar on the performance of certain audit work, commencement of a new proceeding or the resumption of the current proceeding by the SEC. While we cannot predict if the SEC will further review the four China-based accounting firms compliance with specified criteria or if the results of such a review would result in the SEC imposing penalties, if they are subject to additional remedial measures, we may be adversely affected, along with other U.S.-listed companies in China audited by these accounting firms because the independent registered public accounting firms that have issued the auditors reports included in our annual reports filed with the SEC have relied on their China affiliates to perform audits on our financial statements. If none of the China-based auditors are able to continue to perform audit work for China-based companies listed in the U.S., we will not be able to meet the reporting requirements under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which may ultimately result in our deregistration by the SEC and delisting of our ADSs from the NYSE.

Risks Relating to the PRC Life Insurance Industry

We expect competition in the Chinese insurance industry to increase, which may materially and adversely affect the growth of our business.

We face competitive pressures from both domestic and foreign-invested life insurance companies operating in China, as well as from property and casualty insurance companies, which may compete with our accident and short-term health insurance businesses, and other financial institutions that sell other financial investment products in competition with ours. In addition, the establishment of other professional health insurance companies and pension annuities companies may also lead to greater competition in the health insurance business and commercial pension insurance business. If we are not able to adapt to these increasingly competitive pressures in the future, our growth rate may decline, which could materially and adversely affect our earnings.

Competition among domestic life insurance companies is increasing.

Our closest competitors are Ping An Life Insurance Company of China, Ltd., or Ping An Life, New China Life Insurance Co., Ltd., or New China Life, and China Pacific Life Insurance Co., Ltd., or China Pacific Life. Together, Ping An Life, New China Life, China Pacific Life and we accounted for more than 64% of the life insurance premiums in China in 2013, the last year for which official market information is available. According to statistical and market share information derived from China Insurance Yearbook, our market share of the life insurance premiums in China decreased from 33% in 2012 to 31% in 2013. Each of Ping An Life, New China Life and China Pacific Life has operated in the Chinese insurance market for more than ten years, and each has a recognized brand name. In 2013, Ping An Life had a greater market share than we did in Beijing, Shanghai, Qingdao, Dalian, Shenzhen, Hainan and Xiamen and New China Life had a greater market share than we did in Beijing. We also face competition from insurance companies owned or controlled by commercial banks. Each of the five largest Chinese state-owned commercial banks has set up their own life insurance companies. These insurance companies are able to benefit from their holding relationships with these commercial banks to develop bancassurance as their main distribution channels. In addition, we also face competition from smaller insurance companies, which may develop strong positions in various regions in which we operate, and new entrants to the group life insurance market, including professional pension companies that are being established pursuant to a set of regulations promulgated by the Ministry of Human Resources and Social Security of the PRC, and new entrants to the health insurance industry, including newly approved and established professional health insurance companies, following the adoption by the Chinese government of policies that encourage the development of health insurance and improved health care in China.

Competition from foreign-invested life insurance companies is increasing, as restrictions on their operations in China are relaxed.

Foreign-invested life insurance companies are insurance companies in which foreign entities hold at least a 25% interest. Foreign-invested insurers have been permitted to sell health, annuity and group life insurance products nationwide since December 2004. In Shanghai, Guangzhou, Shenzhen and Beijing, where foreign-invested insurers have been allowed to operate since 1992, 1995, 1999 and 2003, the foreign-invested insurers had respective life insurance market shares of approximately 19%, 22%, 11% and 20% in 2013. We believe that the relaxation of the restrictions on foreign-invested insurers will continue to increase the competitive pressures we are facing. Foreign-invested life insurance companies, through their Chinese and/or foreign shareholders, may have access to greater financial, technological or other resources than we do.

We are likely to face increasing competition from property and casualty insurance companies and other companies offering products that compete with our own.

In addition to competition from life insurance companies, we face competition from other companies that may offer products that compete with our own, including:

- *Property and casualty companies.* Beginning on January 1, 2003, property and casualty insurance companies have been permitted to sell accident and short-term health insurance products, but only with regulatory approval. There were 65 property and casualty insurers as of December 31, 2014. We believe property and casualty insurers have the competitive advantage of being able to bundle, or cross-sell, accident and short-term health products with the other non-life insurance products that they are currently selling to their existing and potential customers. We believe this will lead to greater competition in the accident and health insurance sectors, especially for the group accident and short-term health insurance products we offer. On December 30, 2006, we established a property and casualty company, CLPCIC, with CLIC. While this joint venture mainly focuses on property insurance business, it also develops accident and short-term health insurance business. Its operations may have a negative impact on sales of accident and short-term health insurance products by our wholly-owned businesses in the future.

- *Mutual fund companies, commercial banks and other financial services providers.* We face increasing competition from other financial services providers, primarily licensed mutual fund companies, commercial banks providing personal banking services and operating business of various financial products, trust companies and securities brokerage firms licensed to manage separate accounts. Recent changes in Chinese investment regulations relaxing rules on the formation of mutual funds and sales of securities have led to greater availability and variety of financial investment products. These products may prove to be attractive to the public and thereby adversely affect the sale of some products we offer, including participating life insurance policies and annuities.

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All of our individual agents are required to obtain qualification certificates and all of our institutional insurance agencies and brokers are required to obtain permits and be registered. If a substantial number of our individual agents, institutional insurance agencies and brokers fail to meet these qualification and registration requirements or this failure results in policyholders canceling their policies, our business may be materially and adversely affected.

Individual life insurance agents, representatives of institutional insurance agencies and insurance brokers are required to obtain a qualification certificate from the CIRC in order to conduct insurance agency business. See Item 4. Information on the Company Business Overview Regulatory and Related Matters Regulation of Insurance Agencies, Insurance Brokers and Other Intermediaries . Approximately 0.13% of our individual agents had not obtained such a certificate as of December 31, 2014. Under applicable CIRC regulations, insurance companies that retain individual agents without CIRC qualification certificates to engage in insurance sales activities will be warned and fined up to RMB 30,000, and such individual agents will also be warned and fined up to RMB 10,000. If a substantial number of our agents do not become qualified, or if a substantial number of our policyholders who bought insurance policies through our unqualified exclusive agents were to cancel the policies because of these regulations, our business may be materially and adversely affected. Moreover, we may be subject to fines and other administrative proceedings for the failure of our insurance agents to obtain the necessary CIRC qualification certificates. In addition, on January 6, 2013, the CIRC issued the Sales Personnel Rules, which became effective on July 1, 2013. Among other things, the Sales Personnel Rules provide that individual agents must have at least a college degree, instead of a junior high school degree previously required by the CIRC. See Item 4. Information on the Company Business Overview Regulatory and Related Matters Regulation of Insurance Agencies, Insurance Brokers and Other Intermediaries . While the detailed rules implementing the Sales Personnel Rules have not been issued and it is still unclear how such rules will be implemented by the CIRC at the national level, the CIRC has authorized its local branches to set the education degree requirements for individual agents by considering local conditions. As of the date of this annual report, the CIRC s local branches maintain different requirements on education degrees of the individual agents who practice in their respective jurisdictions. For example, the CIRC s Beijing branch has stipulated that since January 1, 2015, any new qualified individual agents who sell insurance products in Beijing must have at least a college degree. The CIRC s Jiangsu branch has stipulated that the college degree requirement will be applicable to any new qualified individual agents who sell insurance products in Jiangsu province s non-rural and rural areas since July 1, 2015 and July 1, 2018, respectively. The CIRC s Hainan branch has stipulated that since July 1, 2013, any new qualified individual agents who sell insurance products in Hainan s non-rural areas must have at least a high school degree. If more CIRC branches were to impose the requirement of having a college degree or above on new qualified individual agents or if the CIRC were to strictly enforce such rules at the national level, we may be subject to fines and other administrative proceedings if any of our individual agents fail to meet the requirements. Any such fines or administrative proceedings could materially and adversely affect our business, financial condition and results of operations.

Institutional insurance agents and insurance brokers are required under the PRC insurance law to register with the administration of industry and commerce, and obtain business licenses with the permits issued by the CIRC. It also requires non-dedicated institutional insurance agencies to obtain registrations with the administration of industry and commerce with the permits issued by the CIRC. We cannot assure you that all of our institutional agents would obtain such licenses. The enforcement of this requirement could adversely affect the composition and effectiveness of our distribution system, which could have a material adverse effect on our business.

Further development of regulations in China may impose additional costs and restrictions on our activities.

We operate in a highly regulated industry. The CIRC supervises and administers the insurance industry in China. In exercising its authority, it is given certain discretion to administer the law. China s insurance regulatory regime is undergoing significant changes toward a more transparent regulatory process and a convergent movement toward international standards. Some of these changes may result in additional costs or restrictions on our activities. For example, on January 6, 2013, the CIRC issued the Sales Personnel Rules, which became effective on July 1, 2013. Among other things, the Sales Personnel Rules provide that individual agents must have at least a college degree, instead of a junior high school degree as was previously required by the CIRC. See Item 4. Information on the Company Business Overview Regulatory and Related Matters Regulation of Insurance Agencies, Insurance Brokers and Other Intermediaries . Although the detailed rules implementing the Sales Personnel Rules have not been issued and it is still unclear how such rules will be implemented by the CIRC at the national level, we believe that the market competition for qualified agents may be increased further and therefore the cost of attracting and retaining qualified agents may increase. In addition, because the terms of our products are subject to regulations, changes in regulations may affect our profitability on the policies and contracts we issue. For instance, under guidelines issued by the CIRC, the dividends on our participating products must be no less than 70% of the distributable earnings from participating products in accordance with CIRC requirements. If this level were to be increased in the future, our profitability could be materially and adversely affected. Furthermore, in August 2013 and February 2015, the CIRC published regulations that removed the cap fixed by it on the guaranteed rate which life insurance companies could commit to pay on traditional non-participating insurance policies and universal life insurance policies, which was 2.50%. The 2.50% cap on the guaranteed rate will still remain in effect for participating life insurance policies. We have not yet determined the impact of the new CIRC regulations, if any, on our business as a whole in the long term, although it is possible that it could affect the profitability of our products. We cannot assure you that the removal of the 2.50% cap will not lead to a material adverse effect on our business, results of operations or financial condition.

Our ability to comply with minimum solvency requirements is affected by a number of factors, and our compliance may force us to raise additional capital, which could increase our financing costs or be dilutive to our existing investors, or to reduce our growth.

We are required by CIRC regulation to maintain our solvency at a level in excess of minimum solvency levels. The solvency ratio is calculated by dividing the actual capital of an insurance company by the minimum capital it is required to meet. See Item 4. Information on the Company Business Overview Regulatory and Related Matters Insurance Company Regulation Solvency requirements . Our minimum capital is affected primarily by the policy reserves we are required to maintain which, in turn, are affected by the volume of policies and contracts we sell and by regulations on the determination of minimum capital. Our solvency ratio is also affected by a number of other factors, including the profit margin of our products, returns on our investments, underwriting and acquisition costs and policyholder and shareholder dividends. Our solvency ratio as of December 31, 2014 was 294.48%. While our solvency ratio is currently above the required ratio of 100%, if we grow rapidly in the future, or if the required solvency level is raised in the future, we may need to raise additional capital to meet our solvency requirement, including through additional issuance of subordinated term debt, which would increase our financing costs, or through additional issuance of shares, which would be dilutive to our existing investors. If we are not able to raise additional capital, we may be forced to reduce the growth of our business.

In February 2015, the CIRC issued the major technical standards for a new set of solvency regulations, the China Risk Oriented Solvency System , or Solvency II, with the aim of replacing the current solvency requirements on Chinese insurance companies. Solvency II adopts the internationally accepted three-pillar regulatory system which includes quantitative capital requirements, qualitative regulatory requirements and market discipline mechanisms while its regulatory concept, models, methods and parameters are based on Chinese insurance market conditions. As of the date of this annual report, Solvency II has not been officially implemented by the CIRC, and Chinese insurance companies are required to follow the current solvency regulatory regime while simultaneously submitting a solvency report prepared based on the requirements under Solvency II. Based on the testing results to be obtained by it during the transitional period, the CIRC will determine when the current solvency regulatory regime will be officially replaced by Solvency II. As Solvency II is still under preliminary testing by the CIRC and it is still unclear when it will be officially implemented, we are currently unable to assess the extent to which we will be affected if the complete set of Solvency II regulations are finalized and officially implemented.

Risks Relating to the Restructuring

CLIC has incurred substantial losses on the policies retained by it in the restructuring. If CLIC is unable to meet its obligations to its policyholders, it may seek to increase the level of dividends we pay, sell the China Life shares it owns or take other actions which may have a material adverse effect on the value of the shares our other existing investors own.

In connection with the restructuring, CLIC transferred to us (1) all long-term insurance policies (policies having a term of more than one year from the date of issuance) issued on or after June 10, 1999, having policy terms approved by or filed with the CIRC on or after June 10, 1999 and either (i) recorded as a long-term insurance policy as of June 30, 2003 in a database attached to the restructuring agreement as an annex or (ii) having policy terms for group supplemental medical insurance (fund type), (2) stand-alone short-term policies (policies having a term of one year or less from the date of issuance) issued on or after June 10, 1999, and (3) all riders supplemental to the policies described in clauses (1) and (2) above, together with the reinsurance contracts specified in an annex to the restructuring agreement. See Item 4. Information on the Company History and Development of the Company Our Restructuring . CLIC has incurred substantial losses on these non-transferred policies, primarily because the guaranteed rates it had committed to pay on these policies are higher than the investment return it was able to generate on its investment assets. This negative spread on non-transferred policies created substantial losses for CLIC and a resulting negative net worth. The amount of accumulated undistributed profits of CLIC itself is expected to remain negative in the short term.

In connection with the restructuring, CLIC has established, together with the MOF, a special purpose fund for the purpose of paying claims under the non-transferred policies. The special purpose fund will be funded by investment assets retained by CLIC; renewal premiums paid on the non-transferred policies over time; a portion of the tax payments made by CLIC, China Life and AMC; profits from the investments of the special purpose fund; shareholder dividends paid in cash to CLIC by China Life; proceeds from the disposition of China Life shares by CLIC over time; and funds injected by the MOF in the event of a deficiency in the special purpose fund, as described below. The fund is co-administered by CLIC and the MOF. The special purpose fund will be available to satisfy CLIC s operating expenses, including the payment of benefits and claims obligations arising from the non-transferred policies, as well as expenses incurred in operating the special purpose fund, including third-party management fees and professional fees, and such other purposes as the management committee of the fund may agree. The special purpose fund will be dissolved when all claims and benefits under the non-transferred policies have been paid, or sooner if the management committee so agrees.

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The MOF s approval of the special purpose fund issued to CLIC provides that in the event there is any deficiency in the special purpose fund for so long as the fund is in existence, as described above, to meet any payment obligation arising out of the non-transferred policies, the MOF will provide support through the injection of funds to ensure the payments of benefits and claims to the policyholders of the non-transferred policies. See Item 4. Information on the Company History and Development of the Company Our Restructuring . In connection with the restructuring, we were advised by our PRC legal counsel, King & Wood, that (1) the MOF has the authority to issue this approval regarding the special purpose fund, (2) the approval is valid and effective, and (3) it has no reason to believe that the MOF will revoke the approval. We cannot assure you, however, that a court would decide in a manner consistent with King & Wood s conclusions.

We cannot predict the amount of funds that will be available to the special purpose fund from CLIC s own operations to satisfy its obligations to its policyholders as they become due. CLIC s cash requirements and available cash resources will be affected by several factors which are subject to uncertainty, including prevailing interest rates and the returns on investment generated by CLIC s assets, as well as the claims, expenses and persistency experience with respect to CLIC s insurance policies. The cash resources available to CLIC will also depend in part on our profitability, which will affect the amount of our tax payments and hence the amount of refund contributed to the fund, the timing and amount of our dividend payments and the market prices of our shares and ADSs, which will affect the proceeds to CLIC from dispositions of our shares. If it is unable to satisfy its obligations to its policyholders from other sources, CLIC may seek, subject to our articles of association and applicable laws, to increase the amount of dividends we pay in order to satisfy its cash flow requirements. Any such increase in our dividend payments would reduce the funds available for reinvestment in our business. In addition, if we are unable to pay dividends in amounts sufficient to satisfy these requirements, CLIC may seek to sell its shareholdings in us or take other actions in order to satisfy these needs. The sale of these holdings or even the market perception of such a sale may materially and adversely affect the price of our shares.

The transfer of policies to us by CLIC and/or the separation of assets between CLIC and us may be subject to challenge.

We have been advised by our PRC legal counsel, King & Wood, that (1) the transferred policies have been legally and validly transferred to China Life and (2) following the restructuring, we will not have any continuing obligations to holders of the non-transferred policies who remain policyholders of CLIC and that there is no legal basis on which holders of the non-transferred policies can make a claim against China Life. We also have been advised by King & Wood that, although there is no specific law applicable to restructurings, these conclusions are supported by, among other things, the approval of the restructuring and various related matters by the State Council, the MOF and the CIRC; the support provided by the MOF with respect to the non-transferred policies as described above; and contract and other law. We cannot assure you that policyholders of CLIC, holders of transferred policies or other parties will not seek to challenge the transfer of the transferred policies or the separation of assets occurring as a consequence of the restructuring, or that a court would decide in a manner consistent with King & Wood s conclusions. If the transfer of policies to us or the separation of assets were challenged successfully, our financial condition and results of operations would likely be materially and adversely affected.

We do not hold exclusive rights to the trademarks in the China Life name (in English and Chinese), the ball logos and other business related slogans and logos, and CLIC, which owns these trademarks, may take actions that would impair the benefits we derive from their use.

We conduct our business under the China Life brand name, the ball logos and other business related slogans and logos. CLIC owns these trademarks and has registered them with the Trademark Office of the SAIC. CLIC has entered into a trademark license agreement with us, under which CLIC has agreed to grant us and our branches a royalty-free license to use these trademarks.

Although CLIC has undertaken in a non-competition agreement with us not to compete with us in China, without our prior consent in writing, in any life, accident and health insurance and any other businesses in China which may compete with our insurance business, CLIC, its subsidiaries and affiliates are permitted to use the brand name and logo in their own businesses, including life insurance business outside China and any other businesses they may enter into in the future within China, including property and casualty (other than businesses that compete with our accident and health businesses) and asset management businesses. In addition, they are not precluded from taking actions that may impair the value of the brand name, which could harm our business. See Item 7. Major Shareholders and Related Party Transactions Related Party Transactions Continuing Related Party Transactions with CLIC . The China Life brand name and our reputation could be materially harmed if CLIC fails to make payments when due on outstanding policies retained by CLIC in the restructuring or new policies written by CLIC after the restructuring, if CLIC reduces the rates of return payable on policies retained by CLIC or if CLIC is placed into receivership.

As our controlling shareholder, CLIC will be able to exert influence on our affairs and could cause us to make decisions or enter into transactions that may not be in your best interests.

We are controlled by CLIC, whose interests may conflict with those of our other shareholders. As of the date of this annual report, CLIC holds approximately 68.37% of our share capital. As a result of these factors, CLIC, which is wholly-owned by the PRC government, will, so long as it holds the majority of our shares, effectively be able to control the composition of our board of directors and, through the board, exercise a significant influence over our management and policies. In addition, subject to our articles of association and applicable laws, CLIC may, so long as it holds the majority of our shares, effectively be able to determine the timing and amount of our dividend payments and approve increases or decreases of our share capital, the issuance of new securities, amendments of our articles of association, mergers and acquisitions and other major corporate transactions. CLIC may also be able to prevent us effectively from taking actions to enforce or exercise our rights under agreements to which we are a party, including the agreements we entered into with CLIC in connection with the restructuring. See Item 7. Major Shareholders and Related Party Transactions . As a majority shareholder, CLIC may be able to take these actions without your approval. In addition, CLIC s control could have the effect of deterring takeovers or delaying or preventing changes in control or changes in management that might be desirable to other shareholders.

CLIC may direct business opportunities elsewhere.

CLIC has other business interests, including the run-off of the insurance policies retained by it in the restructuring. Notwithstanding a general undertaking pursuant to a non-competition agreement with us not to compete with us in our principal areas of business in China, CLIC is permitted to sell riders to these retained policies and enter into other businesses, including life insurance businesses outside of China and property and casualty (other than businesses that compete with our accident and health businesses) and asset management businesses, both inside and outside of China. In 2006, we formed a property and casualty company with CLIC, in connection with which we granted a waiver to CLIC allowing it to engage in accident and short-term health businesses indirectly through the property and casualty company.

CLIC also may engage in insurance business in other regions outside of China in the future. Although it is required under the non-competition agreement to give us a right of first refusal over any business opportunities it develops in these areas, we may not be in a position to take advantage of these opportunities at that time, which could harm our business. See Item 7. Major Shareholders and Related Party Transactions Related Party Transactions Continuing Related Party Transactions with CLIC .

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In addition, while we provide policy administration and other services to CLIC for the policies retained by CLIC in the restructuring, and provide investment management services to CLIC through our asset management subsidiary, these agreements can be terminated with notice or upon expiration. If CLIC were to terminate its policy administration and asset management arrangements with us and our asset management subsidiary, respectively, our loss of fees could materially and adversely affect us.

Risks Relating to the People s Republic of China

China s economic, political and social conditions, as well as government policies, could affect our business.

Substantially all of our assets are located in China and substantially all of our revenues are derived from our operations in China. Accordingly, our results of operations and prospects are subject, to a significant degree, to economic, political and legal developments in China. The economy of China differs from the economies of most developed countries in many respects, including, without limitation:

- the extent of government involvement;
- its level of development;
- its growth rate; and
- its control of foreign exchange.

The economy of China has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the Chinese government. In addition, the Chinese government continues to play a significant role in regulating industrial development. It also exercises significant control over China s economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

According to data released by the National Bureau of Statistics of China, China s Gross Domestic Product, a key indicator of economic growth, was 7.4% in 2014, its slowest pace in 24 years. In an effort to bolster the economy, the Chinese government may take certain measures, including market-oriented financial reforms. Some of the measures taken by the Chinese government to improve China s economic performance may have a negative effect on our business. For example, our operating results and financial condition could be materially and adversely affected by government monetary policies and changes in interest rate policies, tax regulations and policies and regulations affecting the capital markets and the asset management industry. A slowdown in Chinese growth rates could also adversely affect us by impacting sales of our products, reducing our investment returns, or otherwise.

The PRC legal system has inherent uncertainties that could limit the legal protections available to you.

We are organized under the laws of China and are governed by our articles of association. The Chinese legal system is based on written statutes. Prior court decisions may be cited for reference but are not binding on subsequent cases and have limited precedential value. Since 1979, the Chinese legislative bodies have promulgated laws and regulations dealing with such economic matters as foreign investment, corporate organization and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, and because of the limited volume of published decisions, the interpretation and enforcement of these laws and regulations involve uncertainties.

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Holders of H shares and ADSs generally are required to resolve disputes with us, our senior management and holders of our A shares only through arbitration in Hong Kong or China.

In accordance with the rules applicable to Chinese overseas listed companies, our articles of association provide that, with certain limited exceptions, all disputes or claims based on our articles of association, PRC company law or other relevant laws or administrative rules, and concerning matters between holders of H shares and ADSs and holders of A shares, us, or our directors, supervisors, president, vice presidents or other senior officers, must be submitted for arbitration at either the China International Economic and Trade Arbitration Commission or the Hong Kong International Arbitration Center. If an applicant chooses to have the dispute arbitrated at the Hong Kong International Arbitration Center, either party may request that the venue be changed to Shenzhen, a city in China near Hong Kong. The governing law for any such disputes or claims is Chinese law, unless Chinese law itself provides otherwise. Pursuant to an arrangement of mutual enforcement of arbitration awards between the PRC courts and the Hong Kong courts, Hong Kong arbitration awards are enforceable in China, subject to the satisfaction of certain legal requirements. However, due to the limited number of actions that have been brought in China by holders of shares issued by a Chinese company to enforce an arbitral award, we are uncertain as to the outcome of any action brought in China to enforce a Hong Kong arbitral award made in favor of holders of H shares and ADSs.

The laws in China differ from the laws in the United States and may afford less protection to our minority shareholders.

Although Chinese company law provides that shareholders of a Chinese company may, under certain circumstances, sue the company s directors, supervisors and senior management in the interests of the company, no detailed implementation rules or court interpretations have been issued in this regard. Also, class action lawsuits are generally uncommon in China. In addition, PRC company law imposes limited obligations on a controlling shareholder with respect to protection of the interests of minority shareholders, although overseas listed joint stock companies, such as ourselves, are required to adopt certain provisions in their articles of association that are designed to protect minority shareholder rights. These mandatory provisions provide, among other things, that the rights of any class of shares, including H shares, may not be varied without a resolution approved by holders of shares in the affected class holding no less than two-thirds of the shares of the affected class entitled to vote, and provide that in connection with a merger or division involving our company, a dissenting shareholder may require us to purchase the dissenters shares at a fair price. Disputes arising from these protective provisions would likely have to be resolved by arbitration. See Holders of H shares and ADSs generally are required to resolve disputes with us, our senior management and holders of our A shares only through arbitration in Hong Kong or China .

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You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in the PRC based on U.S. or other foreign laws against us, our management and some of the experts named in the annual report.

We are a company incorporated under the laws of China, and substantially all of our assets are located in China. In addition, most of our directors, supervisors, executive officers and some of the experts named in this annual report reside within China, and substantially all of the assets of these persons are located within China. As a result, it may not be possible to effect service of process within the United States or elsewhere outside China upon our directors, supervisors or executive officers or some of the experts named in this annual report, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Our PRC legal counsel, King & Wood, has advised us that China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan or many other countries. Our Hong Kong legal adviser, Latham & Watkins, has also advised us that Hong Kong has no statutory arrangement for the reciprocal enforcement of judgments with the United States although it may be possible for a civil action to be brought in Hong Kong based on a monetary judgment of the courts of the United States. As a result, recognition and enforcement in China or Hong Kong of judgments of a court in the United States and any of the other jurisdictions mentioned above in relation to any matter may be difficult or impossible Furthermore, an original action may be brought in the PRC against us, our directors, supervisors, executive officers or the experts named in this annual report only if the actions are not required to be arbitrated by PRC law and our articles of association, and only if the facts alleged in the complaint give rise to a cause of action under PRC law. In connection with any such original action, a PRC court may award civil liability, including monetary damages.

Holders of H shares may be subject to PRC taxation.

Under current PRC tax laws, regulations and rulings, dividends paid by us to individual holders of H shares outside of the PRC are subject to PRC individual income tax at rates ranging from 5% to 20% (usually 10%), depending on the applicable tax treaties between the home country of the individual holder of H shares and the PRC. When paying dividends to non-resident enterprise holders of H shares outside of the PRC, such dividends are subject to an enterprise income tax, which is currently levied at a rate of 10%. Such non-resident enterprise holders of H shares may be entitled to tax reductions or exemptions according to applicable tax treaties. In addition, to date, relevant tax authorities have not collected capital gains tax on the gains realized by individuals upon the sale or other disposition of H shares. If relevant tax authorities promulgate implementation rules on the taxation of capital gains realized by individuals upon the sale or other disposition of H shares, individual holders of H shares may be required to pay capital gains tax. See Item 10. Additional Information Taxation The People s Republic of China .

Government control of currency conversion and the fluctuation of the Renminbi may materially and adversely affect our operations and financial results.

We receive substantially all of our revenues in Renminbi, which currently is not a freely convertible currency. A portion of these revenues must be converted into other currencies to allow us to make payments on declared dividends, if any, on our H shares.

Under China s existing foreign exchange regulations, we are able to pay dividends in foreign currencies without prior approval from the SAFE by complying with various procedural requirements. The Chinese government, however, may, at its discretion, restrict access in the future to foreign currencies for current account transactions. If this were to occur, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in China s political and economic conditions. On July 21, 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. Since then, the PRC government has made, and may in the future make, further adjustments to the exchange rate system. The PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for the trading against the Renminbi on the following working day. From July 21, 2005 to April 17, 2015, the Renminbi appreciated by approximately 24.45% against the U.S. dollar. In 2013, the Renminbi appreciated by approximately 2.83% against the U.S. dollar. In 2014, the Renminbi depreciated by approximately 2.55% against the U.S. dollar. In June 2014, to fund our overseas investments, we obtained a fixed-interest rate bank loan of 275 million British pounds sterling with a term of five years. We recorded RMB 268 million (US$43 million) in foreign exchange gains for the year ended December 31, 2014, resulting mainly from the depreciation of the British pound against the Renminbi. Any future devaluation of the Renminbi may materially and adversely affect the value of, and any dividends payable on, our H shares in foreign currency terms. Our financial condition and results of operations also may be affected by changes in the value of certain currencies other than the Renminbi.

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Payment of dividends is subject to restrictions under Chinese law.

Under Chinese law, dividends may be paid only out of distributable profits. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years. However, ordinarily we will not pay any dividends in a year in which we do not have any distributable profits.

Payment of dividends by us is also regulated by the PRC insurance law. See Item 8. Financial Information Consolidated Financial Statements and Other Financial Information Policy on Dividend Distributions .

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

We were formed as a joint stock company pursuant to the PRC company law on June 30, 2003 under the corporate name of in connection with the restructuring.

General Information

Our principal executive offices are located at 16 Financial Street, Xicheng District, Beijing 100033, China. Our telephone number is (86-10) 6363-3333. Our website address is www.e-chinalife.com. The information on our website is not a part of this annual report. We have appointed CT Corporation System at 111 Eighth Avenue, New York, New York 10011 as our agent for service of process in the United States.

Our Restructuring

Upon the approval of the State Council and the CIRC, we were formed on June 30, 2003 as a joint stock company in connection with the restructuring by CLIC, our controlling shareholder. The restructuring was effected through a plan of restructuring, which was approved by the CIRC on August 21, 2003, and a restructuring agreement we entered into with CLIC on September 30, 2003, with retroactive effect to June 30, 2003, which we refer to in this annual report as the effective date. Pursuant to PRC law and the restructuring agreement, we enjoyed the rights and benefits and assumed the obligations and liabilities arising from the restructuring from and after the effective date.

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In connection with the restructuring:

- CLIC transferred to us (1) all long-term insurance policies (policies having a term of more than one year from the date of issuance) issued on or after June 10, 1999, having policy terms approved by or filed with the CIRC on or after June 10, 1999 and either (i) recorded as a long-term insurance policy as of June 30, 2003 in a database attached to the restructuring agreement as an annex or (ii) having policy terms for group supplemental medical insurance (fund type), (2) stand-alone short-term policies (policies having a term of one year or less from the date of issuance) issued on or after June 10, 1999 and (3) all riders supplemental to the policies described in clauses (1) and (2) above, together with the applicable reinsurance contracts specified in an annex to the restructuring agreement. We refer to these policies in this annual report as the transferred policies . All other insurance policies were retained by CLIC. We refer to these policies as the non-transferred policies . We assumed all obligations and liabilities of CLIC under the transferred policies. CLIC continues to be responsible for its liabilities and obligations under the non-transferred policies following the effective date.

- Cash, specified investment assets and various other assets were also transferred to us.

- CLIC agreed not to, directly or indirectly through its subsidiaries and affiliates, participate, operate or engage in life, accident and health insurance businesses and any other business in China which may compete with our insurance business. CLIC also undertook (1) to refer to us any corporate business opportunity that falls within our business scope and which may directly or indirectly compete with our business and (2) to grant us a right of first refusal, on the same terms and conditions, to purchase any new business developed by CLIC. See Item 7. Major Shareholders and Related Party Transactions Related Party Transactions Continuing Related Party Transactions with CLIC .

- Substantially all of the management personnel and employees who were employed by CLIC in connection with the transferred assets and business were transferred to us. Some management and personnel remained with CLIC.

- CLIC retained the trademarks used in our business, including the China Life name in English and Chinese and the ball logos, and granted us and our branches a royalty-free license to use these trademarks. CLIC and its subsidiaries and affiliates will be entitled to use these trademarks, but CLIC may not license or transfer these trademarks to any other third parties. See Item 7. Major Shareholders and Related Party Transactions Related Party Transactions Continuing Related Party Transactions with CLIC .

- CLIC s contracts with its agents and other intermediaries were transferred to us.

- We entered into various agreements under which we provide policy administration services to CLIC for the non-transferred policies, manage CLIC s investment assets and lease office space from CLIC for our branch and field offices. See Item 7. Major Shareholders and Related Party Transactions .

In connection with the restructuring, CLIC established, together with the MOF, a special purpose fund for the purpose of paying claims under the non-transferred policies. The special purpose fund is funded by investment assets retained by CLIC; renewal premiums paid on the non-transferred policies over time; a portion of the tax payments made by CLIC, China Life and AMC under the tax rebate mechanism described below; profits from the investments of the special purpose fund; shareholder dividends paid in cash to CLIC by China Life; proceeds from the disposition of China Life shares by CLIC over time; and funds injected by the MOF in the event of a deficiency in the special purpose fund, as described below. The special purpose fund is co-administered by CLIC and the MOF. The special purpose fund will be available to satisfy CLIC s operating expenses, including the payment of benefits and claims obligations arising from the non-transferred policies, as well as expenses incurred in operating the special purpose fund, including third-party management fees and professional fees, and such other purposes as the management committee of the fund may agree. A management committee comprised of three representatives from the MOF and three representatives from CLIC oversees the management of the fund, with specified material items subject to the approval of the MOF. The special purpose fund will be dissolved when all claims and benefits under the non-transferred policies have been paid, or sooner if the management committee so agrees.

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The MOF s approval of the special purpose fund issued to CLIC provides that in the event there is any deficiency in the special purpose fund for so long as the fund is in existence as described above to meet any payment obligation arising out of the non-transferred policies, the MOF will provide support through the injection of funds to ensure the payments of benefits and claims to the policyholders of the non-transferred policies. We have been advised by our PRC legal counsel, King & Wood, that (1) the MOF has the authority to issue this approval regarding the special purpose fund, (2) the approval is valid and effective and (3) it has no reason to believe that the MOF will revoke the approval.

In accordance with generally applicable tax laws and regulations, CLIC, AMC and ourselves will file income tax returns and pay our respective income taxes as separate and independent taxpayers. In accordance with a circular issued by the MOF, a portion of the income tax payments made by CLIC and us during the period of January 1, 2003 to December 31, 2010 is required to be rebated to CLIC. All of the income tax payments made by AMC may also be rebated to CLIC, if the current shareholding structure of AMC remains unchanged. As of the date of this annual report, CLIC is in the process of applying for the extension of the period during which the income tax payments will be rebated.

We have been advised by our PRC legal counsel, King & Wood, that following the restructuring we would not have any continuing obligations to holders of the non-transferred policies and that there is no legal basis on which holders of the non-transferred policies can make a claim against China Life. King & Wood based its conclusion on, among other things, the following factors: (1) after the restructuring, China Life was established as a separate legal entity and China Life s assets and liabilities should be regarded as distinct and separate from those of CLIC; (2) there is no contractual relationship, direct or indirect, between the holders of the non-transferred policies and China Life; (3) the restructuring (including the transfer of the transferred policies to China Life) has been approved by the CIRC and has been conducted without infringing upon the rights of the holders of non-transferred policies; (4) the arrangements made under the restructuring agreement, in particular the MOF s support as described above, are expected to enable CLIC to satisfy its obligations under the non-transferred policies; and (5) PRC regulatory authorities have no legal power to direct China Life to assume CLIC s obligations under the non-transferred policies or to indemnify the holders of the non-transferred policies.

See Item 3. Key Information Risk Factors Risks Relating to the Restructuring .

Developments After Restructuring

On November 23, 2003, we established an asset management company, AMC, with CLIC, in connection with the restructuring. AMC manages our investment assets and, separately, substantially all of those of CLIC. On December 30, 2006, we established a property and casualty company, CLPCIC, with CLIC. On January 15, 2007, we established a pension insurance company, China Life Pension, with CLIC and AMC. On September 3, 2013, we established a wholly owned subsidiary, China Life (Suzhou) Pension and Retirement Investment Company Limited, or Suzhou Pension Company. The registered capital of Suzhou Pension Company is RMB 300 million.

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In December 2003, we successfully completed our initial public offering of H shares, including H shares in the form of American depositary shares, or ADSs, and raised approximately RMB 24,707 million in aggregate net proceeds. Upon completion of our initial public offering, our H shares became listed on the Hong Kong Stock Exchange and ADSs each representing 40 of our H shares became listed on the New York Stock Exchange. The ratio of ADSs to H shares was reduced from 40 H shares to 15 H shares on December 29, 2006.

In December 2006, we issued 1,500,000,000 new ordinary domestic shares through public offering on the SSE at the offering price of RMB 18.88 per share, raising RMB 28,320 million in aggregate gross proceeds. The A shares have been listed on the SSE since January 9, 2007. Prior to the offering, CLIC held 19,323,530,000 ordinary domestic shares, or CLIC A shares, which have been registered with the China Securities Depository and Clearing Corporation Limited as circulative A shares with restrictive trading following the A share offering. CLIC has undertaken that for a period of 36 months commencing on January 9, 2007 it will not transfer or put on trust the CLIC A shares held by it or allow such CLIC A shares to be repurchased by China Life. On January 11, 2010, 19,323,530,000 CLIC A shares were released from trading restrictions. Of this amount, 150,000,000 shares had remained frozen in accordance with relevant Chinese regulations until December 2010.

We incurred capital expenditures of RMB 4,472 million (US$721 million), RMB 4,594 million and RMB 4,166 million in 2014, 2013 and 2012, respectively. These capital expenditures mainly comprised of the addition of properties for our own use and electronic equipment.

B. BUSINESS OVERVIEW

We had nearly 197 million individual and group life insurance policies, annuity contracts, health insurance and accident insurance policies in force as of December 31, 2014. As of December 31, 2014, the average guaranteed rate of return of the products we offered was 2.49%. For the financial year ended December 31, 2014, our lapse rate was approximately 5.46%. The policy persistency rate, which measures the ratio of the insurance policies that are still effective after a certain period, was 89% for 14 months after issuance and 86% for 26 months after issuance.

In response to favorable market opportunities for health insurance and accident insurance in recent years, we have increased our efforts in developing our health insurance and accident insurance businesses. As a result, our health insurance and accident insurance gross written premiums have increased gradually as a percentage of our total gross written premiums. Meanwhile, the gross written premiums derived from group life insurance and supplementary major medical insurance represented an insignificant percentage of our total gross written premiums. In order to better reflect the changes in our external environment and business structure, and the objectives of future development, as well as providing users of financial statements with more useful information, effective January 1, 2014, we realigned our previously reported individual life insurance, group life insurance, short term insurance, supplementary major medical insurance and other segments into four newly identified segments, namely life insurance, health insurance, accident insurance and other. Our management has conducted its analysis and evaluation of our operating results based on the new reporting segments. In connection with this realignment, segment operating results for the fiscal years ended December 31, 2013 and 2012 have been revised to conform to current year segment operating results presentation. For a detailed discussion, see our consolidated financial statements included elsewhere in this annual report.

The information below is organized in accordance with our newly identified segments.

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Life Insurance

We offer life insurance and annuity products to individuals and groups. We market our individual life insurance products primarily through a distribution force comprised of approximately 743,000 exclusive agents operating in approximately 17,367 field offices throughout China, as well as other non-dedicated agencies located at branch offices of banks, banking operations of post offices and other organizations. We offer group life insurance and annuity products to the employees of companies and institutions through approximately 19,000 direct sales representatives, as well as insurance agencies and insurance brokerage companies. Gross written premiums generated by our life insurance products, totaled RMB 285,619 million (US$46,033 million) for the year ended December 31, 2014, RMB 290,778 million for the year ended December 31, 2013 and RMB 294,405 million for the year ended December 31, 2012, constituting 86.29%, 89.12% and 91.22% of our total gross written premiums for those periods. The figure for 2014 represented a 1.77% decrease from 2013.

The following table sets forth selected financial and other data regarding our life insurance business as of the dates or for the periods indicated.

	As of or for the year ended December 31,				Compound annual growth rate
	2012 RMB	2013 RMB	2014 RMB	2014 US$	(2012-2014)
	(in millions, except as otherwise indicated)				
Gross written premiums	294,405	290,778	285,619	46,033	(1.50)%
Liabilities of insurance contracts	1,359,879	1,461,121	1,558,714	251,219	7.06%
Liabilities of investment contracts	60,447	57,991	63,710	10,268	2.66%

Products

We offer a wide variety of life insurance and annuity products to individuals, providing a wide range of coverage for the whole length of a policyholder s life. Our individual life insurance and annuity products consist of whole life and term life insurance, endowment insurance, annuities and universal life insurance. We also offer group annuity products and group whole life and term life insurance products to enterprises and institutions. We bundle these products to serve as part of our group customers overall employee benefit plans. We also market each group product as an independent product. We believe we are the market leader in the development of group annuity products.

We offer both non-participating and participating products. There were approximately 130 million non-participating policies and 60 million participating policies as of December 31, 2014, among which approximately 60 million non-participating policies and 40 million participating policies were sold to individuals.

The following table sets forth selected financial information regarding our life insurance and annuity products.

	For the year ended December 31,				Compound annual growth rate
	2012	2013	2014	2014	(2012-2014)

	RMB	RMB	RMB	US$	
	(in millions, except as otherwise indicated)				
Gross written premiums					
Whole life and term life insurance	32,881	32,109	32,638	5,260	(0.37)%
Endowment	223,660	209,034	217,662	35,081	(1.35)%
Annuities	37,864	49,635	35,319	5,692	(3.42)%

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Whole Life and Term Life Insurance

Non-participating whole life and term life insurance

We offer non-participating whole life and term life insurance products.

Non-participating whole life insurance products provide a guaranteed benefit, pre-determined by the contract, upon the death of the insured, in return for the periodic payment of fixed premiums over a pre-determined period. Premium payments may be required for the length of the contract period, to a specified age or for a specified period, and are typically level throughout the period.

Non-participating term life insurance products provide a guaranteed benefit upon the death of the insured within a specified time period in return for the periodic payment of fixed premiums. Specified coverage periods generally range from 5 to 30 years or expire at specified ages. Death benefits may be level over the period or increasing. Premiums are typically at a level amount for the coverage period. Term life insurance products are sometimes referred to as pure protection products, in that there are normally little or no savings or investment elements. Unlike endowment products, term life insurance policies expire without value at the end of the coverage period if the insured person is still alive.

Participating whole life insurance

We also offer participating whole life insurance products, which are traditional whole life insurance policies that also provide a participation feature in the form of dividends. The policyholder is entitled to share a portion of the distributable earnings from participating products, as determined by us based on formulas prescribed by the CIRC. Under guidelines issued by the CIRC, the dividends must be no less than 70% of the distributable earnings from participating products. Policyholders may receive dividends in cash or apply them to increase death benefits or cash values available upon surrender.

We offer participating whole life insurance products only to individual customers.

Endowment

Non-participating endowment products

Non-participating endowment products provide to the insured various guaranteed benefits if the insured survives specified maturity dates or periods stated in the policy, and provide to a beneficiary designated by the insured guaranteed benefits upon the death of the insured within the coverage period, in return for the periodic payment of premiums. Specified coverage periods generally range from 5 to 30 years or end at specified ages. Premiums are typically at a level amount for the coverage period.

Participating endowment products

We also offer participating endowment products, which are endowment policies that also provide a participation feature in the form of dividends. Policyholders are entitled to share a portion of the distributable earnings from participating products, as determined by us based on formulas prescribed by the CIRC. Under guidelines issued by the CIRC, the dividends must be no less than 70% of the distributable earnings from participating products. Policyholders may receive dividends in cash or apply them to increase death benefits or cash values available upon surrender. Participating endowment products are among the most popular individual life insurance products in China.

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Fu Lu Shuang Xi Participating Endowment and Fu Lu Xin Zun Participating Endowment generated the most income for participating endowment products in 2014. Fu Lu Shuang Xi Participating Endowment had RMB 29,749 million (US$4,795 million) of net premiums in 2014, representing 10.42% of the net premiums of our life insurance business. Fu Lu Xin Zun Participating Endowment had RMB 21,338 million (US$3,439 million) of net premiums in 2014, representing 7.47% of the net premiums of our life insurance business. The net premiums earned from our participating endowment products decreased by RMB 54,100 million, or 27.95%, to RMB 139,479 million (US$22,480 million) in 2014 from RMB 193,579 million in 2013.

We offer endowment products only to individual customers.

Annuities

Annuities are used for both asset accumulation and asset distribution needs. Annuitants pay premiums into our accounts, and receive guaranteed level payments during the payoff period specified in the contracts. We offer both non-participating and participating annuities. For non-participating annuity products, risks associated with the investments are borne entirely by us. A significant portion of our non-participating annuity products imposes charges upon an early surrender or withdrawal of the contract.

Participating annuity products are annuities that provide a participation feature in the form of dividends. The dividends are determined by us in the same manner as our life insurance policies. Annuitants may receive dividends in cash or apply them to increase annuity benefits or reduce the premiums or deposits required to maintain the contract in force. Like non-participating annuities, a significant portion of our participating annuity products imposes charges upon an early surrender or withdrawal of the contract.

In our non-participating group annuities, interest on an annuitant s deposits is credited to each participating employee s personal account.

We also offer participating group annuities. In our participating group annuities, interest on an annuitant s deposits is either credited to the participating employee s personal account or credited to the participating employee s personal account as well as the employer s group account. The annuitant is entitled to share a portion of our distributable earnings derived from our participating products, as determined by us based on formulas prescribed by the CIRC, in excess of the rate we guarantee to participating employees.

Universal Life Products

Universal life products are life insurance policies with flexible premium and benefit amounts. For each universal life policy, we establish a separate account and determine the interest credit rate, mortality and expense charges specifically for such account. The benefits of universal life products are linked to the account value of each separate account.

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Marketing and Distribution

Individual

We have historically sold most of our individual life insurance and annuity products to the mass market and will continue to actively serve this market. However, we believe our core individual customer base will evolve as China s economy develops. We will seek to capitalize on the market opportunities in the growing affluent segment of China s population by focusing our marketing efforts on large and medium-sized cities with an aim to attract more medium- and high-end customers, as we believe that the demand for life insurance and annuity products in these areas is greater. In addition, we have been implementing a customer segmentation sales approach which targets individuals of various income and education levels with different products. Under this sales approach, individuals in different periods of their lives are marketed with different life insurance and annuity products, with these products in many cases supplemented by our individual accident and health products.

We distribute our individual life and annuity products nationwide through multiple channels. Our primary distribution system is comprised of approximately 743,000 exclusive agents operating in approximately 17,367 field offices throughout China. In addition, we are implementing our customer-oriented market segmentation sales initiatives to all exclusive agents nationwide. While continuing to invest in our exclusive agent force, we have also expanded into other distribution channels, primarily non-dedicated agencies located in approximately 61,000 outlets of commercial banks and banking operations of post offices, to diversify our distribution channels and to achieve higher growth. See Distribution Channels .

Group

We target our group life insurance and annuity products to large institutional customers in China, including branches of foreign companies, which we believe have a greater awareness of and need for group life insurance and annuity products. We have long-term customer relationships with many of China s largest companies and institutions. We provide large group customers with products having flexible fee and dividend structures, as well as enhanced real-time customer service. While continuing to focus on large institutional clients, we also target small- to medium-sized companies in economically developed regions to supplement our growth and to increase our profits.

We market our group life insurance and annuity products primarily through our direct sales representatives. We also market our group life insurance and annuity products through commercial banks, banking operations of post offices, insurance agency companies and insurance brokerage companies. We believe our sales network has a geographic reach unmatached by any other life insurance company in China, serving almost every county in China. See Distribution Channels .

Health Insurance

We offer a broad array of health insurance products and services to both individuals and groups, including disease-specific insurance, medical expense insurance and defined benefit insurance. Our health insurance gross written premiums totaled RMB 33,192 million (US$5,350 million) for the year ended December 31, 2014, RMB 24,713 million for the year ended December 31, 2013 and RMB 18,789 million for the year ended December 31, 2012, constituting 10.03%, 7.57% and 5.82% of our total gross written premiums for those periods. The figure for 2014 represented a 34.31% increase from 2013.

Our health insurance business shares our nationwide life insurance sales force and distribution network of exclusive agents. Our policy review and claim adjustment processes are facilitated through a team of supporting personnel with medical training.

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The following table sets forth selected financial and other data regarding our health insurance as of the dates or for the periods indicated. The financial results of both our long-term health insurance and short-term health insurance are reflected in the following table.

	As of or for the year ended December 31,				Compound annual growth rate
	2012	2013	2014	2014	(2012-2014)
	RMB	RMB	RMB	US$	
	(in millions, except as otherwise indicated)				
Gross written premiums	18,789	24,713	33,192	5,350	32.91%
Liabilities of insurance contracts	20,497	28,229	38,872	6,265	37.71%
Liabilities of investment contracts	6,157	7,096	8,565	1,380	17.94%

Products

We offer health insurance products to both individuals and groups. We classify our health insurance products as short-term products, having policy terms of less than or up to one year, and long-term products, having policy terms longer than one year. We offer both short-term and long-term defined health benefit plans, medical expense reimbursement plans and disease-specific plans to individuals and groups.

Defined health benefit plans

These plans provide a fixed payment based on the number of days of hospitalization for specific diseases or surgical operation. Policyholders either pay premiums in a single payment or on a periodic basis.

Medical expense reimbursement plans

These plans provide for the reimbursement of a portion of the participant s outpatient or hospitalization treatment fees and expenses. Policyholders either pay premiums in a single payment or on a periodic basis or, for certain group medical expense reimbursement plans, irregularly as determined by the policyholder.

We also commenced our supplementary major medical insurance business in 2013. As part of the Chinese government s overall medical insurance scheme, supplementary major medical insurance reimburses policyholders for a specified percentage of their high medical expenses caused by major illnesses which are in excess of the maximum amounts covered by the basic social medical insurance and will otherwise be borne by the individuals. The Chinese government has launched pilot supplementary major medical insurance programs in various areas in China. Local governments in these pilot areas use a portion of the basic medical insurance funds to purchase supplementary major medical insurance service from qualified insurance companies through a government tender. Supplementary major medical insurance offers protection to all the policyholders covered by the basic social medical insurance in the pilot areas and policyholders do not need to pay any extra premium for the supplementary major medical insurance. In 2013, we won the bids for 76 supplementary major medical insurance projects in areas including Liaoning province and Jilin province. In 2014, we won the bids for 91 supplementary major medical insurance projects in areas including Henan province and Jiangxi province.

Disease-specific plans

These plans provide a fixed payment benefit for various diseases. Premium payments for disease-specific plans are paid either in a single payment or on a periodic basis.

Marketing and Distribution

We offer our health insurance products to both individuals and groups through the same distribution channels we use to market our life insurance products. We market our individual health insurance products through our exclusive agent sales force. We market our group health insurance products primarily through our direct sales representatives. See Distribution Channels .

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We use our individual and group product distribution channels to market our health products either as primary products, as riders or as supplementary products packaged with our life, annuity or accident insurance products. We conduct extensive health insurance related training programs for our direct sales representatives and our exclusive agents.

Accident Insurance

We are the leading accident insurance provider in China. Our accident insurance gross written premiums totaled RMB 12,199 million (US$1,966 million) for the year ended December 31, 2014, RMB 10,799 million for the year ended December 31, 2013 and RMB 9,548 million for the year ended December 31, 2012, constituting 3.69%, 3.31% and 2.96% of our total gross written premiums for those periods. The figure for 2014 represented a 12.96% increase from 2013.

The following table sets forth selected financial and other data regarding our accident insurance as of the dates or for the periods indicated. The financial results of both our long-term accident insurance and short-term accident insurance are reflected in the following table.

	As of or for the year ended December 31,				Compound annual growth rate (2012-2014)
	2012 RMB	2013 RMB	2014 RMB	2014 US$	
	(in millions, except as otherwise indicated)				
Gross written premiums	9,548	10,799	12,199	1,966	13.03%
Liabilities of insurance contracts	4,161	5,147	5,860	944	18.67%
Liabilities of investment contracts					

Products

We offer a broad array of accident insurance products to both individuals and groups.

Individual accident insurance

Individual accident insurance products provide a benefit in the event of death or disability of the insured as a result of an accident, or a reimbursement of medical expenses to the insured in connection with an accident. Typically, a death benefit is paid if the insured dies as a result of the accident within 180 days of the accident, and a disability benefit is paid if the insured is disabled, with the benefit depending on the extent of the disability. If the insured receives medical treatment at a medical institution approved by us as a result of an accident, individual accident insurance products also may provide coverage for medical expenses. We offer a broad array of individual accident insurance products, such as insurance for students and infants against death and disability resulting from accidental injury and comprehensive coverage against accidental injury. We also offer products to individuals requiring special protection, such as accidental death and disability insurance for commercial air travel passengers and automobile passengers and drivers.

Group accident insurance

We offer a number of group accident insurance products and services to businesses, government agencies and other organizations of various sizes. We also offer group accident products targeted at specific industry groups, such as construction worker related accident insurance to construction companies, and law enforcement personnel accident insurance to various law enforcement agencies.

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Marketing and Distribution

We market our individual accident insurance products through our direct sales force and our exclusive agent sales force, as well as intermediaries, such as non-dedicated agencies located at outlets of commercial banks, banking operations of post offices, savings cooperatives, travel agencies, hotels and airline sales counters and insurance agency and insurance brokerage companies. We market our group accident insurance products primarily through our direct sales representatives and the same intermediaries we use to sell our individual accident products. See Distribution Channels .

We use our individual and group product distribution channels to market our accident products either as primary products, as riders or as supplementary products packaged with our life, annuity or health products. Our direct sales representatives market our individual accident products to employees of our institutional customers.

Product Development

In 2014, in line with our general development strategy, we developed and introduced 26 new products, including 20 long-term insurance products consisting of 12 life insurance products, five annuity products, two health insurance products and one accident insurance product; and six short-term insurance products consisting of three accident insurance products, two health insurance products and one life insurance product with a term of one year.

With respect to long-term insurance products, we developed and introduced, among others:

- for individual insurance distribution channels, the China Life Cancer Prevention illness insurance product package, which significantly boosted the sales of our major individual insurance products; several products such as China Life Xin Ru Yi Annuity Insurance (platinum edition); and the newly upgraded China Life Golden Account Endowment (universal), which includes survival benefits, annuity, maturity benefits and dividends in the accumulated appreciation of universal insurance, and thus optimizes wealth management for customers;

- for bancassurance distribution channels, the China Life Xin Yi Bao Annuity, the first product with regular premiums in the bancassurance distribution channels after the premium rate reform, which was well received by the market due to its features such as the combination of liabilities for annuity and supplementary accidental death insurance, combination of wealth planning and accident protection and inclusion of survival benefits into universal accounts for interest accumulation; and the China Life Xin Annuity; and

- for new channels including telephone and online distribution, an upgraded telephone distribution product, the 2014 edition of China Life An Xin insurance package, which was introduced as our first long-term accidental injury insurance adopting the new standard of disability benefits; and the first long-term universal insurance product of our online distribution channel, the China Life Ru E Endowment (Universal), which targets medium and high end customers across the Internet and is positioned for long-term savings.

With respect to short-term insurance products, we developed China Life An Xin Dai Accidental Injury Insurance for Borrowers (Type A) to satisfy the needs of our local branches for calculating premiums of credit businesses on a daily basis. To meet particular customer needs, we developed several featured short-term insurance products, such as China Life Compensatory Medical Insurance for In-flight Emergency Rescue Costs and China Life Comprehensive

Accidental Injury Insurance for Chinese Residents Travelling in Taiwan. We also upgraded our travel insurance products.

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Distribution Channels

We believe we have the largest distribution force with the most extensive geographic reach compared with any of our competitors. Our distribution network reaches almost every county in China. Throughout China, we have approximately 743,000 exclusive agents operating in approximately 17,367 field offices for our individual products and approximately 19,000 direct sales representatives for group products. We have a multi-channel distribution network selling individual and group insurance products through intermediaries, primarily non-dedicated agencies located in approximately 61,000 outlets of commercial banks and banking operations of post offices as of the end of 2014. Commission rates vary by product, based on such factors as the payment terms and period over which the premiums are paid for the product, as well as CIRC regulations. We support our agents and representatives through training programs, sales materials and information technology systems.

Exclusive agent force

Our exclusive agent force of approximately 743,000 agents, including those who are not qualified, is the primary distribution channel for our individual life, health and accident insurance products.

The following table sets forth information relating to our exclusive agent force as of the dates indicated.

	As of December 31,		
	2012	2013	2014
Number of exclusive agents (approximately)	693,000	653,000	743,000
Number of field offices	17,960	17,536	17,367

Our exclusive agent force is among our most valuable assets, allowing us to more effectively control our distribution and build and maintain long-term relationships with our individual customers. The number of our exclusive agents increased from 653,000 as of the end of 2013 to 743,000 as of the end of 2014. During 2014, we attracted more new qualified agents by expanding our recruitment program, making further efforts in training new qualified agents and strengthening sales support. At the same time, we have continued carrying out performance reviews in 2014, which have led to the departure of a number of exclusive agents with lower productivity. In addition, the market competition for qualified agents has increased due to the new Sales Personnel Rules issued by the CIRC. See Item 3. Key Information Risk Factors Risks Relating to Our business Our growth is dependent on our ability to attract and retain productive agents. We believe that our customers and prospective customers prefer the personal approach of our exclusive agents and, therefore, we believe our exclusive agent force will continue to serve as our core distribution channel.

We also continued the development of a special sales force targeting orphan policies (policies which were serviced by former individual agents who have since left the company) to improve our service for these policies.

Individual insurance agents, representatives of insurance agencies and insurance brokers are required to obtain qualification certificates issued by the CIRC. See Item 4. Information on the Company Business Overview Regulatory and Related Matters Regulation of Insurance Agencies, Insurance Brokers and Other Intermediaries . Under applicable CIRC regulations, we may face sanctions if we retain individual agents without CIRC qualification certificates, and policyholders who bought insurance policies through our unqualified agents are allowed to cancel the policies, under some circumstances. As of December 31, 2014, approximately 99.87% of our individual agents had obtained such a certificate. Under applicable CIRC regulations, after expiration of an individual agent s qualification certificate, the agent must apply for a renewal of the qualification certificate or pass the qualification examination again in order to continue to practice.

We supervise and provide training to our exclusive agents through more than 2,480 full-time trainers and 35,900 part time trainers. We set product management and customer service standards, and have developed risk warning and credit rating systems, which we require all of our field offices and agents to meet, and conduct field tests with a view to ensuring quality. We also have an extensive training program.

We compensate our exclusive agent force through a system of commissions and bonuses to reward performance. Our agents are compensated based on a commission rate that generally decreases over the premium period. For short-term insurance products, our exclusive agents are generally compensated with fixed agent fees. We provide group annuities, group commercial supplemental pension insurance, group life and medical insurance for our exclusive agents. We motivate our agents by rewarding them with performance-based bonuses and by organizing sales-related competitions among different field offices and sales units. We also try to increase the loyalty of our exclusive agents through other methods, such as through participation in sales conferences.

We believe we have the largest exclusive agent sales force in China. We intend to improve the quality and productivity of our individual exclusive agent force and reduce the attrition rate of our agents by taking the following actions:

- improving the overall productivity of our exclusive agents by implementing our market segmentation sales approach, managing, supporting and incentivizing the exclusive agents through different levels, and providing standardized sales services to our customers;
- motivating our exclusive agents with an improved performance-based evaluation and compensation scheme;
- building a more professional exclusive agent force by improving our education and training programs and enhancing our training efforts and increasing the number of qualified exclusive agents;
- improving the quality of our exclusive agent force and reducing turnover by expanding our recruitment program and strengthening the cultivation, training and performance support for our new exclusive agents; and
- improving the efficiency of our exclusive agents by providing sales support, including establishing a customer service platform and improving and expanding the China Life E-Home sales support system nationwide to further enhance their marketing, time management and customer service capabilities.

Group distribution channel

Our group distribution channel is comprised of our direct sales force and intermediaries.

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Direct sales force

Our direct sales force, which consists of approximately 19,000 direct sales representatives, is our primary distribution system for our group life insurance and annuities, group accident insurance and group health insurance products, as well as our individual accident insurance and individual short-term health insurance products.

We believe our direct sales force allows us to more effectively control our distribution and build and maintain long-term relationships with our group customers and, therefore, will continue to serve as our primary distribution system for our group products. We believe maintaining our leading position in the group insurance market depends on a professional and qualified direct sales force, and we have devoted substantial resources to the training and supervision of our direct sales force in recent years. We set product management and customer service standards which we require all of our branch offices and direct sales representatives to meet, and conduct field tests to centralize quality control and management. We also have an extensive training program.

We motivate our direct sales representatives by rewarding them with performance-based bonuses and by organizing sales and services-related competitions among different branch offices and sales units.

Intermediaries

We also offer individual and group products through intermediaries.

We market group products through dedicated insurance agencies and insurance brokerage companies. Dedicated insurance agencies and insurance brokerage companies work with companies primarily to select group insurance providers and group products and services in return for commission fees. Currently, the market of dedicated insurance agencies and insurance brokerage companies in China generally remains underdeveloped. However, we expect that the dedicated insurance agencies and insurance brokerage companies will play a more important role in sales of our group products in the future.

We also sell short-term insurance products through other non-dedicated agencies. Currently, we have non-dedicated agencies operating at outlets of travel agencies, commercial banks, credit cooperatives, small loan companies and airline sales counters. We expect non-dedicated agencies to become an increasingly important distribution channel for individual products.

Bancassurance channel

We have bancassurance arrangements with major commercial banks and banking operations of post offices in China, and currently generate a significant portion of our total sales through bancassurance. Our distribution channels are primarily comprised of non-dedicated agencies located in approximately 61,000 outlets of commercial banks and banking operations of post offices. We will continue to dedicate substantial resources to develop our bancassurance business, with a focus on key cities. We have established strategic alliances with many banks. We intend to improve the attractiveness of our products by providing new products and all-around services to each major bank and providing training and integrated systems support to our banking partners.

Other distribution channels

We also sell individual products through other newly developed distribution channels including telephone sales and internet-based sales.

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The major products sold through our telephone sales channel are individual insurance and health insurance products. As a new sales channel developed in recent years, the sales generated by our telephone sales channel have been rapidly increasing and we believe that its growth will continue.

We sell short-term insurance products, including tourism, comprehensive accident, traffic, overseas travel, family, student and juvenile insurance products, through our website at www.e-chinalife.com. The number of customers and sales volume of our internet-based sales channel have been steadily increasing over the past several years due to the improvement of the process for internet-based sales business with respect to customer registration and inquiry, product purchase and information checks. We also sell products through the internet-based sales platforms of insurance brokerage companies, insurance agencies and other qualified third-party websites.

Gross written premiums attributable to each distribution channel

The following table sets forth gross written premiums attributable to each distribution channel, as of the dates indicated.

	For the year ended December 31			
	2012	**2013**	**2014**	**2014**
	RMB	**RMB**	**RMB**	**US$**
		(in millions)		
Exclusive agent force	179,761	197,698	205,417	33,107
First-year business of long-term insurance	32,197	31,815	34,455	5,553
Single	415	413	335	54
First-year regular	31,782	31,402	34,120	5,499
Renewal business	141,999	160,302	165,131	26,614
Short-term insurance business	5,565	5,581	5,831	940
Group distribution channel	13,562	17,658	17,440	2,811
First-year business of long-term insurance	2,165	4,720	2,989	482
Single	2,002	4,561	2,878	464
First-year regular	163	159	111	18
Renewal business	593	563	506	82
Short-term insurance business	10,804	12,375	13,945	2,247
Bancassurance channel	128,863	107,658	99,825	16,089
First-year business of long-term insurance	91,524	78,178	77,881	12,552
Single	78,151	69,695	65,918	10,624
First-year regular	13,373	8,483	11,963	1,928
Renewal business	37,283	29,387	21,815	3,516
Short-term insurance business	56	93	129	21
Other distribution channels	556	3,276	8,328	1,342
First-year business of long-term insurance	225	280	1,262	203
Single	8	18	889	143
First-year regular	217	262	373	60
Renewal business	324	475	638	103
Short-term insurance business	7	2,521	6,428	1,036
Total	**322,742**	**326,290**	**331,010**	**53,349**

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Competition

Our nearest competitors are Ping An Life, New China Life and China Pacific Life.

In the life insurance market, Ping An Life, New China Life, China Pacific Life and we collectively represented 64% of total life insurance premiums in 2013. We primarily compete based on the nationwide reach of our sales network, the largest distribution force and the level of services we provide, as well as our strong brand name.

In the accident insurance market, Ping An Life, New China Life, China Pacific Life and we collectively represented 71% of total accident premiums in 2013. We primarily compete based on the nationwide reach of our sales network and the level of services we provide and our strong brand name, as well as our cooperative arrangements with other companies and institutions.

In the health insurance market, Ping An Life, New China Life, China Pacific Life and we collectively represented 67% of total health premiums in 2013. We primarily compete based on the nationwide reach of our sales network, the level of services we provide, our multi-layered managed care scheme and systems of policy review and claim management, as well as our strong brand name.

The following table sets forth market share information for the year ended December 31, 2013, the most recent year for which official market information for separate business segments is available, in all segments of the life insurance market in which we do business.

	Life premiums market share	Accident premiums market share	Health premiums market share	Total premiums market share
China Life	31%	35%	25%	30%
Ping An Life Insurance Company of China, Ltd. (1)	13%	18%	27%	14%
China Pacific Life Insurance Co. Ltd.	9%	14%	7%	9%
New China Life Insurance Co. Ltd.	11%	4%	8%	10%
Tai Kang Life Insurance Co. Ltd.	6%	6%	4%	6%
Others(2)	29%	23%	29%	31%
Total	**100%**	**100%**	**100%**	**100%**

(1) For purposes of this annual report, the statistics for Ping An Life Insurance Company of China, Ltd. also include those of Ping An Health Insurance Company of China, Ltd. and Ping An Annuity Insurance Company of China, Ltd.

(2) Others include: PICC Life Insurance Co., Ltd., PICC Health Insurance Co., Ltd., Taiping Life Insurance Co. Ltd., Taiping Pension Co. Ltd., Minsheng Life Insurance Co., Ltd., Sunshine Life Insurance Corporation Limited,

Huatai Life Insurance Co., Ltd., Tianan Life Insurance Co. Ltd., Sino Life Insurance Co., Ltd., An Bang Life Insurance CO., Ltd., Union Life Insurance Co., Ltd., Greatwall Life Insurance Co., Ltd., ABC Life Insurance Co., Ltd., Kunlun Health Insurance Co., Ltd., Hexie Health Insurance Co., Ltd., Dragon Life Insurance Co., Ltd., Huaxia Life Insurance Co., Ltd., Sinatay Life Insurance Co., Ltd., Yingda Taihe Life Insurance Co., Ltd., Guohua Life Insurance Co., Ltd., Happy Life Insurance Co., Ltd., Aeon Life Insurance Co., Ltd., China Post Life Insurance Co., Ltd., Zhongrong Life Insurance Co., Ltd., Lian Life Insurance Co., Ltd., Sino-Conflux Insurance Company, , Qian Hai Life Insurance Co., Ltd., Soochow Life Insurance Co., Ltd., Hongkang Life Insurance Co., Ltd., Pearl River Life Insurance Co., Ltd., Jixiang Life Insurance Company Limited, Manulife-Sinochem Life Insurance Co. Ltd., CCB Life Insurance Co. Ltd., Allianz China Life Insurance Co., Ltd., ICBC-AXA Assurance Co., LTD., BoComm Life Insurance Co., Ltd., Citic-Prudential Life Insurance Co., Ltd., Generali China Life Insurance Co. Ltd., Sun Life Everbright Life Insurance Co. Ltd., ING-BOB Life Insurance Co., Ltd., Founder Meiji Yasuda Life Insurance Co., Ltd., Aviva-COFCO Life Insurance Co., Ltd., AEGON-CNOOC Life Insurance Co., Ltd., CIGNA CMC Life Insurance Co., Ltd., Nissay-Greatwall Life Insurance Co., Ltd, Heng An Standard Life Insurance Co., Ltd., Skandia-BSM Life Insurance Co., Ltd., Sino-US United MetLife Insurance Company Ltd., Cathay Life Insurance Co., Ltd., Samsung Air China life Insurance Co., Ltd., Sino-French Life Insurance Co., Ltd., Zhongxin Grand Oriental Person s Life Insurance Co., Ltd., King Dragon Life Insurance Co., Ltd., HSBC Life Insurance Co., Ltd., Shin Kong HNA Life Insurance Co., Ltd., Pramerica Fosun Life Insurance Co., Ltd., Sino-korea Life Insurance Co., Ltd., ERGO China Life Insurance Co., Ltd. and American International Assurance Co., Ltd. (China).

Source: China Insurance Yearbook 2014

We face competition not only from domestic life insurance companies, but also from non-life insurance companies and foreign-invested life insurers. There were 67 licensed life insurance companies in China as of December 31, 2012, 71 as of December 31, 2013 and 77 as of December 31, 2014. Property and casualty insurers were allowed to sell accident and short-term health insurance products with regulatory approval starting from January 2003, which we believe will lead to greater competition in the accident and health insurance sectors, especially in the group accident and group health insurance products. In addition, we believe that elimination of geographic limitations on foreign-invested insurance companies will further increase competition in China s life insurance market.

See Item 3. Key Information Risk Factors Risks Relating to the PRC Life Insurance Industry We expect competition in the Chinese insurance industry to increase, which may materially and adversely affect the growth of our business .

We also face increasing competition from other financial services providers, primarily licensed mutual fund companies, commercial banks providing personal banking services and operating business of various financial products, trust companies and brokerage houses licensed to manage separate accounts. These financial services providers may be permitted to manage employer-sponsored defined contribution pension plans, which we believe will compete directly with our group annuity products. We also face competition in the sale of our individual participating policies and annuities from financial institutions which offer investment products to the public.

Business Management

Customer Support Management

We seek to provide quality services to our customers and potential customers and to be responsive to their needs, both before and after a sale, through an extensive customer support network. Our customer service network is managed by specialized customer service departments, which are responsible for setting uniform standards and procedures for providing policy-related services to customers, handling inquiries and complaints from customers and training customer services personnel.

We deliver customer services primarily through customer service units operating in our branch offices and in field offices throughout China and a sophisticated telephone call center network. We take advantage of alternative customer services channels, such as cell phone messages and the Internet, complementing the customer services provided by our customer service units and the call center network.

Customer service units

We provide customer support through approximately 2,700 customer service units nationwide. We provide several types of policy-related services to our customers, which include collecting regular premiums, renewing policies, purchasing supplemental policies, reinstating lapsed policies, processing surrenders, increasing insured amounts, processing policy loans, paying benefits and updating information regarding holders and beneficiaries of policies. We require our customer service units to provide these policy-related services in accordance with procedures and standards that we implement on a nationwide basis, helping to ensure the quality of the services we provide. We also have uniform service standards for customer service units nationwide. We also have a specialized customer service department to further refine our customer services. The customer service department s role is to provide service to our customers and supervise the quality of service provided by our customer service units.

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Telephone call service center

Our telephone call service centers allow customers to make product and service inquiries, file complaints, report claims and losses, make appointments and update the contact information regarding holders of policies. They also provide call-back, greeting message and reminder call services to customers. With our dedicated, nationwide inquiry line, 95519 , our customers can reach us on a 24 hours/7 days basis.

We believe our call centers have become popular with our customers because of the quality of services we provide. From 2004 to 2014, for 11 consecutive years, we received the Best Call Centers in China Award from the Professional Committee for the Promotion and Alliance of Customer Relationship Management of Information under the Ministry of Industry and Information Technology. We have also obtained the authentication of Chinese national call center operating performance standards. We will continue to ensure that we have a sufficient number of lines and staff to service the increasing use of our call centers.

We have established system-wide standards for our call centers, which we monitor periodically through regular call quality monitoring and customer satisfaction surveys on the call centers.

Cell phone message services

We utilize wireless telephone services to make instant contact with our customers and sales people. We may send short messages to our customers all over China, conveying such information as birthday and holiday greetings, premium payment notices and premium payment confirmations.

Internet-based services

Our customers can utilize our Internet-based services for inquiries, complaints and service requests through our website (www.e-chinalife.com). We also use emails to send messages to our customers all over China, conveying such information as birthday and holiday greetings, premium payment notices and premium payment confirmations.

Supplementary services

To allow our customers to benefit from superior service and enhance their service experience, we provide several types of supplementary services while continuing to provide quality basic insurance services.

Our service brand China Life 1+N covers all areas of services we provide to our customers, including several types of basic policy-related services and supplementary services (including Health Good Helper, China Life Insurance Information Hub, China Life Lecture Hall, China Life Preferential Value and Featured Customer Service Activities). We have also successfully held the China Life Customer Festival and Hand in Hand customer service activities for eight consecutive years.

Underwriting and Pricing

Our individual and group insurance underwriting involves the evaluation of applications for life, accident and health insurance products by a professional staff of underwriters and actuaries, who determine the type and the amount of risk that we are willing to accept. We have established qualification requirements and review procedures for our underwriting professionals. We employ detailed underwriting policies, guidelines and procedures designed to assist our underwriters to assess and quantify risks before issuing a policy to qualified applicants.

We generally evaluate the risk characteristics of each prospective insured. Requests for coverage are reviewed on their merits, and a policy is not issued unless the particular risk or group has been examined and approved for underwriting.

We have different authorization limits and procedures depending on the amount of the claim. We also have authorization limits for personnel depending on their level of qualifications.

In order to maintain high standards of underwriting quality and consistency, we engage in periodic internal underwriting audits.

Individual and group product pricing reflects our insurance underwriting standards. Product pricing on insurance products is based on the expected payout of benefits, calculated through the use of mortality table, morbidity, expenses and investment returns. Those assumptions and other assumptions for calculating the margin for expected profitability are based on our own experience, third party consultation, the experience of reinsurance companies and published data from other institutions. For more information on regulation of insurance products, see Regulatory and Related Matters Insurance Company Regulation .

We primarily offer products denominated in Renminbi.

Claims Management

We manage the claims from policyholders through our claims verification staff at our headquarters and branch offices. Typically, upon receiving a claim, a staff person will verify preliminarily if all materials supporting the claim have been submitted; if so, the claim and its materials will be forwarded to the liability department to confirm liability and to determine whether a claim investigation is needed. Upon confirming the validity of the claim and insurance liability, the amount payable to the policyholder will be calculated, and the claim will be paid upon completion of approval procedure.

We manage claims management risk through organizational controls and computer systems controls. Our organizational controls include specific limits on authorization for branches at different levels; periodic case inspection and special inspections in particular situations by risk management bodies at all levels of our organization; expense mechanisms linking payout ratios of short-term insurance policies and expense ratios of branches. Except for some health insurance claims below a certain amount, verification of claims by two staff members is also required. We also periodically provide training to our claims verification personnel and conduct appraisals of their performance. Our claims management is strictly processed with computers to streamline claims verification and handling.

Reinsurance

We have entered into various reinsurance agreements with China Life Reinsurance Company Limited, or China Life Re, formerly known as China Reinsurance Company, for the reinsurance of individual risks and group risks. In general, individual risks are primarily reinsured either on a surplus basis, whereby we are reinsured for risks above a specified amount, or on a percentage basis. Under our reinsurance policy, the specified amount above which the risks are reinsured varies among different types of insurance products. Our group risks are generally reinsured either on a surplus basis or on a percentage basis. In general, our reinsurance agreements with China Life Re do not have a definite term, but may be terminated with respect to new business thereunder by either party on a date agreed by both parties with three to six months notice.

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We have also entered into reinsurance agreements separately with the Beijing branch of Munich Reinsurance Company, Mapfre Re, the Shanghai branch of General Re Corporation, the Shanghai branch of Hannover Re and Aetna Life & Casualty (Bermuda) Ltd.

In May 2014, we renewed our catastrophe reinsurance protection in order to reduce our catastrophe exposure.

These reinsurance agreements spread the risk and reduce the effect on us of potential losses. Under the terms of the reinsurance agreements, the reinsurer agrees to assume liabilities for the insured, or ceded, amount in the event the claim is paid. However, we remain liable to our policyholders if the reinsurer fails to meet the obligations assumed by it.

We also accept external auditing of the reinsurance business by our reinsurers.

Reserves of Insurance Contracts

For all of our insurance contracts, we establish, and carry as liabilities, actuarially determined amounts that are calculated to meet our obligations to policyholders under our insurance contracts.

Financial statement reserves

Our reserves for financial reporting purposes are calculated based on the best estimated amounts required to be paid by us to fulfill the relevant obligations under insurance contracts. We have considered margin and time value on the reserve calculation for insurance contracts. We expect these reserve amounts, along with future premiums to be received on insurance contracts and investment earnings on these amounts, to be sufficient to meet our obligations to policyholders under our insurance contracts.

We establish the liabilities to meet our obligations under our insurance contracts based on the present value of reasonable estimates of future cash outflows less future cash inflows. We have considered margin in the establishment of such liabilities. Our assumptions for calculating reserve amounts include assumptions for mortality, morbidity, lapse rate, expenses and discount rate. These assumptions may deviate from our actual experiences and, as a result, we cannot determine precisely the amounts which we will ultimately pay to settle these liabilities or when these payments will need to be made. These amounts may vary from the estimated amounts, particularly when those payments may not occur until well into the future. The discount rate assumption is affected by certain factors, such as future macro-economy, monetary and exchange rate policies, capital market results and availability of investment channels to invest our insurance funds. We review these assumptions periodically, based on analysis of historical experiences and expectations of future developments. We evaluate our liabilities based on reviewed assumptions. To the extent that actual experiences deviate significantly from our assumptions used to establish these liabilities, and these deviations are expected to continue in the foreseeable future, we may be required to increase or decrease our liabilities. This increase or decrease could have a material effect on our profitability and, if significant, our financial condition.

Statutory reserves

We are required under China s insurance law to report insurance reserves for regulatory purposes in the solvency reports. The minimum levels of these reserves are based on methodologies and assumptions mandated by the CIRC. We also maintain assets in excess of policy reserves to meet the solvency requirements under CIRC regulations.

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See Item 3. Key Information Risk Factors Risks Relating to Our Business Differences in future actual operating results from the assumptions used in pricing and establishing reserves for our insurance and annuity products may materially and adversely affect our earnings .

Investments

As of December 31, 2014, we had RMB 2,100,870 million (US$338,599 million) of investment assets. As provided by China s insurance laws and regulations, we may invest insurance premiums and other insurance funds in five categories of investment assets, including liquidity assets, fixed income assets, equity assets, real properties and other financial assets, all as defined by the CIRC and subject to various limitations. See Regulatory and Related Matters Insurance Company Regulation Regulation of investments . As of December 31, 2014, we have invested our insurance premiums and other insurance funds in term deposits, debt securities, loans, securities investment funds, stocks, resale agreements, investment properties, equity interests of non-listed enterprises and related financial products and other financial products.

We direct and monitor our investment activities through the application of investment management guidelines and investment plans. Our investment management guidelines and investment plans include: (1) performance goals for the investment fund; (2) specified asset allocations and investment scope based on regulatory provisions, level of indebtedness and market forecasts; (3) specified goals for investment duration and asset-liability matching requirements based on asset-liability matching strategies; (4) specified authorization levels required for approval of significant investment projects; and (5) specified risk management policies and prohibitions. The investment management guidelines and investment plans are reviewed and approved by the board of directors annually.

Investment proposals typically originate from our investment management department, which is in charge of all of our investment assets except for investment in real properties used by us, which is separately managed by our own-use real property investment management department. Investment proposals are reviewed by our risk management department for risk assessment and submitted to the investment decision committee for final approval.

AMC, the asset management company that we established with CLIC, manages a substantial part of our Renminbi investments following the restructuring and, separately, substantially all of the investments retained by CLIC. See Asset Management Business . IHC, a wholly owned subsidiary of CLIC, also manages our investments in unlisted equity interests, real property and related financial products and securitization financial products. See Item 7. Major Shareholders and Related Party Transactions Related Party Transactions Continuing Related Party Transactions with IHC . In August, 2014, we engaged 15 domestic investment managers to manage RMB 20,000 million (US$3,223 million) for investment in Chinese capital markets; and in January 2015, we engaged eight investment managers to manage US$ 800 million for investment in overseas capital markets.

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The following table summarizes information concerning our investment assets as of December 31, 2012, 2013 and 2014.

	As of December 31,					
	2012		2013		2014	
	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
	(RMB in millions, except as otherwise indicated)					
Cash and cash equivalents	69,452	3.9%	21,330	1.2%	47,034	2.2%
Term deposits	641,080	35.8%	664,174	35.9%	690,156	32.9%
Statutory deposits restricted	6,153	0.3%	6,153	0.3%	6,153	0.3%
Debt securities, held-to-maturity	452,389	25.3%	503,075	27.2%	517,283	24.6%
Debt securities, available-for-sale	349,590	19.5%	339,986	18.4%	395,341	18.8%
Debt securities, securities at fair value through profit or loss	26,119	1.5%	30,756	1.7%	29,212	1.4%
Debt securities	828,098	46.3%	873,817	47.3%	941,836	44.8%
Loans	80,419	4.5%	118,626	6.4%	166,453	7.9%
Equity securities, available for sale	156,826	8.8%	151,541	8.2%	212,190	10.1%
Equity securities, securities at fair value through profit or loss	7,916	0.4%	3,416	0.2%	23,840	1.1%
Equity securities	164,742	9.2%	154,957	8.4%	236,030	11.2%
Resale agreements	894		8,295	0.4%	11,925	0.6%
Investment properties			1,329	0.1%	1,283	0.1%
Total investment assets	**1,790,838**	**100%**	**1,848,681**	**100%**	**2,100,870**	**100%**
Average investment assets balance	1,642,904		1,819,760		1,974,776	

Risk management

Our primary investment objective is to pursue optimal investment yields while considering macroeconomic factors, risk control and regulatory requirements. We are exposed to five primary sources of investment risk:

- interest rate risk, relating to the market price and cash flow variability associated with changes in interest rates;

- credit risk, relating to the uncertainty associated with the continued ability of a given obligor to make timely payments of principal and interest;

- market valuation risk, relating to the changes in market value for our investments, particularly our securities investment fund holdings and shares listed on the Chinese securities exchanges, which are denominated and traded in Renminbi;

liquidity risk, relating to the lack of liquidity in many of the debt securities markets we invest in, due to contractual restrictions on transfer or the size of our investments in relation to the overall market; and

currency exchange risk, relating to the impact of changes in the value of the Renminbi against the U.S. dollar and other currencies on the value of our investments.

Our investment assets are principally comprised of fixed income securities and term deposits, and therefore changes in interest rates have a significant impact on the rate of our investment return. We manage interest rate risk through adjustments to our portfolio mix and terms, and by managing, to the extent possible, the average duration and maturity of our assets and liabilities. However, because of the general lack of long-term fixed income securities in the Chinese financial markets, the duration of some of our assets is lower than our liabilities. We believe that with the development of China s financial markets and the gradual easing of our investment restrictions, our ability to match our assets to our liabilities will improve. Although we have been approved to enter into interest rate swaps, it is still not an effective means for us to hedge our interest rate risk as the Chinese interest rate swap market is still in the early stages of development.

We believe we have a relatively low credit risk, because we are limited in the types of investments we may make. We monitor our credit risk through in-house fundamental analysis of the Chinese economy and the underlying obligors and transaction structures.

We are subject to market valuation risk, particularly because of the relative lack of stability of China s bond and stock markets. We manage valuation risk through industry and issuer diversification and asset allocation.

Since substantially all of our investments are made in China, we are exposed to the effect of changes in the Chinese economy and other factors which affect the Chinese banking industry and securities markets.

We are also subject to market liquidity risk for many of the debt securities investments we make, due to the size of our investments in relation to the overall market. We manage liquidity risk through selection of liquid assets and through asset diversification. In addition, we view fundraising through repurchase agreements as a way of managing our short-term liquidity risk.

Our ability to manage our investment risks is limited by the investment restrictions placed on us and the lack of sophisticated investment vehicles for risk management in China s capital markets. The CIRC allows insurance companies to invest in financial derivative products with the aim to hedge and reduce investment risks. We are considering these alternative ways of investing to further improve our risk management.

Our assets held in foreign currencies are subject to foreign exchange risks resulting from the fluctuations of the value of the Renminbi against the U.S. dollar and other foreign currencies. We are seeking methods to reduce our foreign exchange risks.

Under China s existing foreign exchange control regulations, the conversion of foreign currencies into the Renminbi requires approval of relevant government agencies. We obtained an approval to settle a portion of our assets held in foreign currencies into the Renminbi in 2005, which partially reduced the foreign exchange risks we are exposed to. Except for the aforementioned approval obtained in 2005, we have not obtained any approval to settle any portion of our assets held in foreign currencies into the Renminbi and there is no guarantee that we will be able to obtain any such approval in the future. If we do not obtain such approval, our ability to manage our foreign exchange risks may be limited. There are few financial products available in China to hedge foreign exchange risks, which substantially limits our ability to manage our foreign exchange risks.

As we are approved by the CIRC to invest our assets held in foreign currencies in overseas financial markets, the return from overseas investments could, to certain extent, reduce the foreign exchange risks we are exposed to.

For further information on our management of interest rate risk and market valuation risk, see Item 11. Quantitative and Qualitative Disclosures about Market Risk .

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Investment results

Our investment yields for the years ended December 31, 2014, 2013 and 2012 were 5.36%, 4.86% and 2.79%, respectively.

The following table sets forth the yields on average assets for each major component of our investment portfolios for the periods indicated.

	As of or for the years ended December 31,					
	2012		2013		2014	
	Yield [(1)]	Amount	Yield [(1)]	Amount	Yield [(1)]	Amount
	(RMB in millions, except as otherwise indicated)					
Cash, cash equivalents, statutory deposits and term deposits:						
Investment income	4.7%	30,512	4.6%	32,667	4.9%	34,934
Ending assets: cash and cash equivalents		69,452		21,330		47,034
Ending assets: statutory deposits restricted		6,153		6,153		6,153
Ending assets: term deposits		641,080		664,174		690,156
Ending assets		716,685		691,657		743,343
Debt securities:						
Investment income		32,324		39,739		45,499
Net realised gains and impairment on financial assets		1,243		385		142
Net fair value gains/(losses) through profit or loss		47		(239)		2,272
Total	4.5%	33,614	4.7%	39,885	5.3%	47,913
Ending assets		828,098		873,817		941,836
Loans:						
Investment income	6.1%	4,339	5.8%	5,773	5.7%	8,138
Ending assets		80,419		118,626		166,453
Equity securities:						
Investment income		5,429		3,987		4,564
Net realised gains and impairment on financial assets		(28,119)		5,408		6,978
Net fair value gains/(losses) through profit or loss		(88)		305		4,977
Total	(13.1)%	(22,778)	6.1%	9,700	8.4%	16,519
Ending assets		164,742		154,957		236,030
Resale agreements:						
Investment income	38.8%	633	12.1%	556	3.0%	299
Ending assets		894		8,295		11,925
Investments properties:						
Investment income			2.1%	14	3.8%	50

Ending assets				1,329		1,283
Total investments:						
Investment income		73,243		82,816		93,548
Net realised gains and impairment on financial assets		(26,876)		5,793		7,120
Net fair value gains/(losses) through profit or loss		(313)		137		5,808
Income of Investments properties				14		50
Business tax and extra charges for investment		(224)		(230)		(652)
Total	2.79%	45,830	4.86%	88,530	5.36%	105,874
Ending assets		1,790,838		1,848,681		2,100,870

(1) Yields for 2014, 2013 and 2012 are calculated by dividing the investment income for that year by the average of the ending balances of that year and the previous year.

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Term deposits

Term deposits consist principally of term deposits with Chinese commercial banking institutions and represented 32.9% of our total investment assets as of December 31, 2014, 35.9% of our total investment assets as of December 31, 2013 and 35.8% of our total investment assets as of December 31, 2012.

We generally make term deposits with state-owned commercial banks and large joint stock commercial banks. The terms of the term deposits vary. They typically allow us to renegotiate terms with the banks upon prepayment, including the methods for the calculation of accrued interest, if any. We make large term deposits to obtain higher yields than can ordinarily be obtained with regular deposits.

The following table sets forth term deposits by contractual maturity dates, as of the dates indicated.

	As of December 31,		
	2012 Amortized cost	2013 Amortized cost	2014 Amortized cost
		(RMB in millions)	
Due in one year or less	92,045	74,932	200,214
Due after one year and through five years	548,435	579,242	463,442
Due after five years and through ten years	600	10,000	26,500
Total term deposits	**641,080**	**664,174**	**690,156**

The following table sets forth term deposits outstanding to Chinese banking institutions as of the dates indicated.

	As of December 31,		
	2012 Amortized cost	2013 Amortized cost	2014 Amortized cost
		(RMB in millions)	
Industrial & Commercial Bank of China	13,409	19,644	20,821
Agriculture Bank of China	109,666	135,504	144,856
Bank of China	141,867	145,492	150,735
China Construction Bank	34,750	18,518	19,337
Bank of Communications	99,687	103,292	132,336
Other banks	241,701	241,724	222,071
Total term deposits	**641,080**	**664,174**	**690,156**

Debt securities

Debt securities in which we are permitted to invest mainly consist of the following categories:

Chinese government bonds;

government agency bonds (including local government bonds issued and repaid by the MOF as agent, central bank notes, financial bonds issued by state-owned policy banks of the Chinese government, and RMB-denominated bonds issued by international development institutions);

corporate bonds (including financial bonds issued by commercial banks, corporate bonds, convertible corporate bonds, short-term financing bonds and medium-term notes); and

subordinated bonds and debt (including subordinated bonds issued by state-owned policy banks of the Chinese government, subordinated bonds issued by commercial banks, subordinated debt with fixed terms issued by commercial banks and subordinated debt with fixed terms issued by insurance companies).

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Debt securities represented 44.8% of our total investment assets as of December 31, 2014, 47.3% of our total investment assets as of December 31, 2013 and 46.2% of our total investment assets as of December 31, 2012.

Based on estimated fair value, Chinese government bonds, Chinese government agency bonds, corporate bonds, subordinated bonds and debt and other debt securities comprised 6.7%, 35.0%, 52.2%, 5.8% and 0.3% of our total available-for-sale debt securities as of December 31, 2014, 9.3%, 35.2%, 48.5%, 6.9% and 0.1% of our total available-for-sale debt securities as of December 31, 2013 and 12.3%, 38.9%, 39.8%, 9.0% and 0% of our total available-for-sale debt securities as of December 31, 2012. Except for a small number of debt securities, which collectively had a carrying value of RMB 819 million (US$132 million) as of December 31, 2014, most of our debt securities are traded on stock exchanges or in the unlisted interbank market in China.

We mainly invest in secured bonds and unsecured bonds rated AA or above by the rating agencies recognized by the CIRC, such as China Chengxin International Credit Rating Co., Ltd, or Chengxin International, and Dagong Global Credit Rating Agency, or Dagong. We also invest in short-term financing bonds rated A-1.

Chengxin International is a member of Moody s Investors Service Inc., with Moody s owning 49% equity interest in Chengxin International. Chengxin International created its own rating structures by making reference to the rating structures and experience of Moody s and Fitch Ratings. AAA is the highest rating. Other approved rating agencies, such as Dagong, have similar rating structures. Ratings given by these entities are not directly comparable to ratings given by U.S. rating agencies.

The following table sets forth the amortized cost and estimated fair value of debt securities, as of the dates indicated.

	As of December 31,										
	2012				2013				2014		
	Amortized cost	**% of total**	**Estimated fair value**	**% of total**	**Amortized cost**	**% of total**	**Estimated fair value**	**% of total**	**Amortized cost**	**% of total**	**Estimated fair value**
	(RMB in millions)										
urities, -for-sale:											
ent bonds	42,004	5.0%	42,946	5.2%	33,519	3.7%	31,435	3.8%	25,885	2.8%	26,328
ent onds	139,861	16.8%	135,870	16.4%	136,466	15.1%	119,739	14.4%	137,303	14.7%	138,487
e bonds	142,401	17.1%	139,286	16.9%	175,396	19.4%	165,001	19.7%	206,232	22.0%	206,511
ated ot	30,821	3.7%	31,488	3.8%	24,664	2.7%	23,579	2.8%	22,304	2.4%	22,798
					238		232		1,221	0.1%	1,217
ot s, -for-sale	**355,087**	**42.6%**	**349,590**	**42.3%**	**370,283**	**40.9%**	**339,986**	**40.7%**	**392,945**	**42.0%**	**395,341**
urities, naturity:											
ent bonds	96,097	11.5%	97,794	11.8%	97,702	10.8%	91,220	10.9%	88,843	9.5%	91,000

ent onds	111,759	13.4%	108,166	13.1%	113,618	12.6%	99,122	11.9%	126,140	13.5%	127,659
e bonds	83,084	10.0%	82,557	10.0%	131,022	14.5%	124,201	14.9%	146,595	15.7%	148,699
ated ot	161,449	19.4%	162,348	19.6%	160,733	17.7%	150,453	17.9%	155,705	16.6%	159,168
ot s, held to	**452,389**	**54.3%**	**450,865**	**54.5%**	**503,075**	**55.6%**	**464,996**	**55.6%**	**517,283**	**55.3%**	**526,526**
urities, s at fair rough loss											
ent bonds	1,703	0.2%	1,697	0.2%	1,551	0.2%	1,489	0.2%	254		254
ent onds	6,347	0.8%	6,291	0.8%	4,883	0.5%	4,659	0.6%	3,995	0.4%	4,085
e bonds	18,126	2.2%	18,131	2.2%	24,777	2.8%	24,608	2.9%	21,590	2.3%	24,873
ot s, s at fair rough loss	**26,176**	**3.2%**	**26,119**	**3.2%**	**31,211**	**3.5%**	**30,756**	**3.7%**	**25,839**	**2.7%**	**29,212**
ot s	**833,652**	**100%**	**826,574**	**100%**	**904,569**	**100%**	**835,738**	**100%**	**936,067**	**100.0%**	**951,079**

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The following table shows the amortized cost and estimated fair value of debt securities excluding securities at fair value through profit or loss by contractual maturity dates, as of the dates indicated.

	As of December 31,					
	2012		2013		2014	
	Amortized cost	Estimated fair value	Amortized cost	Estimated fair value	Amortized cost	Estimated fair value
	(RMB in millions)					
Due in one year or less	7,857	7,863	20,921	20,961	25,761	25,814
Due after one year and through five years	125,670	127,103	184,017	178,451	208,995	211,032
Due after five years and through ten years	229,469	229,995	235,299	222,004	268,882	275,236
Due after ten years	444,480	435,494	433,121	383,566	406,590	409,785
Total debt securities, excluding those at fair value through profit or loss	**807,476**	**800,455**	**873,358**	**804,982**	**910,228**	**921,867**

Our investments in debt securities are subject to strict restrictions under relevant Chinese regulation. See Regulatory and Related Matters Regulation of investments . We diversify our corporate bonds by industry and issuer. Our corporate bond portfolio does not have significant exposure to a single industry or issuer.

Loans

We offer interest-bearing policy loans to our policyholders, who may borrow from us at total amounts up to 80% of the cash surrender values of their policies. In general, the loans are secured by the policyholders rights under the policies. As of December 31, 2014, the total amount of our policy loans was RMB 73,654 million (US$11,871 million), and represented 3.51% of our total investment assets as of that date.

In addition to policy loans, our other loans mainly consist of our investment in debt investment plans and trust schemes. During the year of 2012, we made investments in 15 debt investment plans with a total investment amount of RMB 9,456 million. We also increased our investment amount in the South-to-North Water Diversion (Phase II) debt investment plan, in which we made investments in 2011, from RMB 213 million to RMB 2,500 million. As of December 31, 2013, the total amount of our investment in debt investment plans was RMB 55,107 million. As of and for the year ended December 31, 2014, the total amount of our investment in debt investment plans was RMB 59,897 million (US$9,654 million), and we had a total investment proceeds from such plans of approximately RMB 3,471 million (US$559 million). We started to invest in trust schemes in 2013. As of December 31, 2013, the total amount of our investment in trust schemes was RMB 2,649 million. As of and for the year ended December 31, 2014, the total amount of our investment in trust schemes was RMB 27,257 million (US$4,393 million), and we had a total investment proceeds from such plans of approximately RMB 586 million (US$94 million).

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Securities investment funds

Securities investment funds consist of Chinese domestic investment funds that primarily invest in securities that are issued by Chinese companies and traded on China s securities exchanges. As of December 31, 2014, our investment in securities investment funds was RMB 83,620 million (US$13,477 million) and represented 3.98% of our total investment assets as of that date.

We invest in both closed-end securities investment funds, in which the number of shares is fixed and the share value depends on the trading value, and open-end securities investment funds, in which the number of shares issued by the fund fluctuates and the share value is set by the value of the assets held by the fund. Our investments in securities investment funds are subject to strict restrictions under relevant Chinese regulations. See Regulatory and Related Matters Insurance Company Regulation Regulation of investments . Our holdings in securities investment funds comply with those restrictions.

The following table presents the carrying values of investments in open-end and closed-end securities investment funds as of the dates indicated.

	As of December 31,					
	2012		2013		2014	
	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
	(RMB in millions, except as otherwise indicated)					
Open-end	54,104	91.4%	54,109	91.7%	82,611	98.8%
Closed-end	5,103	8.6%	4,882	8.3%	1,009	1.2%
Total	**59,207**	**100%**	**58,991**	**100%**	**83,620**	**100%**

Stocks

Investments in stocks consist of investment in publicly offered and listed equity securities that are denominated and traded in Renminbi and investment in stocks listed on specified overseas stock exchanges that are permitted by the CIRC. Our investments in stocks are subject to strict restrictions under relevant Chinese regulations. See Regulatory and Related Matters Insurance Company Regulation Regulation of investments . As of December 31, 2014, the total amount of our investment in common stocks was RMB 94,933 million (US$15,300 million), and represented 4.5% of our total investment assets as of that date. As of December 31, 2013, the total amount of our investment in common stocks was RMB 79,727 million, and represented 4.3% of our total investment assets as of that date. As of December 31, 2012, the total amount of our investment in common stocks was RMB 102,089 million, and represented 5.7% of our total investment assets as of that date.

Resale agreements

We enter into resale agreements, which consist of securities resell activities in resell markets.

The securities purchased under agreements to resell were RMB 11,925 million (US$1,922 million) as of December 31, 2014, RMB 8,295 million as of December 31, 2013 and RMB 894 million as of December 31, 2012.

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Equity interests in non-listed enterprises and related financial products

Insurance companies are allowed to invest, directly or indirectly, in equity interests in non-listed enterprises. These investments are categorized either as direct investments , for investments by an insurance company in its name, or as indirect investments , for investments through equity investment funds and other related financial products sponsored and established by an investment management institution. Our investments in equity interests in non-listed enterprises and related financial products are subject to strict restrictions under relevant Chinese regulations. See Regulatory and Related Matters Insurance Company Regulation Regulation of investments .

We started to make investments in equity interests in non-listed enterprises in 2006. The following table presents the carrying values of our investments in equity interests in non-listed enterprises as of the dates indicated.

	As of December 31,					
	2012		2013		2014	
	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
	(RMB in millions, except as otherwise indicated)					
China Life Property and Casualty Insurance Company Limited	2,947	13.7%	3,267	13.0%	6,757	20.0%
China Guangfa Bank Co., Ltd.	15,752	73.5%	17,704	70.6%	20,535	60.9%
Bank of Hangzhou	650	3.0%	571	2.3%	2,204	6.5%
China UnionPay	300	1.4%	718	2.9%	1,219	3.6%
Bohai Industrial Investment Fund Management Co., Ltd	5		5		5	
China Life Yuantong Property Company Limited	475	2.2%	538	2.1%	573	1.7%
COFCO Futures Co., Ltd.	1,340	6.2%	1,401	5.6%	1,434	4.3%
Beijing Longxilijing Real Estate Development Co., Ltd.			52	0.2%	51	0.2%
Shanghai Poly Jianhao Commercial Investment Co., Ltd.			835	3.3%	932	2.8%
Total	**21,469**	**100%**	**25,091**	**100%**	**33,710**	**100%**

Since 2011, we have been permitted to make private equity investments without the CIRC approval for each investment as long as the total amount of our investments are below specified cap approved by the CIRC. We made our first private equity fund investment in 2011 in the second Renminbi fund sponsored by Hony Capital, a leading Chinese private equity firm, with a capital commitment of RMB 1.5 billion. In 2012, we made our second private equity fund investment in CITIC Private Equity Fund III sponsored by CITIC Private Equity Funds Management Co., Ltd., with a capital commitment of RMB 2 billion. In 2013, we invested in China Life (Suzhou) Urban Development Industry Investment Enterprise with a capital commitment of RMB 5 billion and China Life (Shanghai Jiading) Urban Development Industry Investment Enterprise with a capital commitment of RMB 1 billion. In 2014, we invested in China Life (Wuxi) Urban Development Industry Investment Enterprise, China Life (Guangzhou) Urban Development Industry Investment Enterprise, Ningbo China Life Cinda Investment Enterprise and a U.S. dollar-denominated logistics industry investment fund sponsored by Hopu Fund, with a capital commitment of RMB 5.5 billion, RMB 12.5 billion, RMB 2 billion and US$ 402 million, respectively.

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Asset Management Business

On November 23, 2003, we established an asset management company, AMC, with CLIC, in connection with the restructuring for the purpose of operating the asset management business more professionally in a separate entity and to better attract and retain qualified investment management professionals. AMC manages our investment assets and, separately, substantially all of those of CLIC. For a description of our investment assets, see Investments .

We own 60% and CLIC owns 40% of AMC. Directors of AMC are appointed by the shareholders at a general meeting. As the controlling shareholder, we effectively control the composition of AMC s board of directors. In 2014, the registered capital of AMC was increased from RMB 3 billion to RMB 4 billion. The proportionate shareholding between CLIC and us remains unchanged.

As of and for the year ended December 31, 2014, AMC had total assets of RMB 6,819 million (US$1,099 million), net assets of RMB 5,898 million (US$951 million) and net profit of RMB 779 million (US$126 million).

Property and Casualty Business

In December 2006 we and CLIC established a property and casualty company, CLPCIC, with us owning 40% and CLIC owning the remaining 60%. In 2014, the registered capital of CLPCIC was increased from RMB 8 billion to RMB 15 billion, with us and CLIC contributing RMB 2.8 billion and 4.2 billion, respectively. The proportionate shareholding between CLIC and us remains unchanged.

As of and for the year ended December 31, 2014, CLPCIC had total assets of RMB 52,769 million (US$8,505 million), net assets of RMB 16,893 million (US$2,723 million) and net profit of RMB 1,407 million (US$227 million).

Pension Insurance Business

In January 2007 we, CLIC and AMC established a pension insurance company, China Life Pension, with us owning 55%, CLIC owning 25% and AMC owning the remaining 20%. In January 2015, the registered capital of China Life Pension was increased from RMB 2.5 billion to RMB 3.4 billion. China Life Pension is currently held 70.74%, 4.41%, 3.53%, 1.33%, and 19.99% by us, CLIC, AMC, China Credit Trust Company Limited and AMP Life Limited, respectively.

China Life Pension has obtained qualifications to serve as investment manager, trustee and account manager of enterprise annuity funds.

As of and for the year ended December 31, 2014, China Life Pension had total assets of RMB 3,208 million (US$517million), net assets of RMB 2,811 million (US$453 million) and net loss of RMB 161 million (US$26 million).

Information Technology

Our computer systems provide support for many aspects of our businesses, including product development, sales and marketing, business management, cost control and risk control. We have approximately 1,691 experienced engineers, technicians and specialists providing professional and flexible support for our business operations in various aspects, including the design, research and development and operation of our computer systems.

In 2014, we continued to increase our investment in information technology development. To provide better service to our customers, we developed and promoted applications including an intelligent platform for claims application, our official WeChat and E BaoZhang , a comprehensive electronic customer self-service platform.

In 2014, our data center in Shanghai was successfully launched for use. We continued the construction of our new research and development center in Beijing.

Trademarks

We conduct our business under the China Life brand name (in English and Chinese), the ball logos and other business related slogans and logos. CLIC owns these trademarks and has registered them with the Trademark Office of the SAIC. CLIC has entered into a trademark license agreement with us, under which CLIC has agreed to grant us a royalty-free license to use these trademarks. See Item 7. Major Shareholders and Related Party Transactions Related Party Transactions Continuing Related Party Transactions with CLIC .

Regulatory and Related Matters

Overview

The insurance industry is heavily regulated in the PRC. The applicable laws and regulations governing insurance activities undertaken within the territories of the PRC consist principally of the PRC Insurance Law and rules and regulations promulgated under that law. The CIRC is the authority authorized by the PRC State Council to regulate and supervise the insurance industry in the PRC.

The PRC Insurance Law, which provided the initial framework for regulating the PRC insurance industry, was enacted in 1995, and significantly amended on October 28, 2002, February 28, 2009 and August 31, 2014. Among other things, the major provisions of the PRC Insurance Law include: (1) licensing of insurance companies and insurance intermediaries, such as agents and brokers; (2) separation of property and casualty business and life insurance business; (3) regulation of market conduct by participants; (4) substantive regulation of insurance products; (5) regulation of the financial condition and performance of insurance companies; and (6) supervisory and enforcement powers of the CIRC.

The CIRC was established in 1998. It has extensive supervisory authority over the PRC insurance industry, including: (1) promulgation of regulations applicable to the insurance industry; (2) examination of insurance companies; (3) establishment of investment regulations; (4) approving the policy terms and premium rates for certain insurance products; (5) setting standards for measuring the financial soundness of insurance companies; (6) requiring insurance companies to submit reports concerning their business operations and condition of assets; and (7) ordering the suspension of all or part of an insurance company s business. Since its establishment, the CIRC has promulgated a series of regulations indicating a gradual shift in the regulatory approach to a more transparent regulatory process and a convergent movement toward international standards.

Insurance Company Regulation

Licensing requirements

An insurance company is required to obtain a license from the CIRC in order to engage in an insurance business. In general, a license will be granted only if the company can meet prescribed registered capital requirements and other specified requirements, including requirements relating to its form of organization, the qualifications of its senior management and actuarial staff, the adequacy of its information systems and specifications relating to the insurance products to be offered.

The CIRC may grant a life insurer a license to offer all or part of the following products: accident insurance, term life insurance, whole life insurance, annuities, short-term and long-term health insurance, endowment insurance (for individuals only) and other personal insurance approved by the CIRC, as well as reinsurance relating to any of the foregoing.

An insurance company may seek approval for establishing branch offices to meet its business needs so long as it meets minimum capital and other requirements. Our headquarters and all of our branch offices have obtained the requisite insurance licenses.

Minimum capital requirements

The minimum paid-in capital for an insurance company is RMB 200 million. For an insurance company whose registered capital is RMB 200 million, the minimum incremental capital for each first branch office in a province other than the province where its headquarter is located is RMB 20 million. No additional capital will be required when the paid-in capital has reached RMB 500 million, and the insurer s solvency is sound.

Restriction of ownership in joint stock insurance companies

Any acquisition of shares which results in the acquirer owning 5% or more of the registered capital of a joint stock insurance company, whether or not listed, requires the approval of the CIRC. A filing with the CIRC is required with respect to a change of equity interest of less than 5% in an insurance company, unless it is a listed insurance company. Unless otherwise approved by the CIRC, equity interests held by a single shareholder (including its related parties) must not exceed 20% of the total equity of a single insurance company; however, subject to the fulfillment of certain conditions and with the approval of the CIRC, the shareholding ratio of a single shareholder (including its related parties) in a single insurance company may be more than 20% but may never exceed 51%. The combined equity interests held by foreign investors may not exceed 50% of the total equity of a single life insurance company.

Fundamental changes

Prior approval must be obtained from the CIRC before specified fundamental changes relating to a Chinese insurance company may occur. These include: a change of company name, organizational form, registered capital or address of registered office or executive offices; an expansion of business scope; an amendment to articles of association; a merger or spin-off; a change in a shareholder whose capital contribution accounts for 5% or more of the total capital of the company or a shareholder holding 5% or more of the shares of the company; and a termination of a branch office. In addition, certain other changes relating to the insurance company must be reviewed by or filed with the CIRC.

Regulation of products

Regulation of ordinary personal insurance products. An ordinary personal insurance product is one whose insurance premiums and policy benefits are definite upon issuance of the insurance policy. Beginning from August 5, 2013, the CIRC removed the original 2.50% cap on the guaranteed rates of return of ordinary personal insurance products, and such guaranteed rates of return can be decided by insurance companies at their discretion in accordance with the principle of prudence. Meanwhile, the statutory valuation rates of ordinary personal insurance policies issued on and after August 5, 2013 have been increased from 2.50% to 3.50%. In addition, beginning from August 5, 2013, if the guaranteed rate of return of an ordinary personal insurance product developed by an insurance company is not higher than the maximum valuation rate set by the CIRC which varies depending on product, the insurance company must file the relevant information of the product with the CIRC. If such rate is higher than the maximum valuation rate set by the CIRC, the insurance company is required to obtain the CIRC s approval on the product in advance, and during the approval process, the insurance company is not allowed to submit new insurance clauses and premium rates to the CIRC for approval.

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Regulation of participating products. A participating product is one which the policyholder or annuitant is entitled to share in the distributable earnings of the insurer through policy dividends . The participation dividend may be in the form of a cash payment or an increase in the insured amount. At least 70% of the distributable earnings is required to be distributed as dividends. Participating products may not be sold or modified without the prior approval of the CIRC, and CIRC regulations govern disclosures that may be made regarding participating products. Insurance companies offering participating products are required to file an annual report with the CIRC. The insurance company is also required to provide a performance report to the holders of its participating products at least once a year, setting forth specified financial and other information regarding the products. Under the relevant requirements of the CIRC, the assumed interest rate of a participating product may not exceed 2.50%.

Regulation of universal products. A universal product is one which offers the typical protection of life insurance with investment accounts providing a minimum yield. The premium payments and coverage of universal products are flexible, usually with a minimum guaranteed interest rate, and the investment yields are settled periodically. Beginning from February 16, 2015, the CIRC removed the original 2.50% cap on the minimum guaranteed interest rate of universal products, with the guaranteed interest rate to be decided by insurance companies at their discretion in accordance with the principle of prudence. Meanwhile, the maximum valuation rate of a universal product has been increased from a compound annual rate of 2.5% to a compound annual rate of 3.5%. If the minimum guaranteed interest rate of a universal product developed by an insurance company is not higher than the maximum valuation rate set by the CIRC (i.e. a compound annual rate of 3.5%), the insurance company must file specified information relating to the product with the CIRC. If such rate is higher than the maximum valuation rate set by the CIRC, the insurance company is required to obtain the CIRC s approval of the product. Any amendment to the insurance clauses, premium rates, insurance liabilities, types of insurance or pricing methods of universal products must be filed with or approved by the CIRC.

Regulation of investment-linked products. An investment-linked product is one which insures the policyholder or annuitant against one or more separate risks and at the same time gives the policyholder or annuitant an interest in one or more separate investment accounts. Investment-linked products may not be sold or amended without the prior approval of the CIRC. The establishment of separate investment accounts is subject to the CIRC s approval. Transactions between a separate investment account and any other account of the insurance company, other than a transfer of cash to pay for operating expenses of the separate investment account, are prohibited. Other CIRC regulations govern the sale and disclosure terms of investment-linked products.

Regulation of variable annuity insurance. Variable annuity insurance is a type of insurance where the policy benefits are associated with the price of the investment unit in the linked investment account, and a minimum amount of policy benefits is guaranteed as stipulated in the insurance agreement. Under variable annuity insurance, the insurance company is obliged to pay an annuity or offer an option for the conversion of the insurance proceeds to be annuitized upon maturity. Variable annuity products may not be sold or amended without the prior approval of the CIRC. Variable annuity products must be sold and disclosed in accordance with the requirements of the CIRC.

Regulation of pension insurance. A life insurance company or a pension insurance company, as approved by the CIRC, may engage in individual and group pension insurance business. The pension insurance terms and premium rates determined by an insurance company must be filed with or approved by the CIRC in accordance with its regulatory provisions. Other CIRC regulations govern the sale and disclosure terms of pension insurance.

Regulation of enterprise annuity funds. Subject to the approval of the PRC Ministry of Human Resources and Social Security, insurance companies may serve as the trustee, account manager and investment manager for enterprise annuity funds. China Life Pension has obtained qualifications to serve as investment manager, trustee and account manager of enterprise annuity fund.

Regulation of health insurance. Subject to approval by the CIRC, life insurance companies may engage in health insurance business. Other insurance companies may, subject to approval by the CIRC, engage in short-term health insurance business. Insurance companies engaged in health insurance business are required to submit an actuarial report or reserves assessment report for the preceding year in accordance with the relevant provisions of the CIRC. Insurance companies must also submit a pricing review report to the CIRC before March 15 of each year regarding the short-term health insurance products.

Regulation of accidental injury insurance. Accidental injury insurance is a type of insurance that uses death or disability caused by accidents or physical injuries stipulated in the insurance agreement as a condition for paying insurance proceeds. Accidental injury insurance products must be developed and managed by the headquarters of the insurance company and filed with the CIRC. Insurance companies must also submit a pricing review report to the CIRC before March 15 of each year regarding the short-term accident insurance products they offer.

Regulation of foreign exchange denominated insurance. Insurance companies may seek approval from the CIRC and the SAFE to engage in foreign exchange denominated insurance and reinsurance businesses, allowing them to offer products to non-Chinese policyholders or for non-Chinese beneficiaries, as well as policies covering accidents and illnesses which occur outside China, together with related reinsurance.

Regulation of supplementary major medical insurance. As part of the Chinese government s overall medical insurance scheme, supplementary major medical insurance reimburses policyholders for a specified percentage of their medical expenses which are in excess of the maximum amounts covered by the basic social medical insurance as long as such medical expenses are caused by the diseases covered by the basic social medical insurance. The Chinese government has launched pilot supplementary major medical insurance programs in specified areas in China. Local governments in these pilot areas use a portion of the basic medical insurance funds to purchase supplementary major medical insurance service from qualified insurance companies through a government tender. Insurance companies are required to apply to the CIRC for the qualification to engage in such business. Supplementary major medical insurance products must be filed with the CIRC.

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Regulation of investments

Permitted investments. As a Chinese life insurance company, we are subject to restrictions under the PRC Insurance Law and other related rules and regulations on the asset categories and percentages in which we are permitted to invest. On January 23, 2014, the CIRC issued a notice classifying the assets that insurance companies may invest in five broad categories: current assets, fixed-income assets, equity assets, property assets and other financial assets. The notice further specifies the amounts in percentages that may be invested in each asset category, the percentages that correspond to concentration risks for investing in a single item and counter-party, and risk monitoring requirements and early warning mechanisms with respect to liquidity, financing scale and asset classes.

Asset categories, investment and concentration risk regulatory percentages. Currently, Chinese life insurance companies are allowed to invest their funds in the following asset categories, subject to the satisfaction of conditions prescribed for each form of investment.

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Asset Category	Definition	Specific Items Included	Regulatory Percentage[1] Investment Regulatory Percentage	Concentration Risk Regulatory Percentage
Current assets	Current assets refer to cash reserves, deposits payable on demand, and highly-liquid assets with shorter terms and less risk of changes in value that can be readily converted into a definite amount of cash.	Domestic items mainly include cash, current deposits, bank call deposits, insurance asset management products on the monetary market, and government bonds, quasi-government bonds and reverse repurchase agreements with residual maturities of one year or less. Overseas items mainly include bank current deposits, monetary market funds, overnight lending, commercial bills, bank bills, negotiable certificates of deposit, reverse repurchase agreements, short-term government bonds, government-backed bonds, bonds of international financial organizations, corporate bonds and convertible bonds with residual maturities of one year or less, as well as other tools or products recognized by the CIRC in this category.	None.	The total outstanding investments by an insurance company in a single legal person[2] must not exceed 20% of the total assets[3] of the insurance company as at the end of the last quarter (excluding, among others, investments in domestic central government bonds, quasi-government bonds, and equity investments in insurance enterprises with proprietary funds).
Fixed-income assets	Fixed-income assets refer to assets characterized by a definite maturity date and payments of interest and principal according to pre-determined interest rates and payment methods, as well as other assets whose main value is dependent on the changes in the value of the aforesaid assets.	Domestic items mainly include term deposits, negotiated deposits, bond funds, fixed-income insurance asset management products, financial institution (company) bonds, non-financial institution (company) bonds and government bonds and quasi-government bonds with residual maturities of	None.	The book balance of investment by an insurance company in a single fixed-income asset[4] must not exceed 5% of the total assets of the insurance company as at the end of the last quarter, excluding investments in domestic central government bonds,

more than one year. Overseas items mainly include term deposits, structured deposits with bank guaranteed commitments, securities investment funds with fixed-income commitments, government bonds, government-backed bonds, bonds of international financial organizations, corporate bonds and convertible bonds with residual maturities of more than one year, as well as other tools or products recognized by the CIRC in this category.	quasi-government bonds and bank deposits. The total outstanding investment by an insurance company in a single legal person must not exceed 20% of the total assets of the insurance company as at the end of the last quarter (excluding, among others, investments in domestic central government bonds, quasi-government bonds and equity investments in insurance enterprises with proprietary funds).

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Asset Category	Definition	Specific Items Included	Regulatory Percentage[1] Investment Regulatory Percentage	Regulatory Percentage[1] Concentration Risk Regulatory Percentage
Equity assets	Equity assets include both listed and unlisted equity assets. Listed equity assets refer to the ownership certificate representing the equity or other residual income rights of enterprises that are publicly listed and traded on stock exchanges or financial asset markets, as well as other assets whose main value depends on the changes in the value of the aforesaid assets. Unlisted equity assets refer to the equity or other residual income rights of enterprises that are established and registered but are not publicly listed on exchanges, as well as other assets whose main value depends on the changes in the value of the aforesaid assets.	Domestic items of listed equity assets mainly include shares, equity funds, hybrid funds and equity insurance asset management products. Overseas items of listed equity assets mainly include ordinary shares, preferred shares, global depositary receipts, American depositary receipts and equity securities investment funds, as well as other tools or products recognized by the CIRC in this category. Domestic and overseas items of unlisted equity assets mainly include equities of unlisted companies, equity investment funds (including venture capital funds) and other related financial products, as well as other tools or products recognized by the CIRC in this category.	The total book balance of investments by an insurance company in equity assets must not exceed 30% of the total assets of the insurance company as at the end of the last quarter, and the book balance of significant equity investments must not be higher than the net assets of the insurance company as at the end of the last quarter. The book balance does not include the equity of any insurance enterprise as invested by the insurance company with its proprietary funds.	The book balance of investments by an insurance company in a single equity asset must not exceed 5% of the total assets of the insurance company as at the end of the last quarter, excluding significant equity investments and investments in the equity of any insurance enterprises by the insurance company with its proprietary funds. The total outstanding investments by an insurance company in a single legal person must not exceed 20% of the total assets of the insurance company as at the end of the last quarter (excluding, among others, investments in domestic central government bonds, quasi-government bonds, and equity investments in insurance enterprises with proprietary funds).

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Asset Category	Definition	Specific Items Included	Regulatory Percentage[1] Investment Regulatory Percentage	Concentration Risk Regulatory Percentage
Property assets	Property assets refer to purchased or invested land, structures and other land attachments, as well as other assets whose main value depends on the changes in the value of the aforesaid assets.	Domestic items mainly include real estate, infrastructure investment schemes, property investment schemes, property insurance asset management products and other property related financial products. Overseas items mainly include commercial properties, office properties and real estate investment trusts (REITs), as well as other tools or products recognized by the CIRC in this category.	The total book balance of investments by an insurance company in property assets must not exceed 30% of the total assets of the insurance company as at the end of the last quarter. The book balance does not include the properties purchased by the insurance company for its own use. The book balance of the properties purchased by an insurance company for its own use must not exceed 50% of the net assets of the insurance company as at the end of the last quarter.	The book balance of investments by an insurance company in a single property asset must not exceed 5% of the total assets of the insurance company as at the end of the last quarter, excluding properties purchased for its own use. The total outstanding investments by an insurance company in a single legal person must not exceed 20% of the total assets of the insurance company as at the end of the last quarter (excluding, among others, investments in domestic central government bonds, quasi-government bonds and equity investments in insurance enterprises with proprietary funds).

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Asset Category	Definition	Specific Items Included	Regulatory Percentage[1] Investment Regulatory Percentage	Concentration Risk Regulatory Percentage
Other financial assets	Other financial assets refer to other kinds of assets that are distinctively different from all the foregoing categories of assets, including in terms of risk-return characteristics, liquidity and other characteristics, and cannot be classified into any of the foregoing categories.	Domestic items mainly include financial products by commercial banks, asset-backed securities offered by banking financial institutions, trust schemes of collective funds offered by trust companies, special asset management schemes offered by securities companies, project asset-backed schemes offered by insurance asset management companies and other insurance asset management products.	The total book balance of investments by an insurance company in other financial assets must not exceed 25% of the total assets of the insurance company as at the end of the last quarter.	The book balance of investments by an insurance company in a single other financial asset must not exceed 5% of the total assets of the insurance company as at the end of the last quarter, excluding purchase of insurance asset management products within its group.
		Overseas items mainly include structured deposits without bank guaranteed commitments, as well as other tools or products recognized by the CIRC in this category.		The total outstanding investments by an insurance company in a single legal person must not exceed 20% of the total assets of the insurance company as at the end of the last quarter (excluding, among others, investments in domestic central government bonds, quasi-government bonds, and equity investments in insurance enterprises with proprietary funds).
Overseas investment	An insurance company is allowed to participate in overseas investments in 25 developed markets and 20 emerging markets in accordance with the relevant	As referred to in the investable overseas items listed in each of the above asset categories.	The total outstanding overseas investments by an insurance company must not	The total outstanding investments by an insurance company in a single legal person must not exceed 20% of the total assets of

requirements of the CIRC.	exceed 15% of the total assets of the insurance company as at the end of the last quarter.	the insurance company as at the end of the last quarter (excluding, among others, equity investments in insurance enterprises with proprietary funds).

(1) When calculating the regulatory percentages for each asset category, an insurance company is required to combine its domestic and overseas investments in assets of the category on a consolidated basis.

(2) A single legal person refers to a single fund-raising party with legal person status that establishes a direct creditor-debtor or shareholder relationship with an insurance company due to the latter s investment therein.

(3) Total assets exclude the balance of the funds raised from bond repurchases and the amount of assets under independent accounts (including investment-linked life insurance products, variable annuity products, health care entrusted management products, pension insurance entrusted management products and investment-oriented non-life insurance products without pre-agreed returns).

(4) Single asset investments refer to the investments in a single specific item under any category of investment assets. Where an investment product is issued in several phases, the book balance of the investment in a single asset is the sum of the investments in each phase.

Investment risk monitoring percentages. To alleviate the risks associated with liquidity and high volatility of assets, an insurance company that experiences any of the following circumstances is required to report to the CIRC in a timely manner, and the CIRC will closely monitor the operation of the insurance company and disclose the related information to the public when necessary:

Liquidity monitoring. The total book balance of investments by an insurance company in current assets and government bonds and quasi-government bonds with residual maturities of one year or longer is lower than 5% of the total assets of the insurance company as at the end of the last quarter.

Financing leverage monitoring. The total outstanding borrowings (including inter-industry lending and bond repurchases) of an insurance company exceed 20% of the total assets of the insurance company as at the end of the last quarter.

Monitoring of different categories of assets. The total book balance of investments by an insurance company in domestic bonds with a long-term credit rating of AA or lower as rated by domestic credit rating agencies exceeds 10% of the total assets of the insurance company as at the end of the last quarter, or the total book balance of investments in equity assets exceeds 20% of the total assets of the insurance company as at the end of the last quarter, or the total book balance of investments in property assets exceeds 20% of the total assets of the insurance company as at the end of the last quarter, or the total book balance of investments in other financial assets exceeds 15% of the total assets of the insurance company as at the end of the last quarter, or the total book balance of outstanding overseas investments exceeds 10% of the total assets of the insurance company as at the end of the last quarter.

The book balance of a single inter-group insurance asset management product purchased by an insurance company exceeds 5% of the total assets of such insurance company as at the end of the last quarter.

Risk Classification of Insurance Assets. An insurance company must evaluate, at least once every half year, the quality of its insurance assets falling within the categories of fixed-income assets, equity assets and property assets, and divide such assets into five categories based on risk, namely pass , special mention , substandard , doubtful and loss with the last three categories collectively referred to as non-performing assets . Insurance assets that require risk classification include assets invested by the insurance company other than those subject to fair value measurement and changes to these assets are counted as gains or losses for the period in question or owners equity. An insurance company must establish and improve risk classification systems and working processes for its assets and file reports on such systems and processes with the CIRC. In addition, an insurance company is required to semiannually report to the CIRC the relevant information on the classification of its assets. An insurance company must also establish feasible plans for annual asset loss provisions and write-offs, as well as plans for the disposal of non-performing assets based on its actual operations and the quality of its assets. These plans must be approved by its board of directors and be filed with the CIRC.

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Financial derivative products. Apart from the regulations on the five asset categories described above, the CIRC has separately issued a series of rules governing the operation of domestic and overseas trading of derivative products by an insurance company. Financial derivative products are financial contracts whose value is determined by one or more types of underlying assets, indices or certain events. Typical financial derivative products include forwards, futures, options and swaps.

Insurance companies may participate in derivatives transactions only for the purpose of hedging or averting risks, and not for the purpose of speculation. Legitimate purposes include hedging or averting risks of current assets and liabilities, or the company as a whole, and hedging the risk of assets scheduled to be bought within the next month, or locking in future transaction prices.

Assets scheduled to be bought , as used above, refers to assets that an insurance institution has decided to buy after going through its investment decision-making process. If the assets are not bought within one month of the decision date, or the plan was aborted within the aforementioned period, the insurance institution must terminate, liquidate or unwind the relevant derivative upon the expiration of the prescribed period or within five trading days of such decision.

For an insurer carrying out interest rate swaps, the notional principal may not exceed 10% of its fixed-income assets (including bank deposits, bonds and other debt instruments) as of the end of the previous quarter. The notional principal swapped with the same counterparty may not exceed 3% of such counterparty s fixed-income assets as of the end of the previous quarter.

Solvency requirements

In March 2003, the CIRC introduced a new standard, the solvency ratio, to measure the financial soundness of life insurance companies to provide better policyholder protection under a system of corrective regulatory action. The standard for calculation of solvency ratio was further revised by the CIRC in September 2008. The solvency ratio of an insurance company is a measure of capital adequacy, which is calculated by dividing the actual capital of the company (which is its admissible assets less admissible liabilities, determined in accordance with relevant CIRC rules) by the minimum capital it is required to meet.

The minimum capital of a life insurance company is the sum of its minimum capital for its short-term business (policies having a term of one year or less from the date of issuance) and the minimum capital for its long-term business (policies having a term of more than one year from the date of issuance). The standard for calculation of the minimum capital was further revised by the CIRC in January 2010. In January 2013, the CIRC issued the standard for calculation of the minimum capital for supplementary major medical insurance. In August 2013, the standard for calculation of the minimum capital with respect to the total sums at risk under long term life insurance policies was revised by the CIRC. In April 2014, the CIRC issued the standard for calculation of the minimum capital for high cash value products.

The minimum capital for a life insurance company s short-term business is the sum of the minimum capital for supplementary major medical insurance and the higher of:

- 18% of the portion of net premiums received in the most recent fiscal year net of business tax and other surcharges which is not in excess of RMB 100 million, plus 16% of the portion which is in excess of RMB 100 million; and

26% of the portion of the average annual claims payments during the most recent three fiscal years which is not in excess of RMB 70 million, plus 23% of the portion which is in excess of RMB 70 million.

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The minimum capital for its long-term business is the sum of:

- 4% of the period-end reserves for insurance risks after unbundling of mixed insurance contracts;
- 4% (if the annual premium revenue from high cash value products is not more than the base amount) or 6% (if the annual premium revenue from high cash value products is more than the base amount) of the period-end reserves for insurance contracts of high cash value products;
- 4% of the period-end reserves for other insurance contracts;
- 1% of the liabilities for other risks after unbundling of investment-linked insurance contracts and variable annuity insurance contracts;
- 4% (if the annual premium revenue from high cash value products is not more than the base amount) or 6% (if the annual premium revenue from high cash value products is more than the base amount) of the liabilities for other risks after unbundling of hybrid insurance contracts for high cash value products;
- 4% of the liabilities for other risks after unbundling of other mixed insurance contracts;
- 4% of the liabilities for insurance policies which do not pass the tests for significant insurance risks;
- 0.15% of the total sums at risk under life insurance contracts;
- 0.24% of the total sums at risk under health insurance contracts;
- 0.06% of the total sums at risk under accident insurance contracts; and
- 0.3% of the total sums at risk under other insurance contracts.

An insurance company with a solvency ratio below 100% may be subject to a range of regulatory actions by the CIRC. The CIRC may in such situations require the insurance company to, among other things, raise additional share capital, limit paying dividends on its shares, limit the remuneration and expense accounts of its directors and senior management, restrict its advertising activities, restrict the establishment of branch offices and business operations, cease any new business development, transfer its insurance business to others or seek reinsurance of its insurance obligations, sell its assets or restrict the acquisition of fixed assets, limit the channels for using its capital, change its management team or put the insurer into receivership.

If the solvency ratio is between 100% and 150%, the CIRC may require an insurance company to submit and implement a plan on the prevention of inadequate solvency. Where there is any significant insolvency risk in an insurance company with a solvency ratio between 100% and 150% or higher than 150%, the CIRC may require the insurance company to take corrective actions or take other regulatory actions as the CIRC deems necessary.

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Insurance companies are required to calculate and report annually and quarterly to the CIRC their solvency level. In addition, an insurance company must submit a report to the CIRC within five business days after becoming aware of the inadequacy of its solvency ratio, and must formulate a solvency ratio compliance program, take measures to return its solvency ratio to an adequate level, and submit the compliance program to the CIRC.

As of December 31, 2014, our solvency ratio was approximately 294.48%.

In February 2015, the CIRC issued the major technical standards for a new set of solvency regulations, the China Risk Oriented Solvency System , or Solvency II, with the aim of replacing the current solvency requirements on Chinese insurance companies. Solvency II adopts the internationally accepted three-pillar regulatory system which includes quantitative capital requirements, qualitative regulatory requirements and market discipline mechanisms while its regulatory concept, models, methods and parameters are based on Chinese insurance market conditions. As of the date of this annual report, Solvency II has not been officially implemented by the CIRC, and Chinese insurance companies are required to follow the current solvency regulatory regime while simultaneously submitting a solvency report prepared based on the requirements under Solvency II. Based on the testing results to be obtained by it during the transitional period, the CIRC will determine when the current solvency regulatory regime will be officially replaced by Solvency II. As Solvency II is still under preliminary testing by the CIRC and it is still unclear when it will be officially implemented, we are currently unable to assess the extent to which we will be affected if the complete set of Solvency II regulations are finalized and officially implemented.

Statutory deposits

Insurance companies in China are required to deposit an amount equal to 20% of their registered capital with at least two qualified commercial banks, each of which must, among other things, have net assets of no less than RMB 20 billion as of the end of the previous year and have no affiliated relationship with the insurance company. These funds may not be used for any purpose other than to pay off debts during a liquidation proceeding.

Statutory insurance fund

Chinese life insurance companies are required to contribute to a statutory insurance fund 0.15% of the business income for life insurance with guaranteed earnings and 0.05% of the business income for life insurance without guaranteed benefits; 0.8% of insurance premiums for short-term health insurance and 0.15% of insurance premiums for long-term health insurance; 0.8% of premiums for non-investment accident insurance, 0.08% of the business income for investment accident insurance with guaranteed benefits, and 0.05% of the business income for investment accident insurance without guaranteed benefits. Contributions are not required once the balance of the statutory insurance fund of a life insurance company reaches 1% of the company s total assets.

Statutory reserves

In addition to the statutory deposit and the statutory insurance fund, insurance companies are required to provide for the statutory reserves in accordance with regulations established by the CIRC. These reserves are recorded as liabilities for purposes of determining an insurance company s actual solvency in accordance with regulatory rules.

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Statutory reinsurance

Insurance companies are required to reinsure, for any single risk, the excess of the maximum potential liability over an amount equal to 10% of the sum of paid-in capital and capital reserves.

Actuaries

Insurance companies are required to employ actuarial professionals and establish a system for actuarial reporting.

Regulation of corporate governance

Directors and senior management qualification and remuneration management requirements. Directors, supervisors and senior management of an insurance company are subject to qualification requirements implemented by the CIRC. In addition, the cash benefits, subsidies and allowances that an insurance company pays to its directors, supervisors and senior management annually must not exceed 10% of their respective base remuneration. Where an insurance company has inadequate solvency, the CIRC will place restrictions on the remuneration of its directors, supervisors and senior management in accordance with relevant regulatory rules on solvency. The senior management of an insurance company receive in-office audits once every three years. If any member of the senior management leaves due to a job change, promotion or any other reasons, a departure audit must be conducted.

Risk management. Insurance companies must establish and adopt procedures, organizational structures, systems and measures to identify, evaluate and control the risks involved in its insurance operation. Insurance companies must report to the CIRC in a timely manner any major risks, and include in its annual report an annual risk evaluation report reviewed by the board of directors. In addition, as required by the CIRC, an insurance company that conducts certain activities, such as direct share investments, equity investments, real estate investments, investments in unsecured bonds, development of infrastructure investment schemes and real estate investment schemes and use of derivatives, must have at least two qualified risk officers. Where an insurance company decides to change a risk officer, impose disciplinary sanctions on a risk officer, dismiss a risk officer or terminate the employment of a risk officer, the insurance company must replace such risk officer within 10 business days from the date of the decision, and report to the CIRC the reasons for such replacement.

Compliance management. Insurance companies must prevent, identify, evaluate, report and manage compliance risks by taking measures such as setting up a compliance department, formulating and implementing compliance policies (which are required to be filed with the CIRC), exercising compliance monitoring and providing compliance trainings, so as to ensure compliance by the company, its staff and sales agents with the relevant laws and regulations, rules of regulatory authorities, industrial self-regulatory rules, internal management systems and codes of ethics. An annual compliance report must be submitted to the CIRC by April 30 each year. Each insurance company is required by the CIRC to appoint a compliance officer and establish a compliance management department in its head office. As of the date of this annual report, we have set up a compliance management department, established compliance standards and appointed a compliance officer whose qualification has been approved by the CIRC.

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Related party transactions. According to applicable CIRC regulations, related party transactions between an insurance company and any of its related parties are classified as either material related party transactions or ordinary related party transactions . The term material related party transactions refers to any single transaction between an insurance company and a related party in which the trading volume accounts for 1% or more of the insurance company s net assets as of the end of the previous year and has a value of more than RMB 5 million, or transactions between an insurance company and a related party in which the accumulative trading volume within one fiscal year accounts for 10% or more of the insurance company s net assets as of the end of the previous year and has a value of more than RMB 50 million. The term ordinary related party transactions refers to all related party transactions other than material related party transactions . A material related party transaction is subject to approval by the insurer s board of directors or shareholders, while an ordinary related party transaction must be reviewed in accordance with the internal authorization process of the insurance company. An insurance company is required to maintain a system to manage related party transactions and file them with the CIRC. Companies must take effective measures to prevent their shareholders, directors, supervisors, senior management and other related parties from taking advantage of their positions and acting against the interests of the company or the insured through related party transactions. In addition, where an insurance company places bank deposits (excluding current deposits) with any of its related parties, or invests in the equity, real estate and other assets of any related parties, the financial products issued by any related parties or any financial products whose underlying assets include the assets of any related parties, the insurance company is required, within 10 business days after the conclusion of the transaction agreements (or within 10 business days from the occurrence of the relevant event if no transaction agreement is concluded), to publish an information disclosure announcement on its website and the website of the Insurance Association of China. In respect of any information that could not be publicly disclosed as it invovles state secrets or commercial secrets or due to other relevant reasons, the insurance company must, at least five business days prior to the prescribed date of information disclosure, report this fact to the CIRC and refrain from disclosing such information as required by law.

Internal audit. Insurance companies are required to establish an independent department for internal audit purposes, staffed with sufficient internal audit personnel (the number of full-time internal audit personnel generally must not be less than 5 of the total number of the company s employees), establish an audit committee, and designate an audit controller whose appointment and replacement must be filed with the CIRC. An internal audit report must be submitted to the CIRC by April 30 of each year and any major risk identified during the internal audit process must be reported to the CIRC in a timely manner.

Reporting and disclosure requirements. An insurance company must submit to the CIRC an operating report, an actuarial report, its financial statements, a solvency report and a compliance report, each prepared in accordance with applicable rules. By April 30 of each year, an insurance company must disclose on its website and a newspaper designated by the CIRC an annual report including, among other things, financial statements and solvency data for the previous year. In addition, within 10 business days after the occurrence of a material related party transaction or other material events, an insurance company must disclose information about such transactions and events on its website.

Internal control assessment. In January 2006, the CIRC issued tentative rules on internal control assessment of life insurance companies to facilitate and supervise the companies and improve their awareness of, and strengthen their controls over, matters such as corporate governance in management, internal controls and regulatory compliance in operations and risk management. Life insurance companies are required to submit to the CIRC an internal control assessment form and an annual internal control assessment report each year. The CIRC assesses the internal control of life insurance companies at least every three years, covering at least one third of all life insurance companies each year. In August 2010, the CIRC issued new rules governing internal control of insurance companies. Under the new rules, an insurance company must establish an internal control evaluation system, and by April 30 of each year, submit to the CIRC an evaluation report on its internal control.

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Custody of insurance assets. In October 2014, the CIRC and CBRC jointly issued a notice on regulating the insurance assets custody business. Under this notice, insurance companies are required to establish and improve mechanisms for the custody of insurance assets, select qualified commercial banks and other professional institutions, place various assets generated by the investment of insurance funds under third-party custody and oversight, and ensure that the revenue and expenditure concerning the use of insurance funds (except for expenditure of daily expenses) are primarily processed through the custody fund accounts. Insurance companies are required to submit implementing plans relating to the custody of their insurance assets to the CIRC.

Market conduct

Insurance companies are required to take steps to ensure that sales promotional materials used by their sales representatives and agents are objective, true and correct, with no material omissions or misleading information, contain no forecasts of benefits that are not guaranteed under the insurance or annuity product and do not exaggerate the benefits provided under the insurance or annuity product. The sales promotional materials must also highlight in an appropriate fashion any exclusions of coverage or liability in their products, as well as terms providing for policy or annuity surrenders and return of premiums. If any insurance policy or consulting service is provided through telephone sales, requisite office space, staff, facilities and adequate supervising must be furnished. In addition, the telephone sale must be conducted directly by the insurance company, and the terms and rates of the premiums of the insurance policy and geographic business area must be submitted to the CIRC for approval.

Insurance companies are subject to extensive regulation against any anti-competitive behavior or unfair dealing conduct. They may not pay insurance agents, the insured or the beneficiary any rebates or other illegal payments, nor may they pay their agents commissions over and above the industry norm.

Insurance companies are required to establish internal rules and procedures to protect the personal data of policyholders and insureds. Insurance companies are prohibited from illegal obtaining, using or selling of the personal data of policyholders and insureds.

Insurance companies are also required to comply with anti-money laundering regulations and establish internal operational procedures and anti-money laundering control systems. No insurance activity can be conducted for the purpose of illegal fundraising.

Regulation of issuance of subordinated debt

Beginning in September 2004, insurance companies that meet a series of qualification tests and are approved by the CIRC may issue subordinated debt with a fixed term of at least five years to certain qualified Chinese legal persons and foreign investors. The audited net asset value of the issuer must be at least RMB 500 million as of the end of the prior year and the total amount of unpaid debt at any given point after the issuance, including both principal and interest, must not exceed the issuer s net asset value as of the end of the prior year. Proceeds from the issuance of subordinated debt may be recorded as supplementary capital of an issuance company, provided that the total amount that has been recorded as supplementary capital may not exceed 50% of the net assets of an insurance company. Proceeds from the issuance of subordinated debt may not be used to offset daily operating losses of an insurance company. The issuer must comply with certain disclosure obligations both at the time of the issuance and during the term of the debt. The issuer may repay the debt only if its solvency ratio would remain at least 100% after the repayment of both principal and the interest. Since March 15, 2013, a qualified insurance group (or holding) company is also allowed to issue subordinated debt in accordance with the relevant requirements of the CIRC.

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Beginning in May 2012, publicly listed insurance companies that meet a series of qualification tests and are approved by the CIRC may issue subordinated convertible bonds. Subordinated convertible bonds refer to bonds issued by an insurance company in accordance with statutory procedures that satisfy the following conditions: the bonds have a maturity of five years or longer; the principal and interest of the bonds shall be repaid and paid after insurance policy liabilities and other general liabilities in the event of bankruptcy liquidation; and the bonds can be converted into shares of the insurance company in accordance with the agreed conditions within a certain period of time. An insurance company must submit an issuance application to the relevant securities regulatory authority within six months after the CIRC has approved the issuance of subordinated convertible bonds. An issuer must report the issuance information to the CIRC within ten working days after completion of the issuance of subordinated convertible bonds.

Regulation of merger and acquisition of insurance companies

An insurance company may apply to the CIRC for approval of the acquisition of control of another insurance company through the acquisition of equity or shares of the other insurance company. Except under special circumstances, such as a transfer between affiliated parties under common control, the acquiring party is not allowed to transfer the acquired equity or shares in the target insurance company within three years from the completion of the acquisition. Upon approval by the CIRC, the acquiring party may control two insurance companies engaging in the same type of business after the completion of acquisition. In addition, an insurance company may apply to the CIRC for approval for the merger with other insurance companies by absorption or establishing a new insurance company. The business scope of the insurance company subsequent to the merger is subject to the re-approval by the CIRC. An insurance company must, during the twelve-month period after the completion of merger or acquisition, report the following information in writing to the CIRC within the first 30 days of each quarter: making investments in and purchases or sales of material assets, related party transactions, business transfers, notifications to insurance consumers, public announcements, changes of senior management personnel and employee placements.

Regulation of establishment and management of non-insurance subsidiaries

An insurance company may apply to the CIRC for approval for the direct or indirect establishment of domestic or overseas non-insurance subsidiaries (excluding insurance companies, insurance asset management institutions, dedicated insurance agencies, insurance brokerage institutions and insurance assessment institutions), primarily including: (1) financial institutions that engage in non-insurance financial services; (2) service firms that provide various supporting services to insurance companies; (3) investment platform companies with a strong connection with an insurance business, project companies established for managing the investment of insurance funds in real properties, and companies formed as a result of the investment of insurance funds in the upstream and downstream industry chain of an insurance business; and (4) other types of companies without connection with an insurance business. Unless otherwise prescribed by laws, administrative regulations and the CIRC, an insurance company is not allowed to guarantee the debts of its non-insurance subsidiaries, or lend funds to its non-insurance subsidiaries. An insurance company must build firewalls between its non-insurance subsidiaries in terms of personnel, capital, business and information to prevent risks spreading from its non-insurance subsidiaries. An insurance company must also cause its non-insurance subsidiaries to establish and improve their respective information disclosure systems, and submit to the CIRC an annual report on its non-insurance subsidiaries by April 30 of each year.

Regulation of establishment of overseas insurance institutions

An insurance company may apply to the CIRC for approval for the establishment of overseas branches, overseas insurance companies and overseas insurance intermediaries, or the acquisition of overseas insurance companies or intermediaries. In order to submit such an application, an insurance company must have an operating history of no less than two years, total assets of no less than RMB 5 billion as at the end of the prior year and foreign exchange funds of no less than US$ 15 million or its equivalent in other freely convertible currencies as at the end of the preceding year. The applicant insurance company must also comply with applicable solvency, risk management and other requirements as stipulated by the CIRC.

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Compliance with regulatory requirements

Our management confirms that we have complied in all material respects with all applicable regulatory requirements set out above.

Regulation of Foreign-Invested Insurance Companies

China acceded to the WTO on December 11, 2001. As a result of China s commitments in connection with the accession, the Chinese insurance market is gradually opening up to foreign insurers and insurance-related service providers. A foreign life insurer with total assets of no less than US$5,000 million and 30 years of industry experience in any WTO member country, and which has had a representative office for two years in China, is permitted to form a life insurance joint venture with a domestic partner of its choice. Foreign life insurers may own up to one-half of the joint venture. In addition, the geographic limitation on foreign life insurers, which were permitted to operate only in specified cities, has been lifted since December 11, 2004. Accordingly, foreign life insurers have been permitted to provide group life insurance, health insurance and annuity and other pension-like products since December 11, 2004. In addition, since December 11, 2006, foreign insurance brokers have been permitted to set up wholly owned subsidiaries in China.

Foreign-invested insurance companies, including Sino-foreign equity joint ventures, wholly foreign-owned insurance companies and branches of foreign insurance companies, are generally regulated in the same manner as domestic insurance companies. Foreign-invested insurance companies may not, without the approval of the CIRC, engage in transactions with their affiliates, including reinsurance transactions and purchases and sales of assets. In addition, where the foreign-invested insurance company is a branch of a foreign insurance company, it is required to notify the CIRC of fundamental events relating to the foreign insurance company within ten days following the occurrence of the event. Reportable events include: (1) a change of name, senior management or jurisdiction of incorporation of the foreign insurance company, (2) a change in the foreign insurance company s share capital, (3) a change in any person beneficially owning 10% or more of the foreign insurance company s shares, (4) a change in business scope, (5) the imposition of administrative sanctions by any applicable regulatory authority, (6) a material loss incurred by the foreign insurance company, (7) a spin-off, merger, dissolution, revocation of corporate franchise or bankruptcy involving the foreign insurance company and (8) other events specified by the CIRC. If the foreign insurance company is dissolved, or its corporate franchise is revoked or it is declared bankrupt, the Chinese branch of the foreign insurance company will be prohibited from conducting any new business.

Beginning in June 2012, the CIRC has delegated certain authorities with respect to foreign-invested insurance companies to its provincial and local branch offices: approving the change of place of business of branches and subsidiaries of foreign-invested insurance companies; approving the establishment of subsidiary agencies of foreign-invested insurance companies below the branch-office level; approving the opening of subsidiary agencies of foreign-invested insurance companies below the branch-office level; and approving the qualification of senior management personnel of subsidiary agencies of foreign-invested insurance companies below the branch-office level.

Regulation of Insurance Asset Management Companies

An insurance asset management company is a limited liability company or joint stock company that manages insurance funds on behalf of others. Insurance asset management companies are regulated by the CIRC.

Minimum capital requirements

The registered capital of an insurance asset management company may not be lower than RMB 100 million or the equivalent amount of other freely convertible currencies.

Business operations

An insurance asset management company may conduct the following businesses: (1) managing funds in Renminbi or other foreign currencies entrusted to it, including insurance funds, funds of pension, annuity and housing provident institutions, as well as funds of other qualified investors that are capable of identifying and undertaking corresponding risks; (2) managing and operating its own insurance funds in Renminbi or foreign currencies; (3) as trustee, carrying out asset management business appointed by and on behalf of the trustor, or developing asset management products for the interest of the beneficiary or for specific purposes and carrying out asset management business; (4) applying to relevant financial regulatory authorities to carry out publicly-raised asset management business in accordance with the law, provided that relevant conditions are met; (5) as approved by the CIRC, issuing relevant asset management products to domestic insurance groups or holding companies, insurance companies, insurance asset management companies and other qualified investors capable of identifying and bearing the applicable risk; and (6) other businesses approved by the CIRC or other departments of the State Council.

The investments of the insurance funds by insurance asset management companies are subject to the same requirements and limitations applicable to the investments by the insurance companies themselves. With the regulatory expansion of insurance company investment powers, the investment powers of insurance asset management companies over their own funds have been expanded as well to cover subordinated bonds issued by banks and insurance companies and bank subordinated bonds.

In connection with the funds being managed by an insurance asset management company, a custodian is required to be appointed. The custodian must be an independent commercial bank or financial institution satisfying applicable CIRC requirements.

Shareholding restrictions

At least 75% of the shares of an insurance asset management company must be owned by domestic insurance companies, and at least one of the shareholders of an insurance asset management company must be an insurance company or insurance holding company satisfying specified requirements.

Investment risk control

Both insurance companies and asset management companies must establish structures, arrangements and measures to recognize, assess, manage and control investment risks. Members of senior management may not be responsible for the management of departments in charge of investment decisions, investment transactions and risk controls at the same time. Branches of insurance companies may not manage insurance funds. Insurance asset management companies must arrange for separate investment managers to manage their own funds and the insurance funds from other insurance companies, as well as insurance funds from an insurance company that are of a different nature.

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Major emergency response management

An insurance asset management company is required to establish a monitoring and precaution mechanism for major emergencies.

Regulation of Insurance Agencies, Insurance Brokers and Other Intermediaries

Insurance agents are business entities or individuals which or who act on behalf of an insurance company in respect of insurance matters. An insurance company is prohibited from using any agent not licensed by the CIRC to market its insurance products, and is responsible for the acts of its agents when the acts are within the scope of their agency. Licensed insurance agencies fall into three groups: dedicated agencies, non-dedicated agencies and individual agents.

A dedicated agency is a company organized under the PRC company law whose principal business is to act as an agent of insurance companies. Dedicated agencies are subject to minimum capital and other requirements, and their business is generally limited to insurance-related activities.

A non-dedicated agency is a business entity whose principal business is other than as an insurance agency. To receive a license, the agency business must have a direct relationship with its principal business, which the CIRC has interpreted as permitting commercial banks and banking operations of post offices to act as non-dedicated insurance agencies. Only employees of commercial banks who hold CIRC qualification certificates are permitted to sell insurance products at the outlets of commercial banks or banking operations of post offices. Sales representatives of insurance companies are prohibited from selling insurance products at the outlets of commercial banks or banking operations of post offices.

An individual agent is an individual selling insurance products as agent for an insurer. Individual agents are required to meet the qualification requirements prescribed by the CIRC and obtain a qualification certificate from the CIRC and a practicing license from the employing insurance company or agency before practicing.

Approximately 99.87% of our individual agents hold a CIRC qualification certificate and a practicing license from us. On January 6, 2013, the CIRC issued the Regulatory Rules on Insurance Sales Personnel, effective from July 1, 2013. Under these regulations, insurance companies are prohibited from retaining individual agents without CIRC qualification certificates or practice certificates as agents. In addition, qualification requirements for individual agents were further enhanced, including raising the minimum degree requirement from junior high school to college. Insurance companies are required to assume management responsibilities for their individual agents. Insurance companies that retain individual agents without CIRC qualification certificates to engage in insurance sales activities will be subject to an order to correct their misconduct, warned and fined up to RMB 30,000, and the responsible individual agents will also be warned by the CIRC and fined up to RMB 10,000.

All insurance agencies and agents are required to enter into agency agreements that specify the duration of the agency; the amount of the agency fee and the method of payment; the scope of the agency, including the insurance products to be marketed; and other relevant matters. Absent specific CIRC approval, insurance agents are prohibited from signing insurance and annuity products on behalf of the insurance companies they represent. None of our agents is authorized to sign insurance policies or annuity contracts for us.

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Insurance agencies are required to open special accounts for the handling of funds that they hold or collect for the insurance companies they represent. They may not engage in the following activities: dealing with unauthorized insurers or insurance intermediaries, engaging in activities beyond their authorized business scope or geographical area, causing injury to the rights of the insurance companies they represent, spreading rumors or otherwise injuring the reputation of others in the insurance industry, misappropriating the funds of the insurance companies they represent, defrauding insurance customers through false or misleading representations or material omissions, using undue influence to induce insurance customers to purchase insurance, or defrauding the insurance companies they represent through collusion with the insured or the insurance beneficiary. In addition, dedicated insurance agencies are subject to various reporting requirements, including submission of annual financial reports, and are subject to supervision and examination by the CIRC.

Insurance brokers who represent individuals and companies purchasing insurance and other intermediaries are subject to similar regulatory requirements regarding their activities. Among other things, they are subject to supervision and examination by the CIRC, and fundamental corporate changes must be approved by the CIRC. Only companies organized under the PRC company law and meeting requirements set by the CIRC are authorized to act as insurance brokers. Insurance brokers are required to comply with qualification standards prescribed by the CIRC, and must have obtained a qualification certificate issued by the CIRC and a practicing license from the employing insurance brokerage before practicing.

No.2 Interpretation of Accounting Standard for Business Enterprises

On August 7, 2008, the MOF issued the No.2 Interpretation of Accounting Standard for Business Enterprises, requiring listed companies which issue both H shares and A shares to adopt consistent accounting policies to recognize, calculate and report a particular transaction in their H share financial statements and A share financial statements, except for certain differences in relation to the reversal of impairment losses of long-term assets and disclosures in relation to related party transactions.

On January 5, 2009, the CIRC issued the Notification on the Implementation of the No.2 Interpretation of Accounting Standards for Business Enterprises in the Insurance Sector (No.1 [2009] of CIRC), which requires insurance companies to make appropriate changes to their accounting policies that cause differences between onshore and offshore financial statements when preparing their 2009 annual financial statements, such that the same accounting policies and estimates will apply to a particular transaction.

On December 22, 2009, the MOF issued the Notification on the Promulgation of the Regulations regarding the Accounting Treatment of Insurance Contracts, which regulates issues relating to, among other things, the unbundling of mixed insurance contracts, tests for significant insurance risks and the calculation of reserves for insurance contracts, and requires insurance companies to comply with these requirements beginning with the preparation of their financial statements for the year ended December 31, 2009. The accounting treatment of any transaction item adopted in previous year which differs from those set out in the MOF s regulations must be retrospectively adjusted, unless any such adjustment is not practicable under the circumstances.

C. ORGANIZATIONAL STRUCTURE

(1) Wholly owned by CLIC
(2) Formerly known as China Life Asset Management (Hong Kong) Company Limited

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List of Significant Subsidiaries

Name of Subsidiary	Jurisdiction of Incorporation	Proportion of Ownership Interest Owned by China Life
China Life Asset Management Company Limited	The People s Republic of China	60% (directly)
China Life Franklin Asset Management Company Limited [1]	Hong Kong	50%[2] (indirectly through affiliate)
China Life Pension Company Limited	The People s Republic of China	74.27%[3] (directly and indirectly through affiliate)
China Life AMP Asset Management Co., Ltd.	The People s Republic of China	85.03%[4] (indirectly through affiliate)
China Life (Suzhou) Pension and Retirement Investment Company Limited	The People s Republic of China	100% (directly)

(1) Formerly known as China Life Asset Management (Hong Kong) Company Limited
(2) AMC, which is 60% owned by us, owns 50%
(3) We own 70.74% and AMC, which is 60% owned by us, owns 3.53%
(4) AMC, which is 60% owned by us, owns 85.03%

D. PROPERTY, PLANTS AND EQUIPMENT

As of December 31, 2014, we owned and leased 3,935 and 12,842 properties, respectively, and had 94 properties under construction. Among the 3,935 properties owned by us, 1,918 properties are leased to third parties (including partial leasing) while the remaining properties are mainly occupied by us as office premises. Eight properties are recognized as investment properties.

On December 31, 2014, we entered into a new property leasing agreement with China Life Investment Holding Company Limited. Under this property leasing agreement, which will expire on December 31, 2017, China Life Investment Holding Company Limited agreed to lease to us 1,807 properties owned by it. The annual rent is determined by reference to market rent or, where there is no available comparison, by reference to the costs incurred by China Life Investment Holding Company Limited in holding and maintaining the properties, plus a margin of approximately 5%.

ITEM 4A. UNRESOLVED STAFF COMMENTS.

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS.

You should read the following discussion and analysis in conjunction with the audited consolidated financial statements and accompanying notes included elsewhere in this annual report.

Overview of Our Business

We are the leading life insurance company in China. We provide a broad range of insurance products, including individual and group life insurance, health insurance and accident insurance products. We had nearly 197 million individual and group life insurance policies, annuity contracts, health insurance and accident insurance policies in force as of December 31, 2014.

In response to favorable market opportunities for health insurance and accident insurance in recent years, we have increased our efforts in developing our health insurance and accident insurance businesses. As a result, our health insurance and accident insurance gross written premiums have increased gradually as a percentage of our total gross written premiums. Meanwhile, the gross written premiums derived from group life insurance and supplementary major medical insurance represented an insignificant percentage of our total gross written premiums. In order to better reflect the changes in our external environment and business structure, and the objectives of future development, as well as providing users of financial statements with more useful information, effective January 1, 2014, we realigned our previously reported individual life insurance, group life insurance, short term insurance, supplementary major medical insurance and other segments into four newly identified segments, namely life insurance, health insurance, accident insurance and other. Our management has conducted its analysis and evaluation of our operating results based on the new reporting segments. In connection with this realignment, segment operating results for the fiscal years ended December 31, 2013 and 2012 have been revised to conform to current year segment operating results presentation. For a detailed discussion, see our consolidated financial statements included elsewhere in this annual report.

We report our financial results according to the following three principal business segments:

Life insurance, which offers participating and non-participating life insurance and annuities to individuals and groups.

Health insurance, which offers short-term and long-term health insurance to individuals and groups. The financial results of our supplementary major medical insurance are also reflected in our health insurance business segment.

Accident insurance, which offers short-term and long-term accident insurance to individuals and groups.

In addition, we have an other reporting segment, in which we primarily report the results of the insurance policy management services that we provided to CLIC and the sales agency services that we provided to CLPCIC, as well as the results of our associates, joint ventures and subsidiaries. See Note 5 to our consolidated financial statements included elsewhere in this annual report.

Financial Overview of Our Business

We had total gross written premiums of RMB 331,010 million (US$53,349 million) and net profit of RMB 32,514 million (US$5,240 million) for the year ended December 31, 2014. Our principal business segments had the following results:

Life insurance had total gross written premiums of RMB 285,619 million (US$46,033 million) in 2014.

Health insurance had total gross written premiums of RMB 33,192 million (US$5,350 million) in 2014.

Accident insurance had total gross written premiums of RMB 12,199 million (US$1,966 million) in 2014.

Our business has been characterized by growth of premium income over the past several years, together with a move towards an improved business structure which has been evidenced by an increase in first-year regular premiums and an increase in the percentage of first-year regular premiums for products with regular premiums of ten years or more in first-year regular premiums. At the same time, our business has also been affected by certain unfavorable factors, including the increasing cross-industry competition from companies in other financial industries, and the rapid development of the insurance companies owned or controlled by commercial banks and banking operations of post offices and some other small and medium-sized insurance companies, which have secured an increasing market share by offering products with relatively high interest rates.

Factors Affecting Our Results of Operations

Revenues, Expenses and Profitability

We earn our revenues primarily from:

insurance premiums from the sale of life insurance policies and annuity contracts, including participating and non-participating policies and annuity contracts with life contingencies, as well as accident and health insurance products. Net premiums earned accounted for 74.9% of total revenues in 2014.

investment income and realized and, in some cases, unrealized gains and losses from our investment assets. Investment income and realized and unrealized gains and losses accounted for 22.8% of total revenues in 2014.

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In addition, following the restructuring, we receive service fees for policy management services we provide to CLIC. AMC also receives asset management fees for asset management services provided to CLIC. See Item 7. Major Shareholders and Related Party Transactions Related Party Transactions .

Our operating expenses primarily include:

- insurance benefits provided to our policyholders, accident and health claims and claim adjustment expenses;
- increase in insurance contracts liabilities;
- investment contract benefits;
- policyholder dividends resulting from participation in profits;
- underwriting and policy acquisition costs; and
- administrative and other expenses.

In addition, we pay rent to China Life Investment Holding Company Limited on the properties we lease from it.

Our profitability depends principally on our ability to price and manage risk on insurance and annuity products, our ability to maximize the return on investment assets, our ability to attract and retain customers, and our ability to manage expenses. In particular, factors affecting our profitability include:

- our ability to design and distribute products and services and to introduce new products which gain market acceptance on a timely basis;
- our ability to price our insurance and investment products at levels that enable us to earn a margin over the costs of providing benefits and the expense of acquiring customers and administering those products;
- our returns on investment assets;
- our mortality and morbidity experience, which affects our insurance reserves;
- our lapse experience, which affects our ability to recover the cost of acquiring new business over the lives of the contracts;

- our cost of administering insurance contracts and providing customer services;

- our ability to manage liquidity, price and credit risk in our investment portfolio and to manage duration risk in our asset and policy portfolios through asset-liability management; and

- changes in regulations.

In addition, other factors, such as competition, securities market conditions, taxes and general economic conditions, affect our profitability.

Interest Rates

For many of our long-term life insurance and annuity products, we are obligated to pay a minimum interest or crediting rate to our policyholders or annuitants. These products expose us to the risk that changes in interest rates may reduce our spread, or the difference between the rate of return we are able to earn on our investments intended to support our insurance obligations and the amounts that we are required to pay under the policies. The minimum rate we pay is established when the product is priced, subject to a cap set by the CIRC and which may be adjusted from time to time. Currently, the CIRC cap for participating life insurance products is 2.50%, and the 2.50% cap has been removed for non-participating life insurance policies and universal life insurance policies issued on or after August 5, 2013 and February 16, 2015, respectively. If the rates of return on our investments fall below the minimum rates we guarantee, our profitability would be adversely affected. During 2012, the PBOC reduced the interest rates twice, from 3.50% to 3.00%. In November 2014, the interest rate on one-year term deposits was reduced from 3.00% to 2.75%, and in March 2015, the interest rate was further reduced from 2.75% to 2.50%. If economic conditions change in the future, the Chinese government may adjust the interest rates accordingly. If the interest rates were to be increased, but we did not raise the cap on the rate we may pay on our products, sales of some of our products, including our non-participating products, could be adversely impacted. An increase in guaranteed rates caused by a rise in the CIRC cap may lead to an increase in surrenders and withdrawals of our existing products which offer rates lower than the new rates.

Interest rates also affect our returns on investment assets, a large proportion of which is held in negotiated bank deposits and debt securities. In a declining interest rate environment, interest rate changes expose us to reinvestment risks. In a rising interest rate environment, higher rates may yield greater interest income but also may generate unrealized capital losses for debt securities designated as trading, causing us to incur realized capital losses for securities we reinvest or requiring us to take an impairment if the market value of debt securities declines for an extended period.

Sustained levels of high or low interest rates also may affect the relative popularity of our various products. For example, the popularity of our participating endowment products is partially driven by the protracted comparatively low interest rate environment in China during the past several years and the 2.50% cap set by the CIRC on the guaranteed rates of return we may apply before August 5, 2013. The investment nature of the product, including the enhanced yield by means of dividends, has proven to be attractive to China s insurance buyers.

For further information on our exposure to interest rate risk, see Item 11 Quantitative and Qualitative Disclosure about Market Risk Interest Rate Risk and Note 4 to our consolidated financial statements included elsewhere in this annual report.

Investments

As an insurance company, we have been permitted to invest in five categories of investment assets, including liquidity assets, fixed income assets, equity assets, real properties and other financial assets. However, we are limited by Chinese law and regulations in the maximum amount that we may invest in each type of assets. See Item 4. Information on the Company Business Overview Investments and Item 4. Information on the Company Business Overview Regulatory and Related Matters Insurance Company Regulation Regulation of investments . Our material concentration risks relate to our investments in bank deposits and Chinese government securities.

The limitations on the maximum amount that we may invest in each type of asset affects the investment returns we are able to generate and subjects us to various risks that we would not, or to a lesser extent, be subject to if we were not subject to those limitations. In particular, the limited availability of long-duration investment assets in the markets in which we invest has resulted in the duration of our assets being shorter than that of our liabilities. We believe that with development of China s financial markets and the gradual easing of the investment restrictions imposed on insurance companies in China, such as the increase of the maximum amount that we may invest in equity interests and real properties, our ability to match the duration of our assets to that of our liabilities will improve. We also seek to reduce the risk of duration mismatch by focusing on product offerings whose maturity profiles are in line with the duration of investments available to us in the prevailing investment environment.

Our results can be materially affected by investment impairments. The following table sets forth impairment charges and reversal of impairment charges, which are included in net realised gains and impairment on financial assets, for the years ended December 31, 2012, 2013 and 2014.

	For the year ended December 31,			
Impairment (charge)/reversal	**2012**	**2013**	**2014**	**2014**
	(RMB in millions)			**US$**
Debt securities	51			
Equity securities	(31,094)	(3,803)	(1,149)	(185)
Total	**(31,043)**	**(3,803)**	**(1,149)**	**(185)**

During the year ended December 31, 2014, we recognized an impairment expense of RMB 1,149 million (US$185 million) for available-for-sale equity securities for which we determined that objective evidence of impairment existed. During the year ended December 31, 2013, we recognized an impairment expense of RMB 3,803 million for available-for-sale equity securities for which we determined that objective evidence of impairment existed. During the year ended December 31, 2012, we recognized an impairment expense of RMB 31,094 million for available-for-sale equity securities for which we determined that objective evidence of impairment existed. Our rationale for the impairment is based on a severe or prolonged decline in value. These securities were not impaired due to company-specific events such as bankruptcies.

During the years ended December 31, 2014 and 2013, no previously recognized impairment losses in debt securities were reversed. During the year ended December 31, 2012, RMB 51 million of previously recognized impairment losses in debt securities was reversed.

Available-for-sale securities comprised of the following asset classes as of December 31, 2014, 2013 and 2012.

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	As of December 31,					
	2012		2013		2014	
	Cost or amortized cost	Estimated fair value	Cost or amortized cost	Estimated fair value	Cost or amortized cost	Estimated fair value
	(RMB in millions)					
Debt securities						
Government bonds	42,004	42,946	33,519	31,435	25,885	26,328
Government agency bonds	139,861	135,870	136,466	119,739	137,303	138,487
Corporate bonds	142,401	139,286	175,396	165,001	206,232	206,511
Subordinated bonds/debt	30,821	31,488	24,664	23,579	22,304	22,798
Other			238	232	1,222	1,217
Subtotal	**355,087**	**349,590**	**370,283**	**339,986**	**392,946**	**395,341**
Equity securities						
Funds	65,864	57,019	57,760	58,052	74,532	83,121
Common stocks	95,429	96,361	72,770	77,250	44,197	71,592
Other	3,614	3,446	16,026	16,239	55,271	57,477
Subtotal	**164,907**	**156,826**	**146,556**	**151,541**	**174,000**	**212,190**
Total	**519,994**	**506,416**	**516,839**	**491,527**	**566,946**	**607,531**

We had gross unrealized gains of RMB 47,673 million (US$7,683 million) and gross unrealized losses of RMB 5,581 million (US$899 million) as of December 31, 2014. We had gross unrealized gains of RMB 14,041 million and gross unrealized losses of RMB 35,170 million as of December 31, 2013. We had gross unrealized gains of RMB 21,859 million and gross unrealized losses of RMB 12,061 million as of December 31, 2012. The unrealized losses as of December 31, 2014 related primarily to the unrealized losses of available-for-sale bonds.

The following tables set forth the length of time that each class of available-for-sale securities has continuously been in an unrealized loss position as of December 31, 2014, 2013 and 2012.

As of December 31, 2014	0-6 months	7-12 months	More than 12 months	Total
	(RMB in millions)			
Debt securities				
Unrealized losses	503	94	4,358	4,955
Carrying amounts	52,214	1,310	82,408	135,932
Unrealized losses as a percentage of carrying amounts	0.96%	7.18%	5.29%	3.65%
Equity securities				
Unrealized losses	595	31		626
Carrying amounts	11,666	129		11,795
Unrealized losses as a percentage of carrying amounts	5.10%	24.03%		5.31%

Total				
Total unrealized losses	**1,098**	**125**	**4,358**	**5,581**
Total carrying amounts	**63,880**	**1,439**	**82,408**	**147,727**
Unrealized losses as a percentage of carrying amounts	**1.72%**	**8.69%**	**5.29%**	**3.78%**

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As of December 31, 2013	0-6 months	7-12 months	More than 12 months	Total
		(RMB in millions)		
Debt securities				
Unrealized losses	8,777	4,444	17,301	30,522
Carrying amounts	161,296	38,911	112,752	312,959
Unrealized losses as a percentage of carrying amounts	5.44%	11.42%	15.34%	9.75%
Equity securities				
Unrealized losses	3,681	967		4,648
Carrying amounts	54,306	4,023		58,329
Unrealized losses as a percentage of carrying amounts	6.78%	24.05%		7.97%
Total				
Total unrealized losses	**12,458**	**5,411**	**17,301**	**35,170**
Total carrying amounts	**215,602**	**42,934**	**112,752**	**371,288**
Unrealized losses as a percentage of carrying amounts	**5.78%**	**12.60%**	**15.34%**	**9.47%**

As of December 31, 2012	0-6 months	7-12 months	More than 12 months	Total
		(RMB in millions)		
Debt securities				
Unrealized losses	2,150	644	7,002	9,796
Carrying amounts	128,425	17,930	83,477	229,832
Unrealized losses as a percentage of carrying amounts	1.67%	3.59%	8.39%	4.26%
Equity securities				
Unrealized losses	1,751	514		2,265
Carrying amounts	12,738	9,165		21,903
Unrealized losses as a percentage of carrying amounts	13.74%	5.61%		10.34%
Total				
Total unrealized losses	**3,901**	**1,158**	**7,002**	**12,061**
Total carrying amounts	**141,163**	**27,095**	**83,477**	**251,735**
Unrealized losses as a percentage of carrying amounts	**2.76%**	**4.28%**	**8.39%**	**4.79%**

Financial assets other than those accounted for as at fair value through profit or loss are adjusted for impairments, where these are declines in value that are considered to be other than temporary.

Our rationale for an other-than-temporary impairment is based on a severe or prolonged decline in value. We determine a severe or prolonged decline after considering both quantitative and qualitative factors.

The qualitative factors include specific information on the financial status and performance of the investee, including but not limited to:

loss of major contracts;

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- breach of debt covenants; and
- bankruptcy.

The quantitative factors include the following:

- The market price of the equity securities was more than 50% below its cost at the balance sheet date;
- The market price of the equity securities was more than 20% below its cost for a period of at least six months at the balance sheet date; and
- The market price of the equity securities was below its cost for a period of more than one year.

When the decline in value is considered an impairment, held-to-maturity debt securities are written down to their present value of estimated future cash flows discounted at the securities effective interest rates, and available-for-sale debt securities and equity securities are written down to their fair value, and the change is recorded in net realised gains and impairment on financial assets in the period the impairment is recognized. The impairment loss is reversed through the net profit if in a subsequent period the fair value of a debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognized through net profit. The impairment losses recognized in net profit on equity investments are not reversed. See Critical Accounting Policies .

As of December 31, 2014, our total investment assets were RMB 2,100,870 million (US$338,599 million) and the investment yield for the year ended December 31, 2014 was 5.36%. The investment yield primarily reflected the increase in spread income, interest income and fair value gains/(losses), as well as the decrease in impairment losses of assets. As of December 31, 2013, our total investment assets were RMB 1,848,681 million and the investment yield for the year ended December 31, 2013 was 4.86%. The investment yield primarily reflected the increase in interest income and spread income, and the decrease in impairment losses. In response to this market weakness, we made adjustments to the investment portfolio by decreasing the proportion of investments in equity securities and increasing the proportion of fixed-income assets. As of December 31, 2012, our total investment assets were RMB 1,790,838 million and the investment yield for the year ended December 31, 2012 was 2.79%. The investment yield primarily reflected the increase in impairment losses resulting from the continued weakness of the Chinese capital markets. In response to this market weakness, we made adjustments to the investment portfolio by decreasing the proportion of investments in equity securities and increasing the proportion of fixed-income assets.

We calculate the investment yields for a given year by dividing the investment income for that year by the average of the ending balance of investment assets of that year and the previous year.

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Mix of Products

The following table sets forth premium information as of or for the years ended December 31, 2014, 2013 and 2012 by type of product in our life insurance business, health insurance business and accident insurance business.

	As of or for the year ended December 31,				Compound annual growth rate (2012-2014)
	2012 RMB	2013 RMB	2014 RMB	2014 US$	
Life insurance business					
Whole life and term life insurance:					
Gross written premiums	32,881	32,109	32,638	5,260	(0.37)%
Endowment:					
Gross written premiums	223,660	209,034	217,662	35,081	(1.35)%
Annuities:					
Gross written premiums	37,864	49,635	35,319	5,692	(3.42)%
Health insurance business(1)					
Gross written insurance premiums	18,789	24,713	33,192	5,350	32.91%
Accident insurance business(2)					
Gross written insurance premiums	9,548	10,799	12,199	1,966	13.03%

(1) Including long-term and short-term health products.
(2) Including long-term and short-term accident products.

Pursuant to guidelines issued by the CIRC, we are required to pay to our participating policyholders dividends which are no less than 70% of the distributable investment earnings and mortality gains on participating products. Participating products tend to present us with less market risk, since we have more flexibility to set the level of dividends and because participating products are subject to guaranteed rates which are generally lower than those of non-participating products. In addition, changes in interest rates have less of an impact on their lapse rates than on those of non-participating policies. Conversely, participating products tend to be less profitable for us than non-participating products, largely because the terms of these contracts effectively commit us to sharing a portion of our earnings from participating products with our policyholders. However, participating products still provide us with attractive profit contributions given the growing level of sales volume they produce.

Products classified as investment contracts also affect our revenues, since only a portion of the payments we received under such products are recorded in our consolidated income statement as policy fees, and the majority of such payments are recorded as investment contracts under financial liabilities on our balance sheet.

Another factor affecting our revenue is the fact that a substantial amount of the premiums we receive on many individual and group life insurance products are made in single payments, rather than over the course of the policy. We believe that the popularity of single premium products is in line with purchasing patterns and demand in China. We have, however, adjusted our premium structure to focus more on sales of products with regular premiums, especially products with regular premiums for ten years or more, which has reduced the proportion of single written premiums of our total first-year gross written premiums. We believe that this strategy could contribute to a more steady development of our business and enhance the retention rate of our customers and sales agent force.

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Regulation

We operate in a highly regulated industry. Changes in regulation can have a significant impact on our revenues, expenses and profitability. China s insurance regulatory regime is undergoing significant changes toward a more transparent regulatory process and a convergent movement toward international standards. Among other things, recent changes to permitted investment channels for insurance companies have impacted our investment portfolio and returns. See Item 4. Information on the Company Business Overview Regulatory and Related Matters .

Critical Accounting Policies

We prepared the consolidated financial statements under the historical cost convention, except for financial assets and financial liabilities at fair value through profit or loss, available-for-sale financial assets, insurance contract liabilities and certain property, plant and equipment at deemed cost during restructuring process. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires our management to exercise its judgment in the process of applying our accounting policies. Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to our businesses and operations. The following sections discuss the accounting policies applied in preparing our financial statements that we believe are most dependent on the application of these judgments and estimates. However, uncertainty about these judgments and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets and liabilities in the future periods.

Reserves for Long-term Insurance Contracts

Long-term insurance contracts include whole life and term life insurance, endowment insurance and annuities policies with significant life contingency risk. Premiums are recognized as revenue when due from policyholders.

We use the discounted cash flow method to estimate the reserves for long-term insurance contracts. The reserve of long-term insurance contracts consists of a reasonable estimate of liability, a risk margin and a residual margin. The long-term insurance contracts liabilities are calculated using various assumptions, including assumptions on mortality rates, morbidity rates, lapse rates, discount rates and expenses assumptions, and based on the following principles:

The reasonable estimate of liability for long-term insurance contracts is the present value of reasonable estimates of future cash outflows less future cash inflows. The expected future cash inflows include cash inflows of future premiums arising from the undertaking of insurance obligations, with consideration of decrement mostly from death and surrenders. The expected future cash outflows are cash outflows incurred to fulfill contractual obligations, consisting of the following:

(i) The guaranteed benefits based on contractual terms, including payments for deaths, disabilities, diseases, survivals, maturities and surrenders;

(ii) Additional non-guaranteed benefits, such as policyholder dividends; and

(iii)

Reasonable expenses incurred to manage insurance contracts or to process claims, including maintenance expenses and claim settlement expenses. Future administration expenses are included in the maintenance expense. Expenses are determined based on expense analysis with consideration of future inflation and our expense management.

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On each reporting date, we review the assumptions for reasonable estimates of liability and risk margins, with consideration of all available information, and taking into account our historical experience and expectation of future events. Changes in assumptions are recognized in net profit. Assumptions for the amortization of residual margin are locked in at policy issuance and are not adjusted at each reporting date. We consider the potential impact of future risk factors on our operating results and incorporates such potential impact in the determination of assumptions. The sensitivity analysis disclosed in the Note 4.1.3 on page F-35 of this annual report provides a detailed analysis of impact of assumption changes on our operating results.

Margin has been taken into consideration while computing the reserve of insurance contracts, measured separately and recognized in the net profit in each period over the life of the contracts. At the inception of the contracts, we do not recognize Day 1 gain, whereas on the other hand, Day 1 loss is recognized in net profit immediately.

Margin comprises of risk margin and a residual margin. Risk margin is the reserve accrued to compensate for the uncertain amount and timing of future cash flows. At the inception of the contract, the residual margin is calculated net of acquisition costs by us representing Day 1 gain and will be amortized over the life of contracts. For insurance contracts in which future returns are affected by investment yields of corresponding investment portfolios, their related residual margins are amortized based on estimated future participating dividends payable to the policyholders. For insurance contracts in which future returns are not affected by investment yields of corresponding investment portfolios, their related residual margins are amortized based on sum assured of outstanding policies. The subsequent measurement of residual margin is independent from the reasonable estimate of future discounted cash flows and risk margin. The assumption changes have no effect on the subsequent measurement of residual margin.

We have considered the impact of time value on the reserve calculation for insurance contracts.

We establish liabilities for long-term traditional insurance contracts based on the following assumptions:

For the insurance contracts of which future returns are affected by the investment yields of corresponding investment portfolios, investment return assumptions are applied as discount rates to assess the time value impacts on reserve computation. In developing discount rate assumptions, we consider investment experience, current investment portfolio and trend of the yield curve. The discount rate reflects the future economic outlook as well as our investment strategy. The assumed discount rate with risk margin ranged from 4.80% to 5.00% as at December 31, 2012, from 4.80% to 5.00% as at December 31, 2013 and from 4.80% to 5.00% as at December 31, 2014, respectively.

For the insurance contracts of which the future returns are not affected by the investment yields of the corresponding investment portfolios, we use a discount rate assumption to assess the time value impacts based on the yield curve of reserve computation benchmark for insurance contracts , published on China Bond website, with consideration including liquidity spreads, taxation impacts and other relevant factors.

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The assumed discount rate with risk margin ranged from 3.12% to 5.61% as at December 31, 2012, from 3.47% to 5.74% as at December 31, 2013 and from 3.52% to 5.96% as at December 31, 2014, respectively.

The discount rate assumption is affected by certain factors, such as future macro-economy, fiscal policies, capital market and availability of investment channels of our insurance funds. We determine the discount rate assumption based on the information obtained at the end of each reporting period, including consideration of risk margin.

The mortality and morbidity assumptions are based on the historical mortality and morbidity experience. The assumed mortality rates and morbidity rates vary by age of the insured and contract type.

We base our mortality assumptions on China Life Insurance Mortality Table (2000-2003), adjusted where appropriate to reflect our long-term historical mortality experience. The main source of uncertainty with life insurance contracts is that epidemics and wide-ranging lifestyle changes could result in deterioration in future mortality experience, thus leading to an inadequate liability. Similarly, improvements in longevity due to continuing advancements in medical care and social conditions could expose us to longevity risk.

We base our morbidity assumptions for critical illness products on analysis of historical experience and expectations of future developments. There are two main sources of uncertainty. First, wide-ranging lifestyle changes could result in future deterioration in morbidity experience. Second, future development of medical technologies and improved coverage of medical facilities available to policyholders may bring forward the timing of diagnosing critical illness, which demands earlier payment of the critical illness benefits. Both could ultimately result in an inadequate reserving of liability if current morbidity assumptions do not properly reflect such secular trends.

Risk margin is considered in our mortality and morbidity assumptions.

The expense assumptions are based on expected unit costs with the consideration of previous expenses study and future trends. Our expense assumptions are affected by certain factors, such as further inflation and market competition which bring uncertainty to these assumptions. We consider risk margin for expense assumptions based on the current information obtained at the end of each balance sheet date. Components of expense assumptions include cost per policy and percentage of premium**.** We have estimated the percentage of premiums costs to be 0.85% to 0.90% of premiums for individual life products and 0.90% for group life products as at December 31, 2012, 0.85% to 0.90% of premiums for individual life products and 0.90% for group life products as at December 31, 2013 and 0.85% to 0.90% of premiums for individual life products and 0.90% for group life products as at December 31, 2014, respectively, in each case plus a fixed per-policy expense.

The lapse rates and other assumptions are affected by certain factors, such as future macro-economic factors, availability of financial substitutions and market competition, which bring uncertainty to lapse rates and other assumptions. The lapse rates and other assumptions are determined with reference to creditable past experience, current conditions, future expectations and other information obtained at the end of each reporting period.

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The method used to determine risk margin has been consistently applied. We consider risk margin for each of the discount rate, mortality and morbidity and expense assumptions to compensate for the uncertain amount and timing of future cash flow. When determining risk margin, we consider historical experience, future expectations and other factors. Risk margin is determined by us and does not include any elements imposed by regulators.

We adopted a consistent process to determine assumptions for the insurance contracts, which are detailed in Note 14 to our consolidated financial statements included elsewhere in this annual report.

Universal Life Contracts and Unit-linked Contracts

Universal life contracts and unit-linked contracts are unbundled into the following components:

- Insurance components; and
- Non-insurance components.

The insurance components are accounted for as insurance contracts and follow the existing reserves calculation methodology as allowed under IFRS 4 *Insurance Contracts* for insurance contracts, and the non-insurance components are accounted for as investment contracts, which are recognized in the investment contracts.

Investment Contracts

Revenue from investment contracts with or without discretionary participating features is recognized as policy fee income, which consists of various fee income including, among others, policy fees, handling fees and management fees, during the period. Policy fee income net of certain acquisition cost are deferred as unearned revenue and amortized over the expected life of the contracts.

Except for unit-linked contracts, of which the liabilities are carried at fair value, the liabilities of investment contracts with or without discretionary participating features are carried at amortized cost.

Valuation of Investments

Debt securities that we have the ability and positive intent to hold to maturity are classified as held-to-maturity. These investments are carried at amortized cost. Debt securities and equity securities that we purchase with the intention to resell in the short term are classified as securities at fair value through profit or loss. Debt securities and equity securities other than those classified as held-to-maturity or securities at fair value through profit or loss are classified as available-for-sale securities. We regularly review the carrying value of our investments. If there is objective evidence of impairment, the carrying value is reduced through a charge to income statement. The following are the policies used:

Securities at fair value through profit or loss. This category has two sub-categories: securities held for trading and those designated at fair value through profit or loss at inception. Securities are classified as held for trading at inception if acquired principally for the purpose of selling in the short-term or if they form part of a portfolio of financial assets in which there is evidence of short term profit-taking. Other financial assets are classified as at fair value through profit or loss if they meet certain criteria and designated as such at inception by us.

Held-to-maturity securities. Held-to-maturity securities are non-derivative financial assets with fixed or determinable payments and fixed maturities that we have the positive intention and ability to hold to maturity and do not meet the definition of loans and receivables nor designated as available-for-sale securities or securities at fair value through profit or loss.

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Loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that we intend to sell in the short term or held as available-for-sale. Loans and receivables mainly comprise term deposits, loans, securities purchased under agreements to resell, accrued investment income and premium receivables as presented separately in the statement of financial position.

Available-for-sale securities. Available-for-sale securities are non-derivative financial assets that are either designated in this category or not classified in either of the other categories.

Securities other than those accounted for as at fair value through profit or loss are adjusted for impairments, where there are declines in value that are considered to be an impairment. In evaluating whether a decline in value is an impairment for debt securities and equity securities, we consider several factors including, but not limited to, the following:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becomes probable that the issuer or debtor will enter bankruptcy or other financial reorganization; and
- the disappearance of an active market for that financial asset because of financial difficulties.

In evaluating whether a decline in value is impairment for equity securities, we also consider the extent or the duration of the decline. When the decline in value is considered impairment, held-to-maturity debt securities are written down to their present value of estimated future cash flows discounted at the securities effective interest rates; available-for-sale debt securities and equity securities are written down to their fair value, and the change is recorded in Net realised gains and impairment on financial assets in the period the impairment is recognized. The impairment loss is reversed through the net profit if in a subsequent period the fair value of a debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognized through the net profit. The impairment losses recognized in net profit on equity instruments are not reversed through the net profit.

As of December 31, 2014, debt securities of RMB 201,719 million (US$32,511 million) contain guarantees issued by third parties and, of those, 75.18% were guaranteed by either the Chinese government or a Chinese government controlled financial institution. Of the guarantees issued by government or government controlled financial institutions, 81.15% relates to a guarantee issued by a Chinese government ministry for debt securities issued by a government railway infrastructure entity. We monitor the credit worthiness of the third parties which have issued these guarantees using local Chinese credit ratings which are generally only utilized within China.

The fair value of the financial assets and liabilities is determined as follows:

Debt securities. The fair values of debt securities are generally based on current bid prices. Where current bid prices are not readily available, fair values are estimated using either prices observed in recent transactions, values obtained from current bid prices of comparable investments or valuation techniques when the market is not active.

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Equity securities. The fair values of equity securities are generally based on current bid prices. Where current bid prices are not readily available, fair values are estimated using either prices observed in recent transactions or commonly used market pricing model. Equity securities, for which fair values cannot be measured reliably, are recognized at cost less impairment.

Term deposits, loans and securities purchased or sold under agreements to resell or repurchase. The carrying amounts of these assets in the consolidated statements of financial position approximate fair values.

Valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyze and interpret information related to market transactions and other key valuation model inputs from multiple sources, and, through the use of widely accepted valuation models, provide a theoretical quote on various securities.

We utilize one pricing service for all of our debt securities. This pricing service provider is the only publicly-recognized pricing service provider in China, and its pricing information is used by the mutual fund industry and almost all companies in China. The prices obtained from the pricing service are non-binding. Our review and testing have shown the prices obtained from our pricing service to be appropriate. As such, during the year ended December 31, 2014, we did not consider it necessary to adjust the prices obtained from our pricing service.

As at December 31, 2014, RMB 247,321 million of RMB 254,831million debt securities with prices obtained from our pricing service were issued by the Chinese government and government controlled organizations. This pricing service utilized a discounted cash flow valuation model using market observable inputs, mainly interest rates, to determine a fair value. There are no other significant market inputs. As such, we have classified these debt securities as Level 2 in the fair value hierarchy.

Management subjects the fair values provided by valuation service providers to a number of validation procedures. These procedures include a review of the valuation models utilized, as well as our own test recalculation of the prices obtained from the pricing service at each reporting date.

We consider a combination of many factors in determining whether we believe a market for a financial instrument is active or inactive. Among these factors include:

- whether there has been any trades within past 30 days of the reporting date;
- the volume of the trades within this 30 day period; and
- the degree which the implied yields for a debt security for observed transactions differs from our understanding of the current relevant market rates and information.

Revenue Recognition

Premiums. Premiums from long-term life insurance contracts are recognized as revenue when due from the policyholders.

Premiums from the sale of short-term accident and health insurance contracts are recorded when written and are accreted to earnings on a pro-rata basis over the term of the related policy coverage.

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Policy fee income. Revenue from investment contracts is recognized as policy fee income, which consists of various fee income (including policy fees, handling fees and management fees) over the period during which service is provided. Excess fee income over certain acquisition costs is deferred as unearned revenue and amortized over the expected life of the contracts. Policy fee income is presented as other income.

Investment income. Investment income is comprised of interest income from term deposits, cash and cash equivalents, debt securities, securities purchased under agreements to resell, loans and dividend income from equity securities. Interest income is recorded on an accrual basis using the effective interest rate method. Dividend income is recognized when the right to receive a dividend payment is established.

Deferred taxation

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Substantively enacted tax rates are used in the determination of deferred income tax.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be recognized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Recently Issued Accounting Standards

The following standards and amendments are mandatory for the first time for the financial year beginning on January 1, 2014.

Standards/Amendments	Content	Effective for annual period beginning on or after
IAS 32 Amendment	*Financial Instruments: Presentation Offsetting Financial Assets and Financial Liabilities*	January 1, 2014
IAS 36 Amendment	*Recoverable Amount Disclosures for Non-Financial Assets*	January 1, 2014
IAS 39 Amendment	*Novation of Derivatives and Continuing of Hedge Accounting*	January 1, 2014
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	*Investment Entities*	January 1, 2014
IFRS 2 Amendment (i)	*Definition of Vesting Condition*	July 1, 2014
IFRS 3 Amendment (i)	*Accounting for Contingent Consideration in a Business Combination*	July 1, 2014
IFRS 13 Amendment (i)	*Short-term Receivables and Payables*	January 1, 2014
IFRS 1 Amendment (ii)	*Meaning of Effective IFRSs*	January 1, 2014

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(i) These three amendments are included in *Annual Improvements 2010-2012 Cycle*.
(ii) The amendment is included in *Annual Improvements 2011-2013 Cycle*.

The following standards and amendments are not yet effective and have not been early adopted by us for the financial year beginning on January 1, 2014.

Standards/Amendments	Content	Effective for annual period beginning on or after
IAS 27Amendment	*Equity Method in Separate Financial Statements*	January 1, 2016
IFRS 10 and IAS 28 Amendments	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	January 1, 2016
IFRS 11 Amendment	*Accounting for Acquisition of Interests in Joint Operations*	January 1, 2016
IFRS 15	*Revenue from Contracts with Customers*	January 1, 2017
IFRS 9	*Financial Instruments*	January 1, 2018

For a detailed discussion of the recently issued accounting standards, see Note 2.1.1 to our consolidated financial statements included elsewhere in this annual report.

Inflation

According to the National Statistics Bureau of China, China s overall national inflation rates, as represented by the general consumer price index, were approximately 2.0%, 2.6%, 2.6%, 5.4% and 3.3% in 2014, 2013, 2012, 2011 and 2010, respectively. Inflation has not had a significant effect on our business during the past three years.

Foreign Currency Fluctuation

See Item 3. Key Information Risk Factors Risks Relating to the People s Republic of China Government control of currency conversion and the fluctuation of the Renminbi may materially and adversely affect our operations and financial results and Item 11. Quantitative and Qualitative Disclosures about Market Risk Foreign Exchange Risk .

A. OPERATING RESULTS

Year Ended December 31, 2014 Compared with Year Ended December 31, 2013

Total Revenues	For the year ended December 31, 2013 RMB	2014 RMB
	(in millions)	
Net premiums earned	324,813	330,105
Life insurance business	290,738	285,574
Health insurance business	24,180	32,624
Accident insurance business	9,895	11,907
Investment income	82,816	93,548
Investment income from securities at fair value through profit or loss	1,542	1,677

Investment income from available-for-sale securities	19,596	23,029
Investment income from held-to-maturity securities	22,588	25,357
Investment income from bank deposits	32,667	34,934
Investment income from loans	5,773	8,138
Other investment income	650	413
Net realised gains and impairment on financial assets	5,793	7,120
Net fair value gains/(losses) through profit or loss	137	5,808
Other income	4,324	4,185
Total	**417,883**	**440,766**

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Net Premiums Earned

Net premiums earned increased by RMB 5,292 million, or 1.6%, to RMB 330,105 million in 2014 from RMB 324,813 million in 2013.

Life Insurance Business

Net premiums earned from life insurance business decreased by RMB 5,164 million, or 1.8%, to RMB 285,574 million in 2014 from RMB 290,738 million in 2013. This was primarily due to our proactive control of the volume of single premiums policies and a decrease in the renewal premiums earned.

Health Insurance Business

Net premiums earned from health insurance business increased by RMB 8,444 million, or 34.9%, to RMB 32,624 million in 2014 from RMB 24,180 million in 2013. This was primarily due to our enhanced efforts in developing our health insurance business.

Accident Insurance Business

Net premiums earned from accident insurance business increased by RMB 2,012 million, or 20.3%, to RMB 11,907 million in 2014 from RMB 9,895 million in 2013. This was primarily due to our enhanced efforts in adjusting our business structure, implementing active financial policies, strengthening team building and motivating local branches in implementing initiatives in business expansion.

Investment Income

Investment income increased by RMB 10,732 million, or 13.0%, to RMB 93,548 million in 2014 from RMB 82,816 million in 2013.

Investment Income from Securities at Fair Value through Profit or Loss

Investment income from securities at fair value through profit or loss increased by RMB 135 million, or 8.8%, to RMB 1,677 million in 2014 from RMB 1,542 million in 2013. This was primarily due to an increase in interest income from debt securities at fair value through profit or loss.

Investment Income from Available-for-Sale Securities

Investment income from available-for-sale securities increased by RMB 3,433 million, or 17.5%, to RMB 23,029 million in 2014 from RMB 19,596 million in 2013. This was primarily due to an increase in dividend income from available-for-sale funds and interest income from available-for-sale debt securities.

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Investment Income from Held-to-Maturity Securities

Investment income from held-to-maturity securities increased by RMB 2,769 million, or 12.3%, to RMB 25,357 million in 2014 from RMB 22,588 million in 2013. This was primarily due to an increase in interest income resulting from our increased allocation in high-grade credit bonds and financial bonds in light of market conditions.

Investment Income from Bank Deposits

Investment income from bank deposits increased by RMB 2,267 million, or 6.9%, to RMB 34,934 million in 2014 from RMB 32,667 million in 2013. This was primarily due to a slight increase in our allocation in ordinary term deposits.

Investment Income from Loans

Investment income from loans increased by RMB 2,365 million, or 41.0%, to RMB 8,138 million in 2014 from RMB 5,773 million in 2013. This was primarily due to an increase in the volume of policy loans and our increased allocation in diversified investments such as the debt investment plans and trust schemes.

Net Realised Gains and Impairment on Financial Assets

Net realised gains and impairment on financial assets increased by RMB 1,327 million, to gains of RMB 7,120 million in 2014 from gains of RMB 5,793 million in 2013. This was primarily due to a decrease in impairment losses of available-for-sale stocks and an increase in spread income from trading funds.

Net Fair Value Gains/(Losses) through Profit or Loss

Net fair value gains/(losses) through profit or loss increased by RMB 5,671 million to gains of RMB 5,808 million in 2014 from gains of RMB 137 million in 2013. This was primarily due to a significant increase in the allocation of securities at fair value through profit or loss and an increase in the market value of these securities.

Other Income

Other income decreased by RMB 139 million, or 3.2%, to RMB 4,185 million in 2014 from RMB 4,324 million in 2013, remaining stable.

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Benefits, Claims and Expenses	**For the year ended December 31,**	
	2013	**2014**
	RMB	**RMB**
	(in millions)	
Insurance benefits and claims expenses		
Life insurance death and other benefits	193,671	192,659
Accident and health claims and claim adjustment expenses	11,263	16,752
Increase in insurance contracts liabilities	107,354	105,883
Investment contracts benefits	1,818	1,958
Policyholder dividends resulting from participation in profits	18,423	24,866
Underwriting and policy acquisition costs	25,690	27,147
Finance costs	4,032	4,726
Administrative expenses	24,805	25,432
Other expenses	3,864	4,151
Statutory insurance fund contribution	637	701
Total	**391,557**	**404,275**
Segment information of insurance benefits and claims expenses		
Life insurance business	293,932	288,868
Health insurance business	15,055	22,434
Accident insurance business	3,301	3,992
Total	**312,288**	**315,294**

Insurance Benefits and Claims Expenses

Insurance benefits and claims, net of amounts ceded through reinsurance, increased by RMB 3,006 million, or 1.0%, to RMB 315,294 million in 2014 from RMB 312,288 million in 2013.

Life insurance death and other benefits payouts decreased by RMB 1,012 million, or 0.5%, to RMB 192,659 million in 2014 from RMB 193,671 million in 2013. This was primarily due to a decrease in maturities payable of life insurance business. Accident and health claims and claim adjustment expenses increased by RMB 5,489 million, or 48.7%, to RMB 16,752 million in 2014 from RMB 11,263 million in 2013. This was primarily due to an increase in the volume of short-term health insurance and accident insurance business**.** Increase in insurance contracts liabilities decreased by RMB 1,471 million, or 1.4%, to RMB 105,883 million in 2014 from RMB 107,354 million in 2013, remaining basically stable.

Life Insurance Business

Insurance benefits and claims expenses attributable to life insurance business decreased by RMB 5,064 million, or 1.7%, to RMB 288,868 million in 2014 from 293,932 million in 2013. This was primarily due to a decrease in maturities payable of life insurance business.

Health Insurance Business

Insurance benefits and claims expenses attributable to health insurance business increased by RMB 7,379 million, or 49.0%, to RMB 22,434 million in 2014 from RMB 15,055 million in 2013. This was primarily due to an increase in the volume of health insurance business.

Accident Insurance Business

Insurance benefits and claims expenses attributable to accident insurance business increased by RMB 691 million, or 20.9%, to RMB 3,992 million in 2014 from RMB 3,301 million in 2013. This was primarily due to an increase in the volume of accident insurance business.

Investment Contract Benefits

Investment contract benefits increased by RMB 140 million, or 7.7%, to RMB 1,958 million in 2014 from RMB 1,818 million in 2013. This was primarily due to an increase in the volume of certain investment contracts.

Policyholder Dividends Resulting from Participation in Profits

Policyholder dividends resulting from participation in profits increased by RMB 6,443 million, or 35.0%, to RMB 24,866 million in 2014 from RMB 18,423 million in 2013. This was primarily due to an increase in investment yields for participating products.

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Underwriting and Policy Acquisition Costs

Underwriting and policy acquisition costs increased by RMB 1,457 million, or 5.7%, to RMB 27,147 million in 2014 from RMB 25,690 million in 2013. This was primarily due to an increase in underwriting costs for first-year regular premium business resulting from an improvement in our business structure.

Finance Costs

Finance costs increased by RMB 694 million, or 17.2%, to RMB 4,726 million in 2014 from RMB 4,032 million in 2013. This was primarily due to an increase in interest payments for securities sold under agreements to repurchase.

Administrative Expenses

Administrative expenses include employees remuneration and other administrative expenses. Administrative expenses increased by RMB 627 million, or 2.5%, to RMB 25,432 million in 2014 from RMB 24,805 million in 2013. This was primarily due to an effective curb on the growth of administrative expenses resulting from our enhanced efforts in cost control.

Other Expenses

Other expenses increased by RMB 287 million, or 7.4%, to RMB 4,151 million in 2014 from RMB 3,864 million in 2013. This was primarily due to an increase in business taxes and surcharges expenses resulting from an increase in taxable income from investment.

Profit	**For the year ended December 31,**	
	2013	**2014**
	RMB	**RMB**
	(in millions)	
Profit before income tax	29,451	40,402
Life insurance business	22,038	30,651
Health insurance business	2,739	3,252
Accident insurance business	608	1,546
Other businesses	4,066	4,953
Income tax	4,443	7,888
Net profit attributable to equity holders of the company	24,765	32,211

Profit before Income Tax

Our profit before income tax increased by RMB 10,951 million, or 37.2%, to RMB 40,402 million in 2014 from RMB 29,451 million in 2013.

Life Insurance Business

Profit before income tax in the life insurance business increased by RMB 8,613 million, or 39.1%, to RMB 30,651 million in 2014 from RMB 22,038 million in 2013. This was primarily due to an increase in investment yield.

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Health Insurance Business

Profit before income tax in the health insurance business increased by RMB 513 million, or 18.7%, to RMB 3,252 million in 2014 from RMB 2,739 million in 2013. This was primarily due to an increase in business volume and investment yield.

Accident Insurance Business

Profit before income tax in the accident insurance business increased by RMB 938 million, or 154.3%, to RMB 1,546 million in 2014 from RMB 608 million in 2013. This was primarily due to an increase in business volume and an improvement in business quality.

Income Tax

We pay income tax according to applicable Chinese enterprise income tax regulations and rules. Income tax increased by RMB 3,445 million, to RMB 7,888 million in 2014 from RMB 4,443 million in 2013. This was primarily due to the combined effect of taxable income and deferred tax.

Net Profit Attributable to Equity Holders of the Company

For the reasons set forth above, net profit attributable to equity holders of the Company increased by RMB 7,446 million, or 30.1%, to RMB 32,211 million in 2014 from RMB 24,765 million in 2013. This was primarily due to the increase in investment yield and the change of discount rate assumption of reserves of traditional insurance contracts.

Major Assets	**As of December 31,**	
	2013	**2014**
	RMB	**RMB**
	(in millions)	
Investment assets	1,848,681	2,100,870
Term deposits	664,174	690,156
Held-to-maturity securities	503,075	517,283
Available-for-sale securities	491,527	607,531
Securities at fair value through profit or loss	34,172	53,052
Securities purchased under agreements to resell	8,295	11,925
Cash and cash equivalents	21,330	47,034
Loans	118,626	166,453
Statutory deposits restricted	6,153	6,153
Investment properties	1,329	1,283
Other assets	124,260	145,697
Total	**1,972,941**	**2,246,567**

Investment Assets

Our total investment assets increased by RMB 252,189 million, or 13.6%, to RMB 2,100,870 million in 2014 from RMB 1,848,681 million in 2013.

Term Deposits

Term deposits increased by RMB 25,982 million, or 3.9%, to RMB 690,156 million in 2014 from RMB 664,174 million in 2013. This was primarily due to our increased allocation in ordinary term deposits.

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Held-to-Maturity Securities

Held-to-maturity securities increased by RMB 14,208 million, or 2.8%, to RMB 517,283 million in 2014 from RMB 503,075 million in 2013. This was primarily due to our increased allocation in high-grade credit bonds and financial bonds in light of market conditions.

Available-for-Sale Securities

Available-for-sale securities increased by RMB 116,004 million, or 23.6%, to RMB 607,531 million in 2014 from RMB 491,527 million in 2013. This was primarily due to our increased allocation in high-grade credit bonds and funds in light of market conditions.

Securities at Fair Value Through Profit or Loss

Securities at fair value through profit or loss increased by RMB 18,880 million, or 55.2%, to RMB 53,052 million in 2014 from RMB 34,172 million in 2013. This was primarily due to our increased allocation in common stocks at fair value through profit or loss.

Cash and Cash Equivalents

Cash and cash equivalents increased by RMB 25,704 million, or 120.5%, to RMB 47,034 million in 2014 from RMB 21,330 million in 2013. This was primarily due to the demand for liquidity management.

Loans

Loans increased by RMB 47,827 million, or 40.3%, to RMB 166,453 million in 2014 from RMB 118,626 million in 2013. This was primarily due to an increase in the volume of policy loans, as well as our increased allocation in diversified investments such as debt investment plans and trust schemes.

Investment Properties

Investment properties decreased by RMB 46 million, or 3.5%, to RMB 1,283 million in 2014 from RMB 1,329 million in 2013. This was primarily due to depreciation of investment properties.

Major Liabilities	**As of December 31,**	
	2013	**2014**
	RMB	**RMB**
	(in millions)	
Liabilities		
Insurance contracts	1,494,497	1,603,446
Investment contracts	65,087	72,275
Securities sold under agreements to repurchase	20,426	46,089
Policyholder dividends payable	49,536	74,745
Annuity and other insurance balances payable	23,179	25,617
Interest-bearing loans and borrowings		2,623
Bonds payable	67,985	67,989

Deferred tax liabilities	4,919	19,375
Other liabilities	24,727	47,077
Total	**1,750,356**	**1,959,236**

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Liabilities

Our total liabilities increased by RMB 208,880 million, or 11.9%, to RMB 1,959,236 million in 2014 from RMB 1,750,356 million in 2013.

Insurance Contracts

Liabilities of insurance contracts increased by RMB 108,949 million, or 7.3%, to RMB 1,603,446 million in 2014 from RMB 1,494,497 million in 2013. This was primarily due to the accumulation of insurance liabilities from new insurance business and renewal business. As at the balance sheet date, our insurance contracts reserves passed liability adequacy testing.

Investment Contracts

The account balance of investment contracts increased by RMB 7,188 million, or 11.0%, to RMB 72,275 million in 2014 from RMB 65,087 million in 2013. This was primarily due to an increase in the volume of certain investment contracts.

Securities Sold under Agreements to Repurchase

Securities sold under agreements to repurchase increased by RMB 25,663 million, or 125.6%, to RMB 46,089 million in 2014 from RMB 20,426 million in 2013. This was primarily due to the demand for liquidity management.

Policyholder Dividends Payable

Policyholder dividends payable increased by RMB 25,209 million, or 50.9%, to RMB 74,745 million in 2014 from RMB 49,536 million in 2013. This was primarily due to an increase in investment yields for participating products.

Annuity and Other Insurance Balances Payable

Annuity and other insurance balances payable increased by RMB 2,438 million, or 10.5%, to RMB 25,617 million in 2014 from RMB 23,179 million in 2013. This was primarily due to an increase in maturities payable.

Interest-bearing Loans and Borrowings

In June 2014, to meet the needs of our overseas investment, we obtained a fixed-interest rate bank loan of 275 million British pounds sterling with a term of five years. As at December 31, 2014, the loan balance was RMB 2,623 million.

Bonds Payable

Bonds payable increased by RMB 4 million, to RMB 67,989 million in 2014 from 67,985 million in 2013, remaining basically stable. This was primarily due to the fact that no subordinated debt were issued by us in 2014.

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Deferred Tax Liabilities

Deferred tax liabilities increased by RMB 14,456 million, or 293.9%, to RMB 19,375 million in 2014 from RMB 4,919 million in 2013. This was primarily due to an increase in the fair value of available-for-sale financial assets.

Equity Attributable to Equity Holders of the Company

As of December 31, 2014, equity attributable to equity holders of the Company was RMB 284,121 million and increased by RMB 63,790 million, or 29.0%, from RMB 220,331 million as of December 31, 2013. This was primarily due to the combined effect of an increase in the fair value of available-for-sale financial assets and the profit gained during the fiscal year.

Year Ended December 31, 2013 Compared with Year Ended December 31, 2012

Total Revenues	**For the year ended December 31,**	
	2012 RMB	**2013 RMB**
	(in millions)	
Net premiums earned	322,126	324,813
Life insurance business	294,374	290,738
Health insurance business	18,565	24,180
Accident insurance business	9,187	9,895
Investment income	73,243	82,816
Investment income from securities at fair value through profit or loss	1,567	1,542
Investment income from available-for-sale securities	20,992	19,596
Investment income from held-to-maturity securities	15,194	22,588
Investment income from bank deposits	30,512	32,667
Investment income from loans	4,339	5,773
Other investment income	639	650
Net realised gains and impairment on financial assets	(26,876)	5,793
Net fair value gains/(losses) through profit or loss	(313)	137
Other income	3,305	4,324
Total	**371,485**	**417,883**

Net Premiums Earned

Net premiums earned increased by RMB 2,687 million, or 0.8%, to RMB 324,813 million in 2013 from RMB 322,126 million in 2012.

Life Insurance Business

Net premiums earned from life insurance business decreased by RMB 3,636 million, or 1.2%, to RMB 290,738 million in 2013 from RMB 294,374 million in 2012. This was primarily due to the adjustment of the bancassurance business structure.

Health Insurance Business

Net premiums earned from health insurance business increased by RMB 5,615 million, or 30.2%, to RMB 24,180 million in 2013 from RMB 18,565 million in 2012. This was primarily due to our efforts on developing health insurance business.

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Accident Insurance Business

Net premiums earned from accident insurance business increased by RMB 708 million, or 7.7%, to RMB 9,895 million in 2013 from RMB 9,187 million in 2012. This was primarily due to our efforts on making adjustments to the business structure and motivating local branches in acquiring new business.

Investment Income

Investment income increased by RMB 9,573 million, or 13.1%, to RMB 82,816 million in 2013 from RMB 73,243 million in 2012.

Investment Income from Securities at Fair Value through Profit or Loss

Investment income from securities at fair value through profit or loss decreased by RMB 25 million, or 1.6%, to RMB 1,542 million in 2013 from RMB 1,567 million in 2012. This was primarily due to a decrease in dividend income from equity assets at fair value through profit or loss.

Investment Income from Available-for-Sale Securities

Investment income from available-for-sale securities decreased by RMB 1,396 million, or 6.7%, to RMB 19,596 million in 2013 from RMB 20,992 million in 2012. This was primarily due to a decrease in dividend income from available-for-sale equity assets.

Investment Income from Held-to-Maturity Securities

Investment income from held-to-maturity securities increased by RMB 7,394 million, or 48.7%, to RMB 22,588 million in 2013 from RMB 15,194 million in 2012. This was primarily due to an increase in interest income resulting from our increased allocation in held-to-maturity securities and in high grade credit debt securities.

Investment Income from Bank Deposits

Investment income from bank deposits increased by RMB 2,155 million, or 7.1%, to RMB 32,667 million in 2013 from RMB 30,512 million in 2012. This was primarily due to an increase in the volume of bank deposits and market interest rates.

Investment Income from Loans

Investment income from loans increased by RMB 1,434 million, or 33.0%, to RMB 5,773 million in 2013 from RMB 4,339 million in 2012. This was primarily due to an increase in the volume of policy loans and debt investment plans.

Net Realised Gains and Impairment on Financial Assets

Net realised gains and impairment on financial assets increased by RMB 32,669 million, to gains of RMB 5,793 million in 2013 from losses of RMB 26,876 million in 2012. This was primarily due to a decrease in impairment losses of available-for-sale equity assets.

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Net Fair Value Gains/(Losses) through Profit or Loss

Net fair value gains/(losses) through profit or loss increased by RMB 450 million to gains of RMB 137 million in 2013 from losses of RMB 313 million in 2012. This was primarily due to an increase in spread income from equity assets at fair value through profit or loss.

Other Income

Other income increased by RMB 1,019 million, or 30.8%, to RMB 4,324 million in 2013 from RMB 3,305 million in 2012. This was primarily due to an increase in commission fees earned from CLPCIC.

Benefits, Claims and Expenses	**For the year ended December 31,**	
	2012	**2013**
	RMB	**RMB**
	(in millions)	
Insurance benefits and claims expenses		
Life insurance death and other benefits	107,674	193,671
Accident and health claims and claim adjustment expenses	7,898	11,263
Increase in insurance contracts liabilities	184,990	107,354
Investment contracts benefits	2,032	1,818
Policyholder dividends resulting from participation in profits	3,435	18,423
Underwriting and policy acquisition costs	27,754	25,690
Finance costs	2,575	4,032
Administrative expenses	23,283	24,805
Other expenses	3,304	3,864
Statutory insurance fund contribution	609	637
Total	**363,554**	**391,557**
Segment information of insurance benefits and claims expenses		
Life insurance business	287,550	293,932
Health insurance business	10,073	15,055
Accident insurance business	2,939	3,301
Total	**300,562**	**312,288**

Insurance Benefits and Claims Expenses

Insurance benefits and claims, net of amounts ceded through reinsurance, increased by RMB 11,726 million, or 3.9%, to RMB 312,288 million in 2013 from RMB 300,562 million in 2012.

Life insurance death and other benefits payouts increased by RMB 85,997 million, or 79.9%, to RMB 193,671 million in 2013 from RMB 107,674 million in 2012. This was primarily due to an increase in maturity payments and lapses. Accident and health claims and claim adjustment expenses increased by RMB 3,365 million, or 42.6%, to RMB

11,263 million in 2013 from RMB 7,898 million in 2012. This was primarily due to an increase in claims payment and reserves for short-term insurance and supplementary major medical insurance, resulting from the increase in business volume**.** Increase in insurance contracts liabilities decreased by RMB 77,636 million, or 42.0%, to RMB 107,354 million in 2013 from RMB 184,990 million in 2012. This was primarily the result of the release of reserves due to maturity payments and lapses.

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Life Insurance Business

Insurance benefits and claims expenses attributable to life insurance business increased by RMB 6,382 million, or 2.2%, to 293,932 million in 2013 from RMB 287,550 million in 2012, remaining basically stable.

Health Insurance Business

Insurance benefits and claims expenses attributable to health insurance business increased by RMB 4,982 million, or 49.5%, to RMB 15,055 million in 2013 from RMB 10,073 million in 2012. This was primarily due to an increase in business volume.

Accident Insurance Business

Insurance benefits and claims expenses attributable to accident insurance business increased by RMB 362 million, or 12.3%, to RMB 3,301 million in 2013 from RMB 2,939 million in 2012. This was primarily due to an increase in business volume.

Investment Contract Benefits

Investment contract benefits decreased by RMB 214 million, or 10.5%, to RMB 1,818 million in 2013 from RMB 2,032 million in 2012. This was primarily due to the decreased volume of investment contracts and adjustment to settlement interest rates of certain products.

Policyholder Dividends Resulting from Participation in Profits

Policyholder dividends resulting from participation in profits increased by RMB 14,988 million, or 436.3%, to RMB 18,423 million in 2013 from RMB 3,435 million in 2012. This was primarily due to an increase in investment yields for participating products.

Underwriting and Policy Acquisition Costs

Underwriting and policy acquisition costs decreased by RMB 2,064 million, or 7.4%, to RMB 25,690 million in 2013 from RMB 27,754 million in 2012. This was primarily due to a decrease in commission fees resulting from the decrease in first-year premiums.

Finance Costs

Finance costs increased by RMB 1,457 million, or 56.6%, to RMB 4,032 million in 2013 from RMB 2,575 million in 2012. This was primarily due to an increase in interest payments for subordinated term debt.

Administrative Expenses

Administrative expenses include employees remuneration and other administrative expenses. Administrative expenses increased by RMB 1,522 million, or 6.5%, to RMB 24,805 million in 2013 from RMB 23,283 million in 2012. This was primarily due to an increase in compensation paid to the employees.

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Other Expenses

Other expenses increased by RMB 560 million, or 16.9%, to RMB 3,864 million in 2013 from RMB 3,304 million in 2012. This was primarily due to an increase in foreign exchange losses.

Profit	**For the year ended December 31,**	
	2012	**2013**
	RMB	**RMB**
	(in millions)	
Profit before income tax	10,968	29,451
Life insurance business	5,764	22,038
Health insurance business	971	2,739
Accident insurance business	690	608
Other businesses	3,543	4,066
Income tax	(304)	4,443
Net profit attributable to equity holders of the company	11,061	24,765

Profit before Income Tax

Our profit before income tax increased by RMB 18,483 million, or 168.5%, to RMB 29,451 million in 2013 from RMB 10,968 million in 2012.

Life Insurance Business

Profit before income tax in the life insurance business increased by RMB 16,274 million, or 282.3%, to RMB 22,038 million in 2013 from RMB 5,764 million in 2012. This was primarily due to an increase in investment yield of the life insurance business segment.

Health Insurance Business

Profit before income tax in the health insurance business increased by RMB 1,768 million, or 182.1%, to RMB 2,739 million in 2013 from RMB 971 million in 2012. This was primarily due to an increase in business volume and investment yield of the health insurance business segment.

Accident Insurance Business

Profit before income tax in the accident insurance business decreased by RMB 82 million, or 11.9%, to RMB 608 million in 2013 from RMB 690 million in 2012. This was primarily due to normal business fluctuations.

Income Tax

We pay income tax according to applicable Chinese enterprise income tax regulations and rules. Income tax increased by RMB 4,747 million, to RMB 4,443 million in 2013 from benefit of RMB 304 million in 2012. This was primarily due to the combined effect of taxable income and deferred tax.

Net Profit Attributable to Equity Holders of the Company

For the reasons set forth above, net profit attributable to equity holders of the Company increased by RMB 13,704 million, or 123.9%, to RMB 24,765 million in 2013 from RMB 11,061 million in 2012. This was primarily due to the increase in investment income and the relatively low base recorded in 2012.

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Major Assets	As of December 31,	
	2012	2013
	RMB	RMB
	(in millions)	
Investment assets	1,790,838	1,848,681
Term deposits	641,080	664,174
Held-to-maturity securities	452,389	503,075
Available-for-sale securities	506,416	491,527
Securities at fair value through profit or loss	34,035	34,172
Securities purchased under agreements to resell	894	8,295
Cash and cash equivalents	69,452	21,330
Loans	80,419	118,626
Statutory deposits restricted	6,153	6,153
Investment properties		1,329
Other assets	108,078	124,260
Total	**1,898,916**	**1,972,941**

Investment Assets

Our total investment assets increased by RMB 57,843 million, or 3.2%, to RMB 1,848,681 million in 2013 from RMB 1,790,838 million in 2012.

Term Deposits

Term deposits increased by RMB 23,094 million, or 3.6%, to RMB 664,174 million in 2013 from RMB 641,080 million in 2012. This was primarily due to our increased allocation in ordinary term deposits.

Held-to-Maturity Securities

Held-to-maturity securities increased by RMB 50,686 million, or 11.2%, to RMB 503,075 million in 2013 from RMB 452,389 million in 2012. This was primarily due to our increased allocation in held-to-maturity assets in light of market conditions.

Available-for-Sale Securities

Available-for-sale securities decreased by RMB 14,889 million, or 2.9%, to RMB 491,527 million in 2013 from RMB 506,416 million in 2012. This was primarily due to our decreased allocation in debt assets in light of market conditions.

Securities at Fair Value Through Profit or Loss

Securities at fair value through profit or loss increased by RMB 137 million, or 0.4%, to RMB 34,172 million in 2013 from RMB 34,035 million in 2012, with the overall size remaining stable.

Cash and Cash Equivalents

Cash and cash equivalents decreased by RMB 48,122 million, or 69.3%, to RMB 21,330 million in 2013 from RMB 69,452 million in 2012. This was primarily due to the demand for liquidity management.

Loans

Loans increased by RMB 38,207 million, or 47.5%, to RMB 118,626 million in 2013 from RMB 80,419 million in 2012. This was primarily due to an increase in the volume of policy loans, as well as our increased allocation in debt investment plans.

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Investment Properties

We began to make investment in investment properties in 2013.

Major Liabilities	**As of December 31,**	
	2012	**2013**
	RMB	**RMB**
	(in millions)	
Liabilities		
Insurance contracts	1,384,537	1,494,497
Investment contracts	66,639	65,087
Securities sold under agreements to repurchase	68,499	20,426
Policyholder dividends payable	44,240	49,536
Annuity and other insurance balances payable	16,890	23,179
Bonds payable	67,981	67,985
Deferred tax liabilities	7,834	4,919
Other liabilities	19,195	24,727
Total	**1,675,815**	**1,750,356**

Liabilities

Our total liabilities increased by RMB 74,541 million, or 4.4%, to RMB 1,750,356 million in 2013 from RMB 1,675,815 million in 2012.

Insurance Contracts

Liabilities of insurance contracts increased by RMB 109,960 million, or 7.9%, to RMB 1,494,497 million in 2013 from RMB 1,384,537 million in 2012. This was primarily due to the acquisition of new insurance business and the accumulation of insurance liabilities from renewal business. As at the balance sheet date, our insurance contracts reserves passed liability adequacy testing.

Investment Contracts

The account balance of investment contracts decreased by RMB 1,552 million, or 2.3%, to RMB 65,087 million in 2013 from RMB 66,639 million in 2012. This was primarily due to a decrease in the account volume of certain investment contracts.

Securities Sold under Agreements to Repurchase

Securities sold under agreements to repurchase decreased by RMB 48,073 million, or 70.2%, to RMB 20,426 million in 2013 from RMB 68,499 million in 2012. This was primarily due to the demand for liquidity management.

Policyholder Dividends Payable

Policyholder dividends payable increased by RMB 5,296 million, or 12.0%, to RMB 49,536 million in 2013 from RMB 44,240 million in 2012. This was primarily due to an increase in investment yields for participating products.

Annuity and Other Insurance Balances Payable

Annuity and other insurance balances payable increased by RMB 6,289 million, or 37.2%, to RMB 23,179 million in 2013 from RMB 16,890 million in 2012. This was primarily due to an increase in maturities payable.

Bonds Payable

Bonds payable increased by RMB 4 million, to RMB 67,985 million in 2013 from 67,981 million in 2012, remaining basically stable. This was primarily due to the fact that no subordinated term debt were issued by us in 2013.

Deferred Tax Liabilities

Deferred tax liabilities decreased by RMB 2,915 million, or 37.2%, to RMB 4,919 million in 2013 from RMB 7,834 million in 2012. This was primarily due to a decrease in the fair value of available-for-sale securities.

Equity Attributable to Equity Holders of the Company

As of December 31, 2013, equity attributable to equity holders of the Company was RMB 220,331 million and decreased by RMB 754 million, or 0.3%, from RMB 221,085 million as of December 31, 2012. This was primarily due to the combined effect of the decrease of comprehensive income during the fiscal year 2013 and the dividend distribution in the previous year.

B. LIQUIDITY AND CAPITAL RESOURCES

Liquidity Sources

Our principal cash inflows come from insurance premiums, deposits from investment contracts, proceeds from sales and maturity of financial assets and investment income. The primary liquidity concerns with respect to these cash inflows are the risks of early withdrawals by contract holders and policyholders, as well as the risks of default by debtors, interest rate changes and other market volatilities. We closely monitor and manage these risks. See Item 4. Information on the Company Business Overview Investments .

Our cash and bank deposits provide us with a source of liquidity to meet normal cash outflows. As of December 31, 2014, the amount of cash and cash equivalents was RMB 47,034 million. In addition, substantially all of our term deposits with banks allow us to withdraw funds on deposit, subject to a penalty interest charge. As of December 31, 2014, the amount of term deposits was RMB 690,156 million.

Our investment portfolio also provides us with a source of liquidity to meet unexpected cash outflows. We are also subject to market liquidity risk due to the large size of our investments in some of the markets in which we invest. From time to time, some of our holdings of investment securities may be large enough to have an influence on the market value. These factors may limit our ability to sell these investments at an adequate price, or at all.

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Liquidity Uses

Our principal cash outflows primarily relate to the liabilities associated with our various life insurance, annuity and accident and health insurance products, dividends and interest payments on our insurance policies and annuity contracts, operating expenses, income taxes and dividends that may be declared and payable to our shareholders. Cash outflows arising from our insurance activities primarily relate to benefit payments under these insurance products, as well as payments for policy surrenders, policy withdrawals and policy loans.

We believe that our sources of liquidity are sufficient to meet our current cash requirements.

Consolidated Cash Flows

We have established a cash flow testing system and conduct regular tests to monitor the cash inflows and outflows under various changing circumstances and adjust accordingly the asset portfolio to ensure sufficient sources of liquidity.

Net cash inflow from operating activities was RMB 78,247 million in 2014, an increase of RMB 9,955 million, or 14.6%, from RMB 68,292 million in 2013. This increase was primarily due to an increase in cash flows from policyholders investment.

Net cash outflow from investing activities was RMB 69,257 million in 2014, an increase of RMB 9,024 million, or 15.0%, from RMB 60,233 million in 2013. This increase was primarily due to the demand of investment management.

Net cash inflow from financing activities was RMB 16,704 million in 2014, an increase of RMB 72,809 million from net cash outflow of 56,105 million in 2013. This increase was primarily due to the demand of liquidity management.

Our global share offering in December 2003 provided cash proceeds of approximately RMB 24,707 million (US$3,062 million). As of the date of this annual report, a part of the cash proceeds from our global offering was held in bank deposit accounts denominated in foreign currencies in China, part of the cash proceeds was invested in securities listed on overseas stock exchanges, and part of the cash proceeds was invested in debt securities denominated in foreign currencies. We gradually converted approximately US$300 million of the cash proceeds into Renminbi to reduce foreign exchange risks. We invested approximately US$433 million, in addition to RMB 2,282 million, in Guangdong Development Bank in December 2006. We used a total of approximately HK$ 12 billion for investments in Sino-Ocean Land Holdings Limited in 2009, 2010 and 2013. In January 2015, we engaged eight investment managers to invest, operate and manage US$ 800 million entrusted to them by us for investment in overseas capital markets.

Our A share offering in December 2006 provided cash proceeds of approximately RMB 27,810 million. As at the end of 2014, the cash proceeds from our A share offering were used to increase our share capital.

Our issuance of subordinated term debt in June and November 2012 provided cash proceeds of approximately RMB 37,990 million. As at the end of 2014, cash proceeds from the issuance of subordinated term debt were used to replenish our supplementary capital and raise our solvency ratio in accordance with applicable laws and approvals by regulatory authorities.

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Ratio of Assets and Liabilities

Our ratio of assets and liabilities (total liabilities divided by total assets) as at December 31, 2014, December 31, 2013 and December 31, 2012 are as follows:

	As at December 31, 2012	As at December 31, 2013	As at December 31, 2014
Ratio of assets and liabilities	88.25%	88.72%	87.21%

Insurance Solvency Requirements

The solvency ratio of an insurance company is a measure of capital adequacy, which is calculated by dividing the actual capital of the company (which is its admissible assets less admissible liabilities, determined in accordance with relevant CIRC rules) by the minimum capital it is required to meet. See Item 4. Information on the Company Business Overview Regulatory and Related Matters Insurance Company Regulation Solvency requirements . The following table shows our solvency ratio as of December 31, 2012, 2013 and 2014:

	As of December 31, 2012	As of December 31, 2013	As of December 31, 2014
	(RMB in millions, except percentage data)		
Actual capital	176,024	168,501	236,151
Minimum capital	74,718	74,485	80,193
Solvency ratio	235.58%	226.22%	294.48%

Our solvency ratio increased in 2014, which was primarily due to a significant increase in the comprehensive income during 2014.

We issued subordinated term debt of RMB 28 billion and RMB 10 billion in June and November 2012, respectively, by taking advantage of favorable market opportunities, which effectively improved our solvency ratio. The subordinated term debt was issued to qualified investors who meet applicable regulatory requirements, with a maturity term of ten years. With respect to the subordinated term debt of RMB 28 billion issued in June 2012, the coupon rate per annum for the first five years is 4.70%. We have the right to redeem at par value at the end of the fifth year. If we do not exercise the redemption right, the coupon rate per annum will be 6.70% for the second five years. With respect to the subordinated term debt of RMB 10 billion issued in November 2012, the coupon rate per annum for the first five years is 4.58%. We have the right to redeem at par value at the end of the fifth year. If we do not exercise the redemption right, the coupon rate per annum will be 6.58% for the second five years.

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Contractual Obligations and Commitments

The following table sets out our contractual obligations and commitments as of December 31, 2014.

As of December 31, 2014	Not later than 1 year	Later than 1 year but not later than 3 years	Later than 3 years but not later than 5 years	Later than 5 years	Total
			(RMB in millions)		
Securities sold under agreements to repurchase	46,089				46,089
Bonds payable	3,424	73,198			76,622
Annuity and other insurance balances payable	25,617				25,617
Insurance contracts	60,896	118,434	22,634	2,463,567	2,665,531
Investment contracts	14,703	15,192	9,827	84,013	123,735
Off balance sheet operating leases	549	622	131	10	1,312
Capital commitments	24,537	3,898	445	5,023	33,903
Total	175,815	211,344	33,037	2,552,613	2,972,809

Capital commitments mainly represent our commitments with respect to the acquisition of property, plant and equipment, and our investments.

The amounts set forth in the table above for insurance contracts and investment contracts in each column are the cash flows representing expected future benefit payments on policies in force as at December 31, 2014, relating to premiums received through December 31, 2014. No consideration is given to future premiums payments and the cash flows resulting therefrom, even though in the case for traditional insurance policies and certain investment contracts, the receipt of such premiums is necessary for the policies to remain in full force. The estimate is affected by numerous assumptions (depending on the product type), including assumptions related to mortality, morbidity, lapses, withdrawals, credited rates, loss ratio, claim adjustment expenses and other assumptions which affect our estimates of future payments. Many of these assumptions are inherently uncertain and outside our control. Accordingly, the actual experience may differ from our estimates.

Furthermore, as the benefit payments reported in the table above are not discounted from the date of payment back to December 31, 2014 and do not reflect the impact of future premiums, the sum of these payment amounts are different from the amount of corresponding liabilities in our consolidated balance sheet as of December 31, 2014. Policyholder dividends will not become a contractual obligation until the applicable policy anniversary is reached and the dividend amount is credited to the policy benefit liability or paid to the policyholder, and hence are not included in the table above. Reinsurance recoveries have not been taken into account.

Other than as set forth under capital commitments, we had no material, individually or in the aggregate, purchase obligations as of December 31, 2014.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

None.

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D. TREND INFORMATION

Please refer to our discussion in each section under Overview of Our Business , Factors Affecting Our Results of Operations , Critical Accounting Policies and Operating Results .

We review assumptions used in establishing reserves for long term insurance contracts and the impact of changes in these assumptions on our net profit. Changes in these assumptions might have a significant impact on our operating results. The changes in these assumptions resulted in an increase of RMB 4,179 million in profit before income tax in 2014, a decrease of RMB 1,493 million in profit before income tax in 2013 and an increase of RMB 318 million in profit before income tax in 2012. The sensitivity analysis of these assumptions is as follows:

- holding all other variables constant, if mortality rates and morbidity rates increase or decrease from current best estimates by 10%, pre-tax profit for the year would have been RMB 12,971 million or RMB 13,554 million lower or higher.

- holding all other variables constant, if lapse rates increase or decrease from current best estimates by 10%, pre-tax profit for the year would have been RMB 5,191 million or RMB 5,478 million lower or higher.

- holding all other variables constant, if the discount rates are 50 basis points higher or lower than current best estimates, pre-tax profit for the year would have been RMB 41,300 million or RMB 46,868 million higher or lower.

See also Note 4.1.3 and Note 14 to our consolidated financial statements included elsewhere in this annual report.

E. OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2014, there were no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

See Liquidity and Capital Resources Contractual Obligations and Commitments .

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

The following table sets forth information regarding our current directors and executive officers. Unless otherwise indicated, their business address is c/o China Life Insurance Company Limited, 16 Financial Street, Xicheng District, Beijing 100033, China.

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Name	Age	Position
Yang Mingsheng	59	Chairman of the board of directors and executive director
Lin Dairen	56	Executive director and president
Su Hengxuan	52	Executive director and vice president
Miao Ping	56	Executive director and vice president
Miao Jianmin	50	Non-executive director
Zhang Xiangxian	59	Non-executive director
Wang Sidong	53	Non-executive director
Bruce Douglas Moore	65	Independent director
Anthony Francis Neoh	68	Independent director
Chang Tso Tung	66	Independent director
Huang Yiping	51	Independent director
Liu Anlin	51	Vice President
Xu Hengping	56	Vice president
Xu Haifeng	55	Vice president
Li Mingguang	45	Vice president and chief actuary
Yang Zheng	44	Vice president and Chief Financial Officer
Zheng Yong	52	Board secretary
Huang Xiumei	47	Financial controller

Directors

Yang Mingsheng has been our chairman and executive director since May 2012. He has been the chairman of CLIC and CLPCIC since March 2012, the chairman of China Life Insurance (Overseas) Company Limited since January 2013, and the chairman of AMC since December 2013. Mr. Yang has many years of experience in the financial industry. He served as a vice chairman of the CIRC from 2007 to 2012, and worked for the Agricultural Bank of China from 1980 to 2007, where he held various positions such as vice president of the Shenyang branch, head of the industrial credit department and president of the Tianjin branch. He was appointed as vice president of the Agricultural Bank of China in 1997 and was then promoted to president of the Agricultural Bank of China in 2003. Mr. Yang, a senior economist, graduated from the faculty of finance of Nankai University with a master s degree in economics, majoring in monetary banking.

Lin Dairen has been our president since April 2014 and our executive director since October 2008. Mr. Lin also acts as the non-executive director of CLPCIC and China Life Pension. Mr. Lin served as the vice president of our company from 2003 to March 2014, and served as the executive director and president of China Life Pension from November 2006 to March 2014. Mr. Lin graduated in 1982 with a bachelor s degree in medicine from Shandong Province Changwei Medical Institute. Mr. Lin, who is a senior economist and was awarded special allowance by the State Council, has worked in the life insurance industry for over 33 years and has accumulated extensive experience in operation and management. He is currently the chairman of the China Life Foundation, vice chairman of the Insurance Institute of China and the Insurance Association of China, and the director of the Life Insurance Committee of the Insurance Association of China.

Su Hengxuan has been an executive director of our company since July 2014, and a vice president of our company since August 2008. Mr. Su served as the assistant to president of our company from January 2006 to July 2008. Mr. Su has acted as a director of CLPCIC since November 2006, a director of Insurance Professional College since December 2006 and a director of AMC since May 2014. He was the general manager of our individual life insurance business department from 2003 to 2006. Mr. Su graduated from Banking School, Henan Province in 1983, graduated from the department of finance and insurance of the school of economics of Wuhan University in 1998 with a bachelor s degree in economics, majoring in insurance, and graduated from the school of management of University of

Science and Technology of China in July 2011 with a Ph.D in management, majoring in management science and engineering. Mr. Su, a senior economist, has over 30 years of experience in the Chinese life insurance industry and insurance management. He is currently the chairman of the insurance marketing committee, the vice chairman of the education and training committee, and an executive member of the human resources development committee of the Insurance Association of China, and a member of China Advisory Panel of the Financial Planning Standards Board.

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Miao Ping has been an executive director of our company since July 2014, and a vice president of our company since December 2009. He served as the general manager of our Jiangsu branch since September 2006. Mr. Miao has served as the general manager of our Jiangxi branch from September 2004 to September 2006, and has been a deputy general manager of our Jiangsu branch from April 2002 to September 2004. Mr. Miao graduated from the Correspondence College of Yangzhou University in 1996, majoring in economics and management. Mr. Miao, a senior economist, has over 31 years of experience in the operation of life insurance business and the management of insurance business.

Miao Jianmin has been a non-executive director of our company since October, 2008. Mr. Miao is the vice chairman and president of CLIC. Currently he also serves as a director of AMC, the chairman of China Insurance Plaza Company Limited, and a director of China World Trade Center Co., Ltd. Mr. Miao also serves as the executive director of China Finance 40 Forum. He was awarded special allowance by the State Council. In 2009, he was named one of the State-level Candidate for the New Century Talents Project and one of the 60 People in China Insurance Industry in the 60-year History of New China . Mr. Miao graduated from Central University of Finance and Economics with a doctor s degree in finance. Before that, Mr. Miao graduated from the post-graduate division of the People s Bank of China with a master s degree in money and banking and the Central University of Finance and Economics with a bachelor s degree in insurance. He is a senior economist.

Zhang Xiangxian has been a non-executive director of our company since July 2012. He became the secretary of commission for disciplinary inspection of CLIC in October 2006. He also served as the vice president of CLIC from August 2008. Mr. Zhang has many years of experience in the insurance industry and held various positions from 1993 to 2006, including, the director of the promotion division of the general office and deputy general manager of the general office of the People s Insurance Company of China, the office director of the CIRC, the deputy office director (in charge) of the Shenzhen office of the CIRC, and the director of the administrative department of representative agencies of the CIRC. Mr. Zhang is a senior editor and obtained a master s degree in business administration for senior management from Zhongnan University of Economics and Law.

Wang Sidong has been a non-executive director of our company since July 2012. He became the vice president of CLIC, the chairman of IHC and a director of China Life Pension in June 2004. Mr. Wang worked for the Ministry of Foreign Economic Relations and Trade, the Xinhua News Agency Hong Kong branch, and the Hong Kong Chinese Enterprises Association. He served as deputy director of the general office of China Life Insurance Company, deputy general manager of its Zhejiang branch and deputy director of the shares reform office of China Life Insurance Company from 2000. Mr. Wang was the director of the general office of CLIC in 2003. Mr. Wang graduated from Shandong University with a bachelor s degree of arts, majoring in Chinese language and literature.

Bruce Douglas Moore has been an independent director of our company since May 2009. From 2002 to 2007, Mr. Moore was partner-in-charge of Asian actuarial services for Ernst & Young, based in Beijing. Previously , he served in actuarial leadership roles with Ernst & Young in New York and Tokyo. From 1995 to 2000, he was the head of international actuarial services in New York with Ernst & Young. In 2000, Mr. Moore worked at Ernst & Young s Beijing office where he was in charge of the business in Asian markets (including Japan). In 2001, he worked at Ernst & Young s Tokyo office responsible for the actuarial services in Japan. Since 2002, Mr. Moore worked at Ernst & Young s Beijing office overseeing the actuarial services in Asian markets (excluding Japan). From 1982 to 1995, Mr. Moore worked in various senior financial management positions at Prudential Life Insurance (U.S.). Mr. Moore graduated from Brown University in 1971, majoring in applied mathematics. Mr. Moore has obtained FSA, FCAS, MAAA and CFA qualifications. Mr. Moore has over 36 years of experience serving the insurance industry as an executive and a consultant.

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Anthony Francis Neoh has been an independent director of our company since June 2010. Mr. Neoh currently serves as a member of the international consultation committee of the CSRC. Prior to that, he served as a chief advisor to the CSRC, a member of the basic law committee of the Hong Kong Special Administrative Region under the Standing Committee of the National People s Congress of China and chairman of the Hong Kong Securities and Futures Commission. From 1996 to 1998, he was the chairman of the technical committee of the International Organization of Securities Commissions. He was appointed as Queen s Counsel (now known as Senior Counsel) in Hong Kong in 1990. Mr. Neoh graduated from the University of London with a degree in law in 1976. He is a barrister of England and Wales and admitted to the State Bar of California. In 2003, he was conferred the degree of Doctor of Laws, honoris causa by the Chinese University of Hong Kong. He was elected as honorary fellow of the Hong Kong Securities Institute and Academician of the International Euro-Asian Academy of Sciences in 2009. Mr. Neoh was a non-executive director of Global Digital Creations Holdings Limited from November 2002 to December 2005, and an independent non-executive director of the Link Management Limited, manager of the Link Real Estate Investment Trust, from September 2004 to March 2006. He served as an independent non-executive director of Bank of China Limited from August 2004 to September 2013. Since December 2014, he has been an independent non-executive director of CITIC Limited.

Chang Tso Tung has been an independent director of our company since October 2014. He served as the vice chairman of the Greater China Region of Ernst & Young, the managing partner for professional services and the chairman of auditing and consulting service of Ernst & Young until his retirement in 2004. From 2007 to 2013, Mr. Chang was an independent non-executive director of China Pacific Insurance (Group) Co., Ltd., a company listed on the HKSE and the SSE. Mr. Chang is currently an independent non-executive director of China Cinda Asset Management Co., Ltd., Kerry Properties Limited and Hua Hong Semiconductor Limited, all of which are listed on the Hong Kong Stock Exchange. Mr. Chang has been practicing as a certified public accountant in Hong Kong for approximately 30 years and has extensive experience in accounting, auditing and financial management. Mr. Chang holds a bachelor of science degree from the University of London, and is a fellow member of the Institute of Chartered Accountants in England and Wales.

Huang Yiping has been an independent director of our company since October 2014. He is currently a professor of Economics and the deputy dean of the national school of development at Peking University. From August 2011 to June 2013, he was the managing director and chief economist of Emerging Asian Market of Barclays Capital. From May 2000 to February 2009, he held various positions at Citigroup including the vice president of the Asia Pacific region and economist of the Greater China region, as well as the managing director and chief economist of the Asia Pacific region. From August 1993 to April 2000, he held various positions including researcher and senior lecturer of the Asia-pacific economics and management college and director of the China Economy Program at the Australian National University. Mr. Huang received his master of economics from Renmin University of China and PhD in economics from the Australian National University.

Supervisors

The following table sets forth information regarding our current supervisors.

Name	Age	Position
Xia Zhihua	60	Chairperson of the board of supervisors
Shi Xiangming	55	Supervisor
Yang Cuilian	50	Employee representative supervisor
Li Xuejun	44	Employee representative supervisor

Xiong Junhong	46	Supervisor

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Xia Zhihua has been the chairperson of our board of supervisors since March 2006. She was a deputy director of National Debt Bureau of the Ministry of Finance from July 1997 to June 1998, and a deputy director of National Debt and Finance Bureau of the Ministry of Finance from July 1998 to June 2000. Ms. Xia served as the State Council s representative in the supervisory committee of important state-owned financial institutions, designated supervisor of assistant bureau-level official from July 2000 to October 2001, and the State Council s representative in the board of supervisors of important state-owned financial institutions, designated supervisor of bureau-level official from November 2001 to December 2005. Ms. Xia graduated from Xiamen University, majoring in politics and economics at the department of economics, and majoring in world economics at the college of economics from February 1978 to November 1984, and received a bachelor s degree and a master s degree in economics respectively. Currently, Ms. Xia is an executive director of both the China Institution of Internal Audit and the Insurance Institute of China, and the vice chairman of supervisory board committee of China Association for Public Companies. Ms. Xia, a senior economist, has obtained the qualification of Certified Internal Auditor (CIA) and was awarded special allowance by the State Council.

Shi Xiangming has been a supervisor of our company since May 2009 and the general manager of the supervisory department of our company since September 2008. Mr. Shi served as the deputy general manager of the human resources department and the office director of our company from September 2003 to September 2008. From March 2002 to August 2003, Mr. Shi served as the deputy general manager of the supervisory department of China Life Insurance Company. Mr. Shi graduated from the chemistry school of the first branch college of Beijing University, and received a bachelor s degree in science.

Yang Cuilian has been a supervisor of our company since July 2012, and has been the general manager of the brand promotion department of our company since October 2014. Ms. Yang served as the general manager of the group business department of our company from January 2011 to September 2014. Ms. Yang joined our company in July 1984. She successively served as deputy general manager of the Jiangxi branch, general manager of the Pingxiang branch, manager of the group sales department of Jiangxi branch, and manager of the business management department of the Jiangxi branch. Ms. Yang, a senior economist, graduated from Party School of the Central Committee of C.P.C., majoring in economic management with a bachelor s degree.

Li Xuejun has been a supervisor of our company since July 2012, and has been the general manager of the strategy and marketing department of our company since July 2014. Mr. Li served as the general manager of the education and training department of our company from January 2011 to June 2014. Mr. Li joined our company in November 1997. He successively served as deputy general manager of the education and training department of our company (in charge), assistant general manager of the Shanghai branch, general manager of the Shanghai Songjiang sub-branch, and general manager of the human resources department of the Shanghai branch. Mr. Li worked for Shanghai Finance College (now known as Shanghai Finance University) from July 1994 to October 1997. Mr. Li, a senior economist, graduated from the department of insurance at Central Finance College (now known as Central University of Finance and Economics) in 1994, majoring in international insurance with a bachelor s degree in economics.

Xiong Junhong has been a supervisor of our company since October 2014. She is a senior economist with a PhD in finance from Nankai University. From July 1993 to August 2003, Ms. Xiong worked at the banking department and trust department of China People s Insurance Trust and Investment Company, and at the assets management department of China Life Insurance Company. Ms. Xiong served as the director of the assets management department of CLIC from September 2003, the senior manager of the strategic planning department of CLIC from August 2006, the assistant to the general manager of the strategic planning department of CLIC from September 2008, the assistant to the general manager (equivalent to the level of departmental deputy general manager of CLIC) of the Hebei branch of our company from December 2010, and the deputy general manager of the strategic planning department of CLIC since June 2013. Ms. Xiong has many years of experience in strategic management and investment study, and has extensive experience in assets preservation, risk management, management of retained assets, investment study and strategic planning.

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Senior Management

Lin Dairen, see Directors and Senior Management Directors for his profile.

Su Hengxuan see Directors and Senior Management Directors for his profile.

Miao Ping see Directors and Senior Management Directors for his profile.

Liu Anlin has been a vice president of our company since March 2013. He has been a member of the party committee of our company since February 2013, and also served as the party secretary and general manager of our Beijing branch from February 2013 to November 2014. From December 2012 to February 2013, Mr. Liu was the person-in-charge (with equivalent level as assistant to the president of the Company) of our Beijing branch. From 2009 to 2012, he was the party secretary and general manager (with equivalent level as assistant to the president of the Company) of our Jiangsu branch. From 2006 to 2009, Mr. Liu was our chief information technology officer (with equivalent level as assistant to the president of the Company), and was also the party secretary and general manager of our Beijing research and development center in 2008. From 2003 to 2006, Mr. Liu was the general manager of our information technology department. Prior to that, Mr. Liu had assumed various positions as person-in-charge of our information technology department, deputy general manager of our human resources department, and assistant to the general manager and deputy head of the computer department (in charge of work) of our Gansu branch. Mr. Liu graduated from the Mathematics and Mechanics Department of Lanzhou University, majoring in computer mathematics, and obtained a bachelor s degree in Science in 1985. He also obtained a master s degree in business administration from Tsinghua University in 2006. Mr. Liu has over 25 years of experience in operation and management of life insurance business and in insurance administration, during which he gained extensive experience in operation and management. Mr. Liu was awarded special allowance by the State Council and is a senior engineer.

Xu Hengping has been a vice president of our company since November 2014. He has been the chief operating officer of our company since August 2010. Mr. Xu had been the general manager of our Fujian branch since April 2007, deputy general manager of our Fujian branch from December 2002, assistant to the general manager of our Fujian branch from September 1998, and director of personal insurance division of our Fujian branch since July 1996. Mr. Xu once served as general manager of sales department and general manager of Longyan branch of Fuzhou Life Insurance Company Limited. Mr. Xu graduated from Hunan University, majoring in finance. Mr. Xu, a senior economist, has over 34 years of experience in the operation of life insurance businesses and insurance management.

Xu Haifeng has been a vice president of our company since November 2014. He has been the business controller of our company and general manager of our Hebei branch concurrently since February 2014. Mr. Xu served as the general manager of our Beijing branch and the general manager of our Hebei branch from 2006 to 2014. Prior to that, Mr. Xu served as the deputy general manager and general manager of our Linyi branch in Shandong Province and the general manager of the business management department in our Shandong branch, the general manager of our Jinan branch and the deputy general manager of our Beijing branch. Mr. Xu graduated from Linyi Foreign Language Normal University in 1982, from Shandong Provincial Party School majoring in economic management in 1996, and obtained a master degree in business administration from Zhongnan University of Economics and Law in 2007. Mr. Xu, a senior economist, has over 30 years of experience in the operation of life insurance businesses and insurance management.

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Li Mingguang has been a vice president of our company since November 2014, and our chief actuary since March 2012. Mr. Li joined our company in 1996 and subsequently served as deputy director, director, assistant to the general manager of product development department, responsible actuary of our company and general manager of our actuarial department. Mr. Li graduated from Shanghai Jiao Tong University in computer science with a bachelor s degree in 1991, Central University of Finance and Economics in actuarial science with a master s degree in 1996 and Tsinghua University with an EMBA in 2010, and also studied at the University of Pennsylvania in the United States in 2011. Mr. Li is a fellow of the China Association of Actuaries (FCAA) and a fellow of the Institute and Faculty of Actuaries (FIA). He was the chairman of the first session of the China Actuarial Work Committee and the secretary-general of the first and the second session of the China Association of Actuaries. He is currently the executive director of the China Association of Actuaries and a special executive of the board of directors of the Insurance Institute of China.

Yang Zheng has been a vice president of our company since November 2014, and our chief financial officer since April 2013. He served as the qualified accountant of our company since 2006, and as assistant to the general manager, deputy general manager and general manager of the finance department of our company since 2005. Mr. Yang has been a director of AMC since 2009, a director of Sino-Ocean Land Holdings Limited since 2011 and a director of China Life Franklin Asset Management Company Limited since 2014. From 2000 to 2005, Mr. Yang was a senior financial analyst of MOLEX in the United States. Mr. Yang graduated from Beijing University of Technology in 1993 with a bachelor s degree in engineering. He obtained an MBA from Northeastern University in the United States in 2000. Mr. Yang is a member of the American Institute of Certified Public Accountants (AICPA) and the Association of Chartered Certified Accountants (ACCA). He is currently a director of the eighth session of the board of the Accounting Society of China, a member of the National Accounting Informatization and Standardization Technical Committee, a member of the China Insurance Solvency Regulatory Standard Committee, and a member of the China Accounting Standards Committee of the Ministry of Finance of the PRC, respectively.

Zheng Yong has been the board secretary of our company since June 2013. He previously held positions as department head at the Ministry of Justice of the PRC, a practicing lawyer at Beijing Long An Law Firm, China Legal Service Ltd. (Hong Kong), and Beijing De Heng Law Offices, the deputy general manager of our department of legal affairs, company secretary, and general manager of our legal and compliance department, and an executive director and deputy president of China Guangfa Bank Co., Ltd. Mr. Zheng received his LL.B. degree from Peking University, and LL.M. degrees from the China University of Political Science and Law and University of Essex (UK). Mr. Zheng was a visiting researcher at Harvard Law School and Harvard Kennedy School of Government in the United States from August 1996 to October 1997. Mr. Zheng currently serves as an arbitrator of the China International Economic and Trade Arbitration Commission, and is a senior economist.

Huang Xiumei has been the financial controller of our company since December 2014. She has been the general manager of our Fujian branch since October 2011. From 2005 to 2011, she held various positions at our Fujian branch, including assistant to the general manager, deputy general manager and deputy general manager (responsible for daily operations). From 1999 to 2005, she held various positions at our Fujian branch, including as deputy director and manager of the financial and accounting department and manager of the financial department. Ms. Huang was also the deputy general manager of our Fuzhou branch from 2004 to 2005. Ms. Huang graduated from Fujian Banking School in 1985, majoring in insurance, and graduated from Fuzhou University in 2005, majoring in accounting. Ms. Huang is a senior certified public accountant.

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B. COMPENSATION

Compensation of Directors, Supervisors and Officers

Our directors, supervisors and executive officers receive compensation in the form of salaries, bonuses and other benefits-in-kind, including our contribution to the pension plan on behalf of our directors, supervisors and executive officers. As required by PRC regulations, we participate in various defined contribution retirement plans organized by provincial and municipal governments for our employees, including employees who are directors, supervisors and executive officers.

The following table sets forth the amounts of compensation paid to each of our directors and supervisors for the fiscal year ended December 31, 2014. The total compensation package for our chairman of the board of directors, executive directors and chairman of the board of supervisors for the year ended December 31, 2014 has not yet been finalized in accordance with regulations of the relevant PRC authorities. The amount of the compensation not provided for is not expected to have a significant impact on our financial statements for the year ended December 31, 2014. We will make further disclosure of the amount of the final compensation when it is determined.

Name	Salaries/Fees	Inducement Fees	Other [(1)] Benefits	Compensation for loss of office as director	Total
			RMB in ten thousands		
Yang Mingsheng	44.55		40.29		84.84
Wan Feng[(2)]	10.03		9.37		19.40
Lin Dairen[(3)]	39.99		37.09		77.08
Su Hengxuan[(4)]	39.65		37.15		76.80
Miao Ping[(5)]	39.65		37.07		76.72
Liu Yingqi[(6)]	9.91		9.31		19.22
Miao Jianmin					
Zhang Xiangxian					
Wang Sidong					
Sun Changji[(7)]					
Bruce Douglas Moore	32.00				32.00
Anthony Francais Neoh	30.00				30.00
Tang Jianbang[(8)]					
Chang Tso Tung[(9)]	8.00				8.00
Huang Yiping[(10)]	8.00				8.00
Xia Zhihua	39.65		37.15		76.80
Shi Xiangming	61.55		37.89		99.44
Luo Zhongmin[(11)]	6.25				6.25
Yang Cuilian	61.55		38.14		99.69
Li Xuejun	58.98		37.40		96.38
Xiong Junhong[(12)]					
Total	**489.76**		**320.86**		**810.62**

(1) Include benefits-in-kind, social insurance, housing fund and enterprise annuity to be paid by the employer.
(2) Resigned as president on March 25, 2014 and resigned as non-executive director on August 5, 2014.
(3) Appointed as president on April 29 2014.
(4) Appointed as executive director on July 1, 2014.

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(5) Appointed as executive director on July 1, 2014.
(6) Resigned as vice president and executive director on March 25, 2014.
(7) Resigned as independent director on October 20, 2014.
(8) Resigned as independent director on October 20, 2014.
(9) Appointed as independent director on October 20, 2014.
(10) Appointed as independent director on October 20, 2014.
(11) Resigned as supervisor on May 29, 2014.
(12) Appointed as supervisor in October 20, 2014.

The following table sets forth the amounts of compensation paid to each of our executive officers other than those disclosed in the table above, including vice presidents who are not our directors and our chief operating officer, chief actuary, chief financial officer and board secretary, for the year ended December 31, 2014. The total compensation package for our executive officers for the year ended December 31, 2014 has not yet been finalized in accordance with regulations of the relevant PRC authorities. The amount of the compensation not provided for is not expected to have a significant impact on our financial statements for the year ended December 31, 2014. We will make further disclosure of the amount of the final compensation when it is determined.

Name	**Total** *RMB in ten thousands*
Liu Jiade[1]	19.32
Zhou Ying[2]	26.15
Liu Anlin	80.71
Xu Hengping	73.29
Xu Haifeng[3]	12.79
Li Mingguang[4]	71.68
Yang Zheng[5]	71.18
Zheng Yong	86.12
Huang Xiumei[6]	5.82
Total	**447.06**

(1) Resigned as our vice president on March 25, 2014.
(2) Resigned as our vice president on April 3 2014.
(3) Appointed as our vice president on November 5, 2014.
(4) Appointed as our vice president on November 5, 2014.
(5) Appointed as our vice president on November 5, 2014.
(6) Appointed as our financial controller on December 19, 2014.

The aggregate amount of compensation we paid to our five highest paid individual employees, including one director, one board secretary and three supervisors during the year ended December 31, 2014, was approximately RMB 4.66 million (US$0.75 million). The amount of compensation we paid to our highest paid individual employee, during the year ended December 31, 2014 was approximately RMB 1 million (US$0.16 million).

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Senior Management Compensation

Our senior management s compensation consists of four components, including basic salaries, performance-based salaries, fringe benefits and mid to long-term incentive compensation.

We have set up a comprehensive performance management system. A performance appraisal method for our officers is used to appraise the performance of the officers annually. Measures for such appraisal include a business performance index based on our budget and targets as approved by our board of directors; as well as a management performance index based on the duties and functions of the office position, establishing a connection between the achievement of our major business targets and the office performance appraisal.

In accordance with relevant policies of the PRC government, no stock appreciation rights of our company were granted or exercised in 2014. For other details of the stock appreciation rights which were previously granted by us, please refer to Note 30 to our consolidated financial statements included elsewhere in this annual report.

C. BOARD PRACTICES

General

Our board of directors consists of eleven members. Our directors are elected to serve a term of three years, which is renewable upon re-election. Our directors are elected at meetings of our shareholders, and, unless they resign at an earlier date, are deceased or removed, will serve three-year terms. The current term for our board of directors began in July 2012. Our directors are not currently entitled to severance benefits other than benefits provided by law upon termination of employment. In the event our Company is acquired, including an acquisition of control by another person, and a director leaves employment or retires following the acquisition, the director may receive severance and other payments upon approval by the shareholders in general meeting.

We have identified various board members as being independent , in accordance with Hong Kong laws and regulations. These requirements vary in certain respects from independence requirements under U.S. law. The members of our audit committee are independent as defined by the rules of the Securities and Exchange Act and the New York Stock Exchange which are applicable to us.

The PRC company law requires a joint stock company with limited liability to establish a board of supervisors. Our board of supervisors is responsible for monitoring our financial matters and supervising the actions of our board of directors and our management personnel. Our board of supervisors consists of five members. One-third of our board of supervisors must be elected by our employees. The remaining members must be elected by our shareholders in a general meeting. One member of our board of supervisors is designated as the chairman. Members of our board of supervisors may not serve as director or member of senior management. The term of office for our supervisors is three years, which is renewable upon re-election. The current term for our board of supervisors began in July 2012.

Board Committees

We have established standing audit, nomination and remuneration, risk management and strategy and investment decision committees.

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The primary duties of the audit committee are to review and supervise the financial reporting process, to assess the effectiveness of our internal control system, to supervise our internal audit system and its implementation and to implement and recommend the engagement or replacement of external auditors. Our audit committee is also responsible for communications between our internal and external auditors and our internal reporting system. Our audit committee is currently comprised of Bruce Douglas Moore, Chang Tso Tung and Huang Yiping. Mr. Bruce Douglas Moore serves as the chairman.

The primary duties of the nomination and remuneration committee are to review the structure and components of our board of directors, to formulate the appointment and successors to our board of directors and senior management, to review and recommend the nomination of our directors and senior officers, as well as to propose to our board of directors the remuneration policy for our directors, supervisors and senior management. Our nomination and remuneration committee is currently comprised of Chang Tso Tung, Bruce Douglas Moore and Miao Jianmin. Mr. Chang Tso Tung serves as the chairman.

The primary duties of the risk management committee are to formulate our risk control benchmark system, to assist the management in establishing and improving our internal control system, to formulate our operational risk management policy, to review the assessment reports with respect to our operational risks and internal control, and to coordinate and handle sudden and significant risks or crises. Our risk management committee is currently comprised of Anthony Francis Neoh , Zhang Xiangxian and Miao Ping. Mr. Anthony Francis Neoh serves as the chairman.

The primary duties of the strategy and investment decision committee are to formulate our long-term development strategies and significant investment and financing plans, to propose significant projects of capital operation and assets management, and to conduct research and make recommendations on other important matters that affect our development. Our strategy and investment decision committee is currently comprised of Huang Yiping, Lin Dairen, Su Hengxuan, Wang Sidong and Anthony Francis Neoh. Mr. Huang Yiping serves as the chairman.

D. EMPLOYEES

As of December 31, 2012, 2013 and 2014 we had approximately 99,271, 99,230 and 101,972 employees, respectively. The following table sets forth the number of our employees by their functions as of December 31, 2012, 2013 and 2014.

	As of December 31					
	2012		2013		2014	
	Number of employees	% of total	Number of employees	% of total	Number of employees	% of total
Management and administrative staff	23,444	23.62%	21,689	21.86%	22,304	21.63%
Financial and auditing staff	7,034	7.09%	6,852	6.91%	6,287	6.10%
Sales and marketing staff(1)	31,115	31.34%	31,204	31.45%	34,783	33.73%
Underwriters, claim specialists and customer service staff	32,511	32.75%	31,080	31.32%	31,291	30.34%
Other professional and technical staff(2)	3,747	3.77%	3,607	3.63%	3,838	3.72%
Other	1,420	1.43%	4,798	4.84%	4,620	4.48%

Total	**99,271**	**100%**	**99,230**	**100%**	**103,123**	**100%**

(1) Includes direct sales representatives.

(2) Includes actuaries, product development personnel, investment management personnel and information technology specialists.

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As of December 31, 2012, 2013 and 2014, we had approximately 693,000, 653,000 and 743,000 exclusive agents, respectively. During 2014, we attracted more new qualified agents by expanding our recruitment program, making further efforts in training new qualified agents and strengthening sales support. At the same time, we have continued carrying out performance reviews in 2014, which have led to the departure of a number of exclusive agents with lower productivity. In addition, the market competition for qualified agents has increased due to the new Sales Personnel Rules issued by the CIRC. See Item 3. Key Information Risk Factors Risks Relating to Our Business Our growth is dependent on our ability to attract and retain productive agents .

None of our employees is subject to collective bargaining agreements governing employment with us. We believe that our employee relations are satisfactory.

E. SHARE OWNERSHIP

As of the date of this annual report, none of our directors, supervisors or senior managers is a legal or beneficial owner of any shares of our share capital.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS.

A. MAJOR SHAREHOLDERS

The table below sets forth information regarding the ownership of our share capital as of April 10, 2015 by all persons who are known to us to be the beneficial owners of 5% or more of each class of our share capital.

Title of Class	Identity of Person or Group	Amount Owned	Percentage of Class	Percentage of Total Share Capital
A Shares	China Life Insurance (Group) Company	19,323,530,000 (Long position)	92.80%	68.37%
H Shares	BlackRock, Inc[(1)]	528,306,529 (Long position)	7.10%	1.87%
H Shares	JPMorgan Chase & Co. [(2)]	448,698,262 (Long position)		
		36,726,613 (Short position)	6.02%	1.59%
			0.49%	0.13%
		325,782,986 (Lending pool)	4.37%	1.15%

Note (1): BlackRock, Inc. was interested in a total of 528,306,529 H shares in accordance with the provisions of Part XV of the SFO. Of these shares, BlackRock Investment Management, LLC, BlackRock Financial Management, Inc., BlackRock Institutional Trust Company, N.A., BlackRock Fund Advisors, BlackRock Advisors, LLC, BlackRock Japan Co Ltd, BlackRock Asset Management Canada Limited, BlackRock

Investment Management (Australia) Limited, BlackRock Asset Management North Asia Limited, BlackRock (Netherlands) B.V., Blackrock Advisors (UK) Limited, BlackRock International Limited, BlackRock Asset Management Ireland Limited, BlackRock (Luxembourg) S.A., BlackRock Investment Management (UK) Ltd, BlackRock Asset Management Deutschland AG, BlackRock Fund Managers Ltd and BlackRock Life Limited were interested in 3,897,305 H shares, 2,181,000 H shares, 111,509,051 H shares, 175,799,000 H shares, 2,056,000 H shares, 7,117,352 H shares, 2,115,180 H shares, 3,217,000 H shares, 46,102,052 H shares, 3,140,000 H shares, 71,679,705 H shares, 4,446,700 H shares, 54,876,186 H shares, 22,907,000 H shares, 12,083,998 H shares, 704,000 H shares, 4,357,000 H shares and 118,000 H shares respectively. All of these entities are either controlled or indirectly controlled subsidiaries of BlackRock, Inc.

Note (2): JPMorgan Chase & Co. was interested in a total of 448,698,262 H shares in accordance with the provisions of Part XV of the SFO. Of these shares, J.P. Morgan Securities LLC, J.P. Morgan Clearing Corp, JF Asset Management Limited, J.P. Morgan Investment Management Inc., J.P. Morgan Trust Company of Delaware, J.P. Morgan Whitefriars Inc., J.P. Morgan Securities plc, JPMorgan Chase Bank, N.A. and JPMorgan Asset Management (UK) Limited were interested in 3,630 H shares, 2,353,139 H shares, 6,916,000 H shares, 401,000 H shares, 1,860 H shares, 90,678,761 H shares, 22,279,366 H shares, 325,788,506 H shares and 276,000 H shares respectively. All of these entities are either controlled or indirectly controlled subsidiaries of JPMorgan Chase & Co.

Included in the 448,698,262 H shares are 325,782,986 H shares (4.37%) which are held in the lending pool , as defined under Section 5(4) of the Securities and Futures (Disclosure of Interests Securities Borrowing and Lending) Rules.

JPMorgan Chase & Co. held by way of attribution a short position as defined under Part XV of the SFO in 36,726,613 H shares (0.49%).

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Our A shares and H shares generally vote together as a single class, including in the election of directors. Each A share and each H share is entitled to one vote. In addition, in certain matters which affect the rights of the holders of H shares or A shares, the H shares or A shares, as the case may be, are entitled to vote as a separate class.

CLIC converted and sold 676,470,000 domestic shares in the form of H shares or ADSs in connection with our global offering in December 2003.

Based on the information provided by Deutsche Bank Trust Company Americas, our depositary bank, as of December 31, 2014 and April 10, 2015, there were, respectively, 9,346,784 ADRs representing 140,201,760 H shares, with 67 registered holders, and 9,453,934 ADRs representing 141,809,010 H shares, with 67 registered holders. Since certain of the ADSs are held by nominees, the above number may not be representative of the actual number of U.S. beneficial holders of ADSs or number of ADSs beneficially held by U.S. persons.

CLIC, our controlling shareholder, is a wholly state-owned enterprise controlled by the PRC government. See Item 4. Information on the Company History and Development of the Company . None of our major shareholders has voting rights that differ from the voting rights of other shareholders, except that in certain matters which affect the rights of the holders of H shares or A shares, holders of H shares or A shares, as the case may be, are entitled to vote as a separate class. We are not aware of any arrangement which may at a subsequent date result in a change of control of our company.

B. RELATED PARTY TRANSACTIONS

As at the date of this annual report, CLIC owns approximately 68.37% of our issued share capital, a 40% equity interest in AMC, a direct approximately 4.41% equity interest in China Life Pension and an indirect approximately 3.53% equity interest in China Life Pension through AMC, a 60% equity interest in CLPCIC and a 100% equity interest in China Life Investment Holding Company Limited, or IHC. CLIC, AMC, China Life Pension, CLPCIC and IHC are therefore considered as our connected persons under the HKSE Listing Rules. AMC owns approximately 85.03% equity interest in China Life AMP Asset Management Co., Ltd., or AMP. AMP is therefore also considered as our connected person under the HKSE Listing Rules. Each of AMC and AMP is also a subsidiary of the Company. During the reporting period, we engaged in the following related party transactions with these companies:

- On December 29, 2014, we entered into a new policy management agreement with CLIC;

- On December 31, 2014, CLIC and AMC entered into a new asset management agreement;

- On December 31, 2014, we entered into a new asset management agreement with IHC;

- On May 30, September 4, May 30 and June 6, 2014, we, China Life Pension, CLIC and CLPCIC each entered into a framework agreement in relation to subscription and redemption of fund products, sales agency services and other daily transactions with AMP, respectively;

On October 28, 2014, our board of directors approved the subscription for, together with CLIC and CLPCIC and through AMC, the trust units under a trust scheme established by Shanghai International Trust Co., Ltd., or Shanghai Trust;

On June 9, 2014, we entered into a capital injection agreement with CLIC and CLPCIC in relation to a capital increase of CLPCIC;

On March 8, 2015, we entered into a new insurance sales framework agreement with CLPCIC;

On October 30, 2014, we entered into a capital injection agreement with AMP Life Limited and China Life Pension in relation to a capital increase of China Life Pension;

On March 22, 2014, we, CLIC and AMC entered into a new agreement for the entrustment of enterprise annuity funds and account management with China Life Pension; and

On December 31, 2014, we entered into a new property leasing agreement with IHC.

We also continued to carry out certain other continuing related party transactions with CLIC, AMC, China Life Pension, CLPCIC and IHC in the reporting period. These transactions constitute connected transactions for us under the HKSE Listing Rules. Details of these transactions are set forth below.

As at the date of this annual report, we own a 20% equity interest in China Guangfa Bank, or CGB, which was previously known as Guangdong Development Bank. Our former vice president, Mr. Liu Jiade, serves as a director of CGB, and our former vice chairman and non-executive director, Mr. Wan Feng, served as a director of CGB during the 12 months prior to March 25, 2014. CGB is therefore considered as our related party under applicable PRC laws and regulations. On July 25, 2014, we entered into a new related party transaction framework agreement with CGB. We also continued to carry out continuing related party transactions with CGB in the reporting period. These transactions are not regarded as connected transactions for us under the HKSE Listing Rules. Details of these transactions are set forth below.

Continuing Related Party Transactions with CLIC

During the reporting period, we engaged in continuing related party transactions with CLIC. These transactions are governed by several agreements between CLIC and us, including a restructuring agreement, a policy management agreement, a trademark license agreement and a non-competition agreement. A detailed discussion of these agreements is set forth in Note 32 to our consolidated financial statements included elsewhere in this annual report and under the heading Item 7. Major Shareholders and Related Party Transactions Related Party Transactions in our annual report on Form 20-F filed with the Securities and Exchange Commission on April 28, 2009.

Our policy management agreement with CLIC expired on December 31, 2014. On December 29, 2014, we and CLIC entered into a new policy management agreement for a term of three years ending on December 31, 2017. Subject to compliance with HKSE Listing Rules, this new agreement will be automatically renewed for a successive term of three years unless terminated by either party by giving to the other party not less than 180 days prior written notice upon expiration of the then current term. Pursuant to the new policy management agreement, we continued to accept

CLIC s entrustment to provide policy administration services relating to non-transferred policies, and CLIC will pay a service fee to us in cash on a semi-annual basis, which, for each semi-annual payment period, equals the sum of (1) the number of non-transferred policies in force as of the last day of the period, multiplied by RMB 8.00; and (2) 2.5% of the actual premiums in respect of the non-transferred policies collected during the period. The service fees paid by CLIC to us under policy management agreement for the year ended on December 31, 2014 was RMB 987 million (US$159 million). The annual cap in respect of the service fees to be paid by CLIC to us under the new policy management agreement for each of the three years ending on December 31, 2017 is RMB 1,037 million.

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Continuing Related Party Transactions with AMC

During the reporting period, we engaged in continuing related party transactions with AMC under an asset management agreement between AMC and us. The asset management agreement expired on December 31, 2014. It has been automatically renewed for one more year ending on December 31, 2015 in accordance with its terms. A detailed discussion of the material terms of the asset management agreement between AMC and us is set forth in Note 32 to our consolidated financial statements included elsewhere in this annual report and under the heading Item 7. Major Shareholders and Related Party Transactions Related Party Transactions in our annual report on Form 20-F filed with the Securities and Exchange Commission on April 28, 2009. The service fees paid by us to AMC under the asset management agreement for the year ended December 31, 2014 was RMB 886 million (US$143 million). The annual cap in respect of the service fees to be paid by us to AMC under the asset management agreement for the year ending on December 31, 2015 is RMB 1,200 million. The annual cap has been determined by reference to historical figures, the size and composition of the assets managed and to be managed by AMC, and the inherent volatility of the capital markets.

During the reporting period, CLIC engaged in continuing related party transactions with AMC under an asset management agreement between AMC and CLIC, which expired on December 31, 2014. A detailed discussion of this agreement is set forth in Note 32 to our consolidated financial statements included elsewhere in this annual report and under the heading Item 7. Major Shareholders and Related Party Transactions Related Party Transactions in our annual report on Form 20-F filed with the Securities and Exchange Commission on April 28, 2009. On December 31, 2014, AMC and CLIC entered into a new asset management agreement expiring on December 31, 2015. Under this new agreement, AMC continued to invest and manage assets entrusted to it by CLIC, which is subject to the investment guidelines and instructions given by CLIC, and CLIC will pay AMC a base service fee in cash at the rate of 0.05% of the investments under management per annum. The service fee for investment in debt investment plans, equity investment plans, project asset-backed plan and customized non-standard products will be determined separately by the parties. The service fees paid by CLIC to AMC under the asset management agreement for the year ended on December 31, 2014 was RMB 128 million (US$21 million). The annual cap in respect of the service fees to be paid by CLIC to AMC under the new asset management agreement for the year ending on December 31, 2015 is RMB 320 million.

Continuing Related Party Transactions with IHC

Property Leasing Agreement with IHC

During the reporting period, we engaged in continuing related party transactions with IHC under a property leasing agreement between IHC and us. The property leasing agreement expired on December 31, 2014. A detailed discussion of the terms of this agreement is set forth in Note 32 to our consolidated financial statements included elsewhere in this annual report and under the heading Item 7. Major Shareholders and Related Party Transactions Related Party Transactions in our annual report on Form 20-F filed with the Securities and Exchange Commission on April 28, 2009. On December 31, 2014, we entered into a new property leasing agreement with IHC under substantially the same terms for a three-year term expiring on December 31, 2017. Under the new property leasing agreement, IHC agreed to lease to us 1,807 properties owned by it. The annual rent is determined by reference to market rent or, where there is no available comparison, by reference to the costs incurred by IHC in holding and maintaining the properties, plus a margin of approximately 5%. The rent paid by us to IHC under the property leasing agreement for the year ended December 31, 2014 was RMB 86 million (US$14 million).

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Property Transfer Agreement with IHC

On June 27, 2012, we entered into a property transfer framework agreement with IHC for a term of three years. Pursuant to the framework agreement, we proposed to acquire from IHC certain properties for use by our branches as office premises, which consist of 1,198 properties with a total gross floor area of approximately 803,424.09 square meters. The properties will be transferred in batches pursuant to the standalone agreement to be entered into for each transfer. The purchase price for each property will be valued and determined by qualified intermediaries agreed upon by the parties with reference to prevailing market prices. The total consideration for the properties purchased is expected to be no more than RMB1,700 million. The parties are obligated to cooperate with each other to complete the transfer of title and deliver the properties if the standalone property transfer agreements in respect of such properties are signed prior to the expiration of the framework agreement. The parties cannot transfer any properties under the framework agreement if the standalone property transfer agreements in respect of the properties are not signed prior to the expiration of the framework agreement.

Asset Management Agreement with IHC

During the reporting period, we engaged in continuing related party transactions with IHC under an asset management agreement between IHC and us, which expired on December 31, 2014. A detailed discussion of this agreement is set forth in Note 32 to our consolidated financial statements included elsewhere in this annual report and under the heading Item 7. Major Shareholders and Related Party Transactions Related Party Transactions in our annual report on Form 20-F filed with the Securities and Exchange Commission on April 25, 2014. The basic service fee paid by us to IHC under this agreement for the year ended December 31, 2014 was RMB 89 million (US$14 million).

On December 31, 2014, we entered into a new asset management agreement with IHC for a term of one year starting from January 1, 2015. Pursuant to the new asset management agreement, IHC continued to invest, operate and manage the assets entrusted to it by us for investment in real property, equity interests of unlisted companies, related financial products and securitization financial products on a discretionary basis, subject to the investment guidelines and instructions given by us.

In consideration of the services provided by IHC under the new asset management agreement, we agreed to pay IHC fees based on fixed return projects and non-fixed return projects, respectively. With respect to the fixed return projects, we agreed to pay IHC a basic service fee. With respect to the non-fixed return projects, we agreed to pay IHC a basic service fee and a performance fee. The basic service fee is paid on a quarterly basis, calculated by reference to the total annual amount of assets invested and the applicable management fee rate which is linked to the investment return rates (the management fee rate ranges from 0.05% to 0.6% for the fixed return projects; and the management fee rate is 0.3% for the non-fixed return projects). The performance fee is calculated and confirmed by both parties annually, and then paid by us to IHC upon confirmation. The basic service fee and performance fee payable by us to IHC will not exceed RMB 500 million during the one-year term of this agreement, and the contractual amount of assets entrusted by us to IHC for investment and management will not exceed RMB 150 billion as at the expiry of this agreement.

Each of CLIC and CLPCIC has also entrusted IHC to invest and manage its assets, which may result in CLIC, CLPCIC and us investing in the same project. Pursuant to the new asset management agreement, the targeted assets for co-investments to be made by IHC and on behalf of us, CLIC and CLPCIC are limited to newly launched related financial products and securitization financial products, excluding any products acquired from the secondary market. The contractual amount of the co-investment by us to be entrusted during the term of this agreement will not exceed RMB 40 billion.

Continuing Related Party Transaction with China Life Pension

On July 27, 2009, we, CLIC and AMC entered into an agreement for the entrustment of enterprise annuity funds and account management with China Life Pension. The agreement expired on December 1, 2012. On February 26, 2013, we, CLIC and AMC entered into a memorandum of understanding, which became effective retroactively on December 2, 2012, with China Life Pension to renew the agreement for a successive one-year term ended on December 1, 2013. On March 22, 2014, we, CLIC and AMC entered into a new agreement for the entrustment of enterprise annuity funds and account management with China Life Pension, which became effective retroactively to December 2, 2013, for a fixed term ending on December 31, 2016.

Under the new agreement, China Life Pension was entrusted to serve as the trustee and account manager and to provide entrusted management services and account management services for the enterprise annuity funds of the Company, CLIC and AMC. China Life Pension was further entrusted to serve as the investment manager and to provide investment management service for the enterprise annuity funds of the Company, CLIC and AMC. In consideration of the services provided by China Life Pension, we, CLIC and AMC agreed to pay China Life Pension entrusted management fees, account management fees and investment management fees.

Continuing Related Party Transactions with CLPCIC

On March 8, 2012, we entered into an insurance sales framework agreement with CLPCIC for a three-year term which ended on March 7, 2015. On March 8, 2015, we entered into a new insurance sales framework agreement with CLPCIC for a term of two years ending on March 7, 2017, and this new agreement will be automatically renewed for one more year after its expiration unless terminated by either party by giving to the other party a written notice within 30 days prior to its expiration. Pursuant to the new insurance sales framework agreement, CLPCIC continued to entrust us to act as its agent to sell certain specified insurance products within authorized regions, and agreed to pay us service fees in cash on a monthly basis in consideration of the services provided. The service fees will be determined by reference to the cost incurred by us plus a marginal profit amount and market practice. The service fees paid to us under the insurance sales framework agreement for the year ended December 31, 2014 was RMB 1,013 million (US$163 million). The annual caps in respect of the service fees to be paid by CLPCIC to us for the three years ending December 31, 2017 are RMB 1,386 million, RMB 1,738 million and RMB 2,222 million, respectively.

Framework Agreements with AMP

Framework Agreement between AMP and Us

On May 30, 2014, we entered into a framework agreement with AMP for the subscription and redemption of fund products, sale of funds, asset management and other daily transactions. The agreement became effective upon signing by the parties and will expire on December 31, 2016. Under the agreement, we will enter into certain daily transactions with AMP, including subscription and redemption of fund products, sales agency services, asset management for specific clients and other daily transactions permitted by laws and regulations. Pricing of the transactions under the agreement will be determined by the parties through arm s length negotiations with reference to industry practices. For the three years ending December 31, 2016, the annual caps on the subscription price and corresponding subscription fee for the subscription of fund products are RMB 30,000 million, RMB 66,000 million and RMB 72,600 million, respectively; the annual caps on the redemption price and corresponding redemption fee for the redemption of fund products are RMB 30,000 million, RMB 66,000 million and RMB 72,600 million, respectively; the annual caps on the sales commission fee and client maintenance fee payable by AMP are RMB 100 million, RMB 300 million and RMB 400 million, respectively; the annual caps on the management fee payable by us for the asset management for specific clients are RMB 10 million, RMB 20 million and RMB 20 million, respectively; and the annual caps on the fees for other daily transactions are RMB 50 million, RMB 100 million and RMB 100 million, respectively.

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For the year ended December 31, 2014, the subscription price and corresponding subscription fee for the subscription of fund products was RMB 11,460 million (US$1,847 million), the redemption price and corresponding redemption fee for the redemption of fund products was RMB 4,415 million (US$712 million), the sales commission fee and client maintenance fee paid by AMP was zero, the management fee paid by us for the asset management for specific clients was zero, and the fees for other daily transactions was RMB 0.47million (US$0.08 million).

Framework Agreement between AMP and China Life Pension

On September 4, 2014, China Life Pension and AMP entered into a framework agreement for the subscription and redemption of fund products, sales of funds and other daily transactions. The agreement became effective upon signing by the parties and will expire on December 31, 2016. Under the agreement, China Life Pension and AMP will enter into certain daily transactions, including subscription and redemption of fund products, sales agency services and other daily transactions permitted by laws and regulations. Pricing of the transactions under the agreement will be determined by the parties through arm s length negotiations with reference to industry practices. For the three years ending on December 31, 2016, the annual caps on the subscription price and corresponding subscription fee for the subscription of fund products are RMB 5,000 million, RMB 10,000 million and RMB 10,000 million, respectively; the annual caps on the redemption price and corresponding redemption fee for the redemption of fund products are RMB 5,000 million, RMB 10,000 million and RMB 10,000 million, respectively; the annual caps on the sales commission fee and client maintenance fee payable by AMP are RMB 50 million, RMB 100 million and RMB 100 million, respectively; and the annual caps on the fees for other daily transactions are RMB 50 million, RMB 100 million and RMB 100 million, respectively.

For the year ended December 31, 2014, the subscription price and corresponding subscription fee for the subscription of fund products, the redemption price and corresponding redemption fee for the redemption of fund products, the sales commission fee and client maintenance fee paid by AMP and the fees for other daily transactions were each zero.

Framework Agreement between AMP and CLIC

On May 30, 2014, CLIC and AMP entered into a framework agreement for the subscription and redemption of fund products. The agreement became effective upon signing by the parties and will expire on December 31, 2016. Under the agreement, CLIC and AMP will enter into transactions for the subscription and redemption of fund products. Pricing of the transactions under the agreement will be determined by the parties through arm s length negotiations with reference to industry practices. For the three years ending December 31, 2016, the annual caps on the subscription price and corresponding subscription fee for the subscription of fund products are RMB 5,000 million, RMB 10,000 million and RMB 10,000 million, respectively; and the annual caps on the redemption price and corresponding redemption fee for the redemption of fund products are RMB 5,000 million, RMB 10,000 million and RMB 10,000 million, respectively.

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For the year ended December 31, 2014, the subscription price and corresponding subscription fee for the subscription of fund products was RMB 4,380 million (US$706 million), and the redemption price and corresponding redemption fee for the redemption of fund products was RMB 3,927 million (US$633 million).

Framework Agreement between AMP and CLPCIC

On June 6, 2014, CLPCIC and AMP entered into a cooperation framework agreement. The agreement became effective upon signing by the parties and will end on December 31, 2016. Under the agreement, CLPCIC and AMP will enter into certain daily transactions, including subscription and redemption of fund products, sales agency services and other daily transactions permitted by laws and regulations. Pricing of the transactions under the agreement will be determined by the parties through arm s length negotiations with reference to the industry practices. For the three years ending December 31, 2016, the annual caps on the subscription price for the fund products are RMB 5,000 million, RMB 10,000 million and RMB 10,000 million, respectively; the annual caps on the redemption price for the fund products are RMB 5,000 million, RMB 10,000 million and RMB 10,000 million, respectively; the annual caps on the subscription fee for the fund products are RMB 50 million, RMB 100 million and RMB 100 million, respectively; the annual caps on the redemption fee for the fund products are RMB 50 million, RMB 100 million and RMB 100 million, respectively; the annual caps on the sales commission fee and client maintenance fee payable by AMP are RMB 50 million, RMB 100 million and RMB 100 million, respectively; and the annual caps on the fees for other daily transactions are RMB 50 million, RMB 100 million and RMB 100 million, respectively.

For the year ended December 31, 2014, the subscription price for the fund products was RMB 720 million (US$116 million), the redemption price for the fund products was RMB 726 million (US$117 million), the subscription fee for the fund products was zero, the redemption fee for the fund products was zero, the sales commission fee and client maintenance fee paid by AMP was zero, and the fees for other daily transactions was RMB 0.02 million (US$0.003 million).

Subscription for Trust Scheme

On October 28, 2014, our board of directors approved the subscription for, together with CLIC and CLPCIC and through AMC, the trust units under the trust scheme established by Shanghai Trust. CLIC and CLPCIC agreed to subscribe for 3 billion and 1 billion trust units of RMB 1 each issued by Shanghai Trust under Phase I of the trust scheme at a price of RMB 3 billion and RMB 1 billion, respectively, while we agreed to subscribe for the trust units of RMB 1 each issued by Shanghai Trust under Phase II of the trust scheme at a price of not more than RMB 6 billion. As of December 31, 2014, we had made our subscription through AMC by installments for a total amount of RMB 5.96 billion.

The trust funds under the trust scheme will not be more than RMB 10 billion. The trust funds will be used for the provision of loans to China Huarong Asset Management Co., Ltd., or Huarong Asset, and such loans will only be applied to Huarong Asset s non-performing assets business that is operated within the business scope of Huarong Asset and in compliance with applicable laws and regulations. Idle funds will only be deposited into banks.

Shanghai Trust will distribute trust benefits to the beneficiaries out of the trust assets after deduction of trust costs and other liabilities. The trust benefits to be distributed by Shanghai Trust are mainly derived from the principal of the loan and any interest accrued thereon to be repaid by Huarong Asset.

The trust scheme is expected to have a term of not more than 72 months.

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Continuing Related Party Transactions with CGB

During the reporting period, we engaged in continuing related party transactions with CGB pursuant to several negotiated deposit agreements between CGB and us. A detailed discussion of these agreements is set forth in Note 32 to our consolidated financial statements included elsewhere in this annual report and under the heading Item 7. Major Shareholders and Related Party Transactions Related Party Transactions in our annual reports on Form 20-F filed with the Securities and Exchange Commission on April 26, 2011, April 26, 2012 and April 26, 2013, respectively.

On July 20, 2012, we entered into a strategic cooperation agreement with CGB, pursuant to which we agreed to cooperate with CGB in various areas, including, among others, insurance business, bank cards business, deposit and funds, assets custody, e-commerce, client resources sharing, information technology, product development and brand promotion. With regard to cooperation in the insurance business, CGB undertook to provide bancassurance and corporate group insurance business services on our behalf. Subject to relevant laws and regulations, we undertook to offer our insurance products to CGB under certain preferential terms, while CGB agreed to purchase our products in priority under the same terms and conditions. The term of this agreement is three years.

On April 19, 2012, we entered into an insurance products cooperation agreement with CGB, pursuant to which CGB will sell our individual insurance products suitable for sale through banks, as jointly selected by CGB and us. Under this agreement, CGB will act as an intermediary to sell such products and will also act on our behalf to receive premiums and pay insurance benefits. In return, we will pay CGB a commission fee for each such product sold by it, calculated and paid on a monthly basis, by multiplying (a) total new premiums received in such month minus the premiums for the policies cancelled during the cooling-off period in such month and (b) a fixed commission rate, which ranges from 1.8% to 25%. This agreement has a term of three years. Upon expiration of the three-year term, this agreement will be automatically renewed for successive one-year terms, provided that CGB and we have respectively obtained any required internal approvals.

On June 14, 2013, we entered into a related party transaction framework agreement with CGB. Under this agreement, which has a term of three years ending on December 31, 2015, we and CGB will carry out various deposit and non-deposit related party transactions. On July 25, 2014, we entered into a revised agreement with CGB to further

- increase the daily cap of deposits in respect of all the deposit transactions;
- increase the annual cap in respect of all the non-deposit related party transactions;
- expand the scope of non-deposit transactions; and
- extend the term of this agreement to December 31, 2016.

A detailed discussion of this related party transaction framework agreement is set forth in Note 32 to our consolidated financial statements included elsewhere in this annual report and under the heading Item 7. Major Shareholders and Related Party Transactions Related Party Transactions in our annual report on Form 20-F filed with the Securities and Exchange Commission on April 25, 2014.

As at December 31, 2014, the total amount of our deposits at CGB was RMB 16,287 million (US$2,625 million). The total amount of non-deposit related party transactions between CGB and us for the year ended December 31, 2014 was RMB 854 million (US$138 million).

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Capital Injection to CLPCIC

On June 9, 2014, we entered into a capital injection agreement with CLIC and CLPCIC, pursuant to which we injected RMB 2,800 million (US$451 million) and CLIC injected RMB 4,200 million into CLPCIC. Prior to the capital injection, the registered capital of CLPCIC was RMB 8,000 million and was held 40% by us and 60% by CLIC. Upon completion of the capital injection, CLPCIC s registered capital was increased to RMB 15,000 million and the shareholding proportion between CLIC and us remained unchanged. On July 7, 2014, the capital injection was approved by the CIRC.

Capital Injection to China Life Pension

On October 30, 2014, we entered into a capital injection agreement with AMP Life Limited and China Life Pension, pursuant to which we injected approximately RMB 441 million (US$71 million) and AMP Life Limited injected approximately RMB 1,359 million into China Life Pension. Prior to the capital injection, the registered capital of China Life Pension was RMB 2.5 billion and was held 87.4%, 6%, 4.8% and 1.8% by us, CLIC, AMC and China Credit Trust Co., Ltd., or CCT, respectively. Upon completion of the capital injection, China Life Pension s registered capital was increased to RMB 3.4 billion and was held 70.74%, 4.41%, 3.53%, 1.33% and 19.99% by us, CLIC, AMC, CCT and AMP Life Limited, respectively. On December 31, 2014, the capital injection was approved by the CIRC.

Compliance with HKSE Listing Rules

The policy management agreement between CLIC and us, the asset management agreement between AMC and us and the insurance sales framework agreement between CLPCIC and us are only subject to reporting, announcement and annual review requirements under the HKSE Listing Rules and are exempt from independent shareholders approval requirements. In compliance with applicable HKSE Listing Rules requirements, we made announcements disclosing these transactions on December 15, 2011, December 27, 2012, March 8, 2012, January 4, 2013 and December 19, 2014, respectively.

The property purchase framework agreement between IHC and us is subject to reporting and announcement requirements only under the HKSE Listing Rules and is exempt from independent shareholders approval. In compliance with applicable HKSE Listing Rules requirements, we made an announcement disclosing this transaction on June 27, 2012.

The subscription by CLIC, CLPCIC and us for the trust units under the trust scheme established by Shanghai Trust is subject to reporting and announcement requirements only under the HKSE Listing Rules and is exempt from independent shareholders approval. In compliance with applicable HKSE Listing Rules requirements, we made an announcement disclosing this transaction on October 28, 2014.

The capital injection by us into CLPCIC is subject to reporting and announcement requirements only and is exempt from independent shareholders approval under the HKSE Listing Rules. However, the transaction is subject to approval by the shareholders general meeting of our company under the SSE Listing Rules. We made an announcement disclosing this transaction on March 25, 2014 and obtained the approval of the shareholders general meeting of our company on May 29, 2014.

The new asset management agreement entered into between IHC and us on December 31, 2014 is subject to reporting, announcement and annual review requirements only and is exempt from independent shareholders approval under the HKSE Listing Rules. However, the transaction is subject to approval by the shareholders general meeting of our company under the SSE Listing Rules. We made an announcement disclosing this transaction on October 28, 2014 and obtained the approval of the shareholders general meeting of our company on December 29, 2014.

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The framework agreements entered into by AMP with us, China Life Pension, CLIC and CLPCIC, respectively, are subject to reporting, announcement, annual review and independent shareholders approval requirements under the HKSE Listing Rules. In compliance with applicable HKSE Listing Rules requirements, we made an announcement disclosing these transactions on April 25, 2014 and obtained the approval of the shareholders general meeting of our company on May 29, 2014.

The remaining related party transactions discussed above, other than the transactions with CGB, are exempt from reporting, announcement and independent shareholders approval requirements under the HKSE Listing Rules. The related party transactions with CGB are not regarded as connected transactions for us under the HKSE Listing Rules.

Confirmation of Independent Non-executive Directors:

Our independent non-executive directors have reviewed the policy management agreement between CLIC and us, the asset management agreement between AMC and us, the insurance sales framework agreement between CLPCIC and us and the framework agreements between AMP and each of us, China Life Pension, CLIC and CLPCIC, which were subject to reporting, announcement, annual review and/or independent shareholders approval requirements under the HKSE Listing Rules and confirmed that:

1) the transactions were entered into in the ordinary and usual course of our business;

2) the transactions were conducted either on normal commercial terms or on terms that are fair and reasonable so far as our independent shareholders are concerned;

3) the transactions were entered into in accordance with the agreements governing those transactions; and

4) the amounts of the transactions had not exceeded the relevant annual caps as announced by us.

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION.

A. CONSOLIDATED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

Our audited consolidated financial statements are set forth beginning on page F-1.

Legal and Regulatory Proceedings

We are involved in litigation and arbitration proceedings involving our insurance operations on an ongoing basis. In addition, the CIRC, as well as other PRC governmental agencies, including tax, commerce and industrial administration and audit bureaus, from time to time make inquiries and conduct examinations, audits or investigations concerning our compliance with PRC laws and regulations. These litigation, arbitration and administrative proceedings have in the past resulted in damage awards, settlements or administrative sanctions, including fines, which have not been material to us. While we cannot predict the outcome of any pending or future litigation, arbitration, examination or investigation, we do not believe that any pending legal matter will have a material adverse effect on our business, financial condition or results of operations. However, we cannot assure you that any future litigation, arbitration or regulatory proceeding will not have an adverse outcome, which could have a material adverse effect on our operating results or cash flows.

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We currently have control procedures in place to monitor our litigation, arbitration and regulatory exposure. We have established a systematic prevention system whereby our management at each corporate level is responsible for compliance with laws, regulations and internal codes of conduct within their individual territories or departments. Our branches at the provincial level are required to report material litigation, arbitration and regulatory matters to our corporate headquarters on a timely basis. We plan to continue to improve our control and compliance policies in the future.

We may penalize our employees or individual agents who commit misconduct or fraud, breach the terms of their employment or agency agreements, exceed their authorization limits or fail to follow prescribed procedures in delivering insurance policies and premium payments, in each case having regard to the severity of the offense. Employees or individual agents are required to reimburse us for any losses suffered by us resulting from their misconduct or fraud. In serious cases, we may terminate their employment or agency agreements. We report criminal offenses to the PRC authorities and may also bring concurrent civil actions against employees or individual agents. We have experienced agent and employee misconduct that has resulted in litigation, arbitration and administrative actions against us and these agents and employees, and in some cases criminal proceedings and convictions against the agent or employee in question. None of these actions has resulted in material losses, damages, fines or other sanctions against us. We cannot assure you, however, that agent or employee misconduct will not lead to a material adverse effect on our business, results of operations or financial condition.

Policy on Dividend Distributions

Our board of directors has passed a resolution on March 24, 2015 to propose for approval at the annual general meeting of the declaration of final dividends of RMB 0.40 per share, totaling approximately RMB 11,306 million (US$1,822 million), for the year ended December 31, 2014. The proposed dividends have not been provided in our consolidated financial statements for the year ended December 31, 2014.

The payment of any dividend by us must be approved by shareholders in a shareholders meeting. Our board of directors intends to make its recommendations regarding the declaration of cash dividends to the shareholders in general meeting. The decision to make a recommendation for the payment of any dividend and the amount of the dividend will depend on:

- our results of operations and cash flows;
- our financial position;
- statutory solvency requirements as determined under PRC GAAP with reference to CIRC rules;
- our shareholders interests;
- general business conditions;

our future prospects;

statutory and regulatory restrictions on the payment of dividends by us; and

other factors that our board of directors deems relevant.

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We will pay dividends out of our after-tax profits only after we have made the following allowances and allocations:

- recovery of accumulated losses, if any;

- allocations to the statutory common reserve fund equivalent to 10% of our after-tax income, as determined under PRC GAAP; and

- allocations to a discretionary common reserve fund as approved by the shareholders in a shareholders meeting.

When the statutory common reserve fund reaches and is maintained at or above 50% of our registered capital, as determined under PRC GAAP, no further allocations to this fund will be required.

Under Chinese law, dividends may be paid only out of distributable profits. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years. However, ordinarily we will not pay any dividends in a year in which we do not have any distributable profits.

Payment of dividends by us is also regulated by the PRC insurance law. If we do not meet the minimum solvency margin required by the CIRC, we may be prohibited from paying dividends. See Item 4. Information on the Company Business Overview Regulatory and Related Matters Insurance Company Regulation Solvency requirements .

We paid dividends of RMB 0.14 per share in respect of 2006, RMB 0.42 per share in respect of 2007, RMB 0.23 per share in respect of 2008, RMB 0.70 per share in respect 2009, RMB 0.40 per share in respect of 2010, RMB 0.23 per share in respect of 2011, RMB 0.14 per share in respect of 2012 and RMB 0.30 per share in respect of 2013. Our board of directors has recommended the declaration of final dividends of RMB0.40 per share in respect of 2014. We expect to continue to pay dividends in line with our financial performance thereafter. We will declare dividends, if any, in Renminbi with respect to the H shares on a per share basis and will pay such dividends in Hong Kong dollars.

B. SIGNIFICANT CHANGES

We are not aware of any significant changes since the date of the consolidated financial statements included in this annual report.

C. EMBEDDED VALUE

Background

China Life prepares financial statements to public investors in accordance with the relevant accounting standards. An alternative measure of the value and profitability of a life insurance company can be provided by the embedded value method. Embedded value is an actuarially determined estimate of the economic value of the life insurance business of an insurance company based on a particular set of assumptions about future experience, excluding the economic value of future new business. In addition, the value of one year s sales represents an actuarially determined estimate of the economic value arising from new life insurance business issued in one year based on a particular set of assumptions about future experience.

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China Life believes that reporting our embedded value and value of one year s sales provides useful information to investors in two respects. First, the value of our in-force business represents the total amount of distributable earnings, in present value terms, which can be expected to emerge over time, in accordance with the assumptions used. Second, the value of one year s sales provides an indication of the value created for investors by new business activity based on the assumptions used and hence the potential of the business. However, the information on embedded value and value of one year s sales should not be viewed as a substitute of financial measures under the relevant accounting basis. Investors should not make investment decisions based solely on embedded value information and the value of one year s sales.

It is important to note that actuarial standards with respect to the calculation of embedded value are still evolving. There is still no universal standard which defines the form, calculation methodology or presentation format of the embedded value of an insurance company. Hence, differences in definition, methodology, assumptions, accounting basis and disclosures may cause inconsistency when comparing the results of different companies.

Also, the calculation of embedded value and value of one year s sales involves substantial technical complexity and estimates can vary materially as key assumptions are changed. Therefore, special care is advised when interpreting embedded value results.

The values shown below do not consider the future financial impact of transactions between China Life and CLIC, IHC, AMC, China Life Pension, CLPCIC, and etc.

Definitions of Embedded Value and Value of One Year s Sales

The embedded value of a life insurer is defined as the sum of the adjusted net worth and the value of in-force business allowing for the cost of capital supporting a company s desired solvency margin.

Adjusted net worth is equal to the sum of:

- Net assets, defined as assets less PRC solvency policy reserves and other liabilities; and
- Net-of-tax adjustments for relevant differences between the market value and the book value of assets, together with relevant net-of-tax adjustments to certain liabilities.

The market value of assets can fluctuate significantly over time due to the impact of the prevailing market environment. Hence the adjusted net worth can fluctuate significantly between valuation dates.

The value of in-force business and the value of one year s sales are defined here as the discounted value of the projected stream of future after-tax distributable profits for existing in-force business at the valuation date and for one year s sales in the 12 months immediately preceding the valuation date. Distributable profits arise after allowance for PRC solvency reserves and solvency margins at the required regulatory minimum level.

The value of in-force business and the value of one year s sales have been determined using a traditional deterministic discounted cash flow methodology. This methodology makes implicit allowance for the cost of investment guarantees and policyholder options, asset/liability mismatch risk, credit risk, the risk of operating experience s fluctuation and the economic cost of capital through the use of a risk-adjusted discount rate.

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Preparation and Review

The embedded value and the value of one year s sales were prepared by China Life in accordance with Life Insurance Embedded Value Reporting Guidelines issued by the CIRC. Towers Watson, an international firm of consultants, performed a review of China Life s embedded value. The review statement from Towers Watson is contained in the Towers Watson s review opinion report on embedded value section.

On 15 May 2012, the MOF and SAT issued the Notice on Corporate Income Tax Deduction of Reserves for Insurance Companies (Cai Shui [2012] No. 45), requiring the taxation basis to be based on accounting profits. Based on the above regulation, in preparing the 2014 embedded value report, the adjusted net worth has reflected the tax treatment in accordance with accounting profits. When calculating the value of in-force business and value of one year s sales, as there is uncertainty in the accounting liability assumptions in future valuation periods (such as valuation interest rates), correspondingly, numerous scenarios could be possible as to future accounting profits. Consequently, we have adopted the profits based on the solvency liability in projecting future tax payable in the base scenario. We also disclose the value of in-force business and value of one year s sales calculated using tax payable based on the accounting profits in accordance to the Provisions on the Accounting Treatment Related to Insurance Contracts under one possible scenario in the table 4 of Sensitivity Results .

Assumptions

Economic assumptions:

The calculations are based upon assumed corporate tax rate of 25% for all years. The investment returns are assumed to be grading from 5.1% to 5.5% by 0.1% every year (remaining level thereafter). 12% grading to 17% by 1% every year (remaining level thereafter) of the investment return is assumed to be exempt from income tax. These investment return and tax exempt assumptions are based on our strategic asset mix and expected future returns. The risk-adjusted discount rate used is 11%.

Other operating assumptions such as mortality, morbidity, lapses and expenses are based on our recent operating experience and expected future outlook.

Summary of Results

The embedded value as at 31 December 2014 and the value of one year s sales for the 12 months to 31 December 2014, and their corresponding results as at 31 December 2013 are shown below:

Table 1

Components of Embedded Value and Value of One Year s Sales		**RMB million**	
ITEM		**December 31, 2014**	**December 31, 2013**
A	Adjusted Net Worth	194,236	107,522
B	Value of In-Force Business before Cost of Solvency Margin	300,712	271,837
C	Cost of Solvency Margin	(40,042)	(37,135)
D	Value of In-Force Business after Cost of Solvency Margin (B+C)	260,670	234,702
E	Embedded Value (A + D)	454,906	342,224
F	Value of One Year s Sales before Cost of Solvency Margin	26,633	24,421

G	Cost of Solvency Margin	(3,380)	(3,120)
H	Value of One Year s Sales after Cost of Solvency Margin (F + G)	23,253	21,300

Notes:

1) *Numbers may not be additive due to rounding.*
2) *Taxable incomes in embedded value and the value of one year s sales are based on earnings calculated using solvency reserves.*

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Value of One Year s Sales by Channel

The value of one year s sales by channel is shown below:

Table 2

Value of One Year s Sales by Channel

	RMB million	
	Value of One Year s Sales	
Channel	**2014**	**2013**
Exclusive Individual Agent Channel	21,740	19,639
Group Insurance Channel	464	532
Bancassurance Channel	1,048	1,129
Total	**23,253**	21,300

Notes:

1) *Numbers may not be additive due to rounding.*
2) *Taxable income is based on earnings calculated using solvency reserves.*

Movement Analysis

The following analysis tracks the movement of the embedded value from the start to the end of 2014.

Table 3

Analysis of Embedded Value Movement in 2014

ITEM		**RMB million**
A	Embedded Value at Start of Year	342,224
B	Expected Return on Embedded Value	37,516
C	Value of New Business in the Period	23,253
D	Operating Experience Variance	563
E	Investment Experience Variance	39,338
F	Methodology, Model and Assumption Changes	(3,209)
G	Market Value and Other Adjustments	24,458
H	Exchange Gains or Losses	26
I	Shareholder Dividend Distribution	(8,479)
J	Other	(783)
K	Embedded Value as at 31 December 2014 (sum A through J)	454,906

Notes:

1) *Numbers may not be additive due to rounding.*
2) *Items B through J are explained below:*

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B Reflects expected impact of covered business, and the expected return on investments supporting the 2014 opening net worth.

C Value of new business sales in 2014.

D Reflects the difference between actual operating experience in 2014 (including mortality, morbidity, lapse, and expenses etc.) and the assumptions.

E Compares actual with expected investment returns during 2014.

F Reflects the effect of projection method, model enhancements and assumption changes.

G Change in the market value adjustment from the beginning of year 2014 to 31 December 2014 and other related adjustments.

H Reflects the gains or losses due to changes in exchange rate.

I Reflects dividends distributed to shareholders during 2014.

J Other miscellaneous items.

Sensitivity Results

Sensitivity testing was performed using a range of alternative assumptions. In each of the sensitivity tests, only the assumption referred to was changed, with all other assumptions remaining unchanged. The results are summarized below:

Table 4

Sensitivity Results

	RMB million	
	Value of in-force business after cost of solvency margin	**Value of one year s sales after cost of solvency margin**
Base case scenario	260,670	23,253

1.	Risk discount rate of 11.5%	248,363	21,962
2.	Risk discount rate of 10.5%	273,875	24,640
3.	10% increase in investment return	301,993	26,555
4.	10% decrease in investment return	219,647	19,971
5.	10% increase in expenses	257,909	21,435
6.	10% decrease in expenses	263,431	25,070
7.	10% increase in mortality rate for non-annuity products and 10% decrease in mortality rate for annuity products	258,517	23,128
8.	10% decrease in mortality rate for non-annuity products and 10% increase in mortality rate for annuity products	262,860	23,378
9.	10% increase in lapse rates	259,675	22,863
10.	10% decrease in lapse rates	261,613	23,585
11.	10% increase in morbidity rates	258,351	23,118
12.	10% decrease in morbidity rates	263,013	23,388
13.	10% increase in claim ratio of short term business	260,316	22,045
14.	10% decrease in claim ratio of short term business	261,024	24,460
15.	Solvency margin at 150% of statutory minimum	241,056	21,519
16.	Using 2013 EV assumptions	263,638	23,274
17.	Taxable income based on the accounting profit in accordance to the Provisions on the Accounting Treatment Related to Insurance Contracts under one possible scenario	262,577	22,894

Note: Taxable income is based on earnings calculated using solvency reserves for Scenarios 1 to 16.

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Towers Wastson s Review Opinion Report on Embedded Value

To The Directors of China Life Insurance Company Limited

China Life Insurance Company Limited (China Life) has prepared embedded value results for the financial year ended 31 December 2014 (EV Results). The disclosure of these EV Results, together with a description of the methodology and assumptions that have been used, are shown in the Embedded Value section.

China Life has engaged Towers Watson Management Consulting (Shenzhen) Co. Ltd. Beijing Branch (Towers Watson) to review its EV Results. This report is addressed solely to China Life in accordance with the terms of our engagement letter, and sets out the scope of our work and our conclusions. To the fullest extent permitted by applicable law, we do not accept or assume any responsibility, duty of care or liability to anyone other than China Life for or in connection with our review work, the opinions we have formed, or for any statement set forth in this report.

Scope of work

Our scope of work covered:

- a review of the methodology used to develop the embedded value and value of one year s sales as at 31 December 2014, in the light of the requirements of the Life Insurance Embedded Value Reporting Guidelines issued by the China Insurance Regulatory Commission (CIRC) in September 2005;

- a review of the economic and operating assumptions used to develop the embedded value and value of one year s sales as at 31 December 2014;

- a review of the results of China Life s calculation of the EV Results.

In carrying out our review, we have relied on the accuracy of audited and unaudited data and information provided by China Life.

Opinion

Based on the scope of work above, we have concluded that:

- the embedded value methodology used by China Life is consistent with the requirements of the Life Insurance Embedded Value Reporting Guidelines issued by the CIRC. The methodology applied by China Life is a common methodology used to determine embedded values of life insurance companies in China at the current time;

- the economic assumptions used by China Life are internally consistent, have been set with regard to current economic conditions, and have made allowance for the company s current and expected future asset mix and investment strategy;

the operating assumptions used by China Life have been set with appropriate regard to past, current and expected future experience;

no changes have been assumed to the treatment of tax, but some sensitivity results relating to tax have been shown by China Life; and the EV Results have been prepared, in all material respects, in accordance with the methodology and assumptions set out in the Embedded Value section.

For and on behalf of Towers Watson

Michael Freeman Wesley Cui

24th March 2015

ITEM 9. THE OFFER AND LISTING.

In connection with our initial public offering, our American depositary shares, or ADSs, each representing 40 H shares, were listed and commenced trading on New York Stock Exchange on December 17, 2003 under the symbol LFC . Our H shares were listed and commenced trading on the Hong Kong Stock Exchange on December 18, 2003 under the stock code 2628 . Prior to these listings, there was no public market for our equity securities. The New York Stock Exchange and the Hong Kong Stock Exchange are the principal trading markets for our ADSs and H shares, which are not listed on any other exchanges in or outside the United States.

On December 29, 2006, the ratio of ADSs to H shares was reduced from 40 H shares to 15 H shares. Our A shares were listed and commenced trading on the Shanghai Stock Exchange on January 9, 2007 under the stock code 601628 .

The high and low closing sale prices of the H shares on the HKSE, the ADSs on the NYSE and the A shares on the SSE for the periods indicated are as follows[(1)]:

	Price per H Share (HK$)		**Price per ADS [(2)] (US$)**		**Price per A share (RMB)**	
	High	**Low**	**High**	**Low**	**High**	**Low**
Annual						
2010	39.3000	29.7000	76.14	57.36	31.4200	20.9000
2011	32.6000	17.2400	62.93	33.52	22.3200	14.8100
2012	25.3000	17.0600	49.69	33.47	21.4000	15.8700
2013	27.2000	17.5000	52.62	34.27	21.9200	12.9100
2014	30.5000	19.7800	58.84	38.59	34.1500	13.0700
Quarterly						
First Quarter, 2013	27.2000	20.1000	52.62	39.42	21.9200	17.0400
Second Quarter, 2013	22.3000	17.7200	43.56	34.54	17.6700	13.4200
Third Quarter, 2013	21.4500	17.5000	41.42	34.27	15.0100	12.9100
Fourth Quarter, 2013	25.7000	19.6200	49.50	38.06	16.4600	13.4300
First Quarter, 2014	24.2500	20.1500	45.37	39.00	15.1300	13.0700
Second Quarter, 2014	22.7500	19.7800	43.63	38.59	14.8100	13.4200
Third Quarter, 2014	23.9500	20.2500	46.95	39.38	15.9100	13.6200
Fourth Quarter, 2014	30.5000	21.2500	58.84	40.92	34.1500	14.8400
First Quarter, 2015	34.0500	29.6000	67.24	56.60	40.6300	31.9800
Monthly						
October 2014	23.2000	21.2500	44.75	40.92	16.1600	14.8400

November 2014	27.0000	22.6500	52.39	43.86	22.6000	15.7800
December 2014	30.5000	25.6500	58.84	49.49	34.1500	21.7900
January 2015	32.5500	29.6000	63.51	56.60	40.6300	31.9800
February 2015	33.2500	29.9000	64.28	58.40	38.7600	33.6800
March 2015	34.0500	30.4000	67.24	58.52	38.4500	34.9200
April 2015 (through April 22, 2015)	40.0000	34.7500	78.53	68.14	41.1900	37.4800

(1) Source: Yahoo! Finance (http://finance.yahoo.com).

(2) Each ADS represents 15 H shares.

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ITEM 10. ADDITIONAL INFORMATION.

A. SHARE CAPITAL

Not applicable.

B. ARTICLES OF ASSOCIATION

The following is a brief summary of certain provisions of our current articles of association, the PRC company law and certain other laws and regulations applicable to us. Such summary is not purported to be complete. For further information, you should refer to the full text of our articles of association and to the texts of applicable laws and regulations.

Objects and Purposes

We are organized under the PRC company law as a joint stock company. We are registered with the SAIC in Beijing, China and our business license carries the registration number 100000000037965.

Our business scope, set forth in Article 10 of our articles of association, is to engage in life, accident and health insurance businesses; reinsurance business relating to the foregoing; fund investment businesses authorized by laws, regulations or the State Council; agency business, consulting business and provision of services, in each case relating to life insurance; and other business as approved by the insurance regulatory authority of the PRC.

Sources of Shareholders Rights

The primary sources of shareholders rights are the PRC company law, our articles of association, Special Rules applicable to overseas listed joint stock companies promulgated by the State Council, or Special Rules, relevant CSRC regulations, the Shanghai Stock Exchange Listing Rules, and the Hong Kong Stock Exchange Listing Rules that, among other things, impose certain standards of conduct, fairness and disclosure on us, our directors and CLIC, our controlling shareholder. The PRC company law was enacted in December 1993 and serves as the primary body of law regulating corporate actions of companies organized in the PRC and its directors and shareholders.

Our articles of association have incorporated the provisions set forth in the Mandatory Provisions for the Articles of Association of Companies Listed Overseas, or the Mandatory Provisions, adopted in 1994 pursuant to the requirements of the CSRC and the provisions set forth in the Guidelines on the Articles of Association of Listed Companies, or the Guidelines, as amended in 2006 by the CSRC. Any amendment to the relevant mandatory provisions will only become effective after approval by the relevant governmental departments authorized by the State Council and the CSRC. The Hong Kong Stock Exchange Listing Rules require a number of provisions in addition to the Mandatory Provisions to be included in our articles of association.

According to the HKSE Listing Rules, we may not amend certain provisions of our articles of association that have been mandated by the Hong Kong Stock Exchange. These provisions include, among others:

- varying the rights of existing classes of shares;

- voting rights;

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- our power to purchase our own shares;
- rights of minority shareholders; and
- liquidation procedures.

In addition, upon the listing of the H shares and for so long as the H shares are listed on the Hong Kong Stock Exchange, we are subject to the relevant ordinances, rules and regulations applicable to companies listed on the Hong Kong Stock Exchange, including, among other things, the Hong Kong Stock Exchange Listing Rules, the Securities and Futures Ordinance and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases.

Unless otherwise specified, all rights, obligations and protections discussed below are derived from our articles of association and the PRC company law.

Enforceability of Shareholders Rights

Enforceability of our shareholders rights may be limited.

In accordance with the rules applicable to Chinese overseas listed companies, our articles of association provide that, with certain limited exceptions, all disputes or claims based on our articles of association, the PRC company law or other relevant laws or administrative rules, and concerning matters between holders of H shares and holders of A shares, us, or our directors, supervisors, president, vice presidents or other senior officers, must be submitted for arbitration at either the China International Economic and Trade Arbitration Commission or the Hong Kong International Arbitration Center. If an applicant chooses to have the dispute arbitrated at the Hong Kong International Arbitration Center, either party may request that venue be changed to Shenzhen, a city in mainland China near Hong Kong. The governing law for the above-mentioned disputes or claims is Chinese law unless otherwise provided by Chinese law. Any such arbitration will be final and conclusive.

In June 1999, an arrangement was made between the People s Courts of the PRC and the courts of Hong Kong for mutual enforcement of arbitration rewards rendered in the PRC and Hong Kong according to their respective laws. This arrangement was approved by the Supreme Court of the PRC and the Hong Kong Legislative Council and became effective on February 1, 2000.

There has not been any published report of judicial enforcement in the PRC by H shareholders of their rights under charter documents of PRC joint stock companies or the PRC company law or in the application or interpretation of the PRC or Hong Kong regulatory provisions applicable to PRC joint stock companies.

The PRC company law allows shareholders to sue, on behalf of the corporation, against persons, including corporate officers, directors, who have allegedly wronged the corporation, where the corporation itself has failed to enforce such claim against such persons directly. Class action lawsuits based on violations of securities laws are generally not available.

We are subject to the Hong Kong Exchange Listing Rules, the Hong Kong Securities and Futures Ordinance, or Securities and Futures Ordinance, and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases. However, holders of H shares will not be able to bring actions on the basis of violations of the Hong Kong Stock Exchange Listing Rules and must instead rely on the Hong Kong Stock Exchange to enforce its rules. The Hong Kong Codes on Takeovers and Mergers and Share Repurchases do not have the force of law and are only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong as established by the Securities and Futures Commission of Hong Kong and the securities and futures industry in Hong Kong. The Securities and Futures Ordinance establishes various obligations in relation to disclosure of shareholders interests in Hong Kong listed companies, the violation of which is subject to prosecution by the Securities and Futures Commission of Hong Kong.

See Item 3. Key Information Risk Factors Risks Relating to the People s Republic of China The laws in China differ from the laws in the United States and may afford less protection to our minority shareholders and Item 3. Key Information Risk Factors Risks Relating to the People s Republic of China You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in the PRC based on U.S. or other foreign laws against us, our management and some of the experts named in the annual report .

Dividends

Our board of directors may propose dividend distributions. A distribution of dividends for any fiscal year is subject to shareholders approval. Dividends may be distributed in the form of cash or shares or a combination of both. The H shares rank equally with A shares with regard to dividend rights. A distribution of shares must be approved by special resolution of the shareholders meeting.

We may only distribute dividends after allowance has been made for:

- recovery of accumulated losses, if any;
- allocations to the statutory common reserve fund equivalent to 10% of our after-tax income; and
- allocations to a discretionary common reserve fund as approved by the shareholders in a shareholders meeting.

Under Chinese law, dividends may be paid only out of distributable profits. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years. However, we will ordinarily not pay any dividends in a year when we do not have any distributable profits.

Payment of dividends by us is also regulated by the PRC insurance law. If we do not meet the solvency margin required by the CIRC, we will be prohibited from paying dividends. See Item 4. Information on the Company Business Overview Regulation and Related Matters Insurance Company Regulation Solvency requirements .

Our articles of association require us to appoint, on behalf of the holders of H shares, a receiving agent that is registered as a trust corporation under the Trustee Ordinance of Hong Kong to receive dividends declared by us in respect of the H shares on behalf of such shareholders. Our articles of association require that cash dividends in respect of H shares be declared in Renminbi and paid by us in Hong Kong dollars. The depositary will convert these proceeds into U.S. dollars and will remit the converted proceeds to holders of our ADSs.

Subject to the requirements under applicable PRC laws and rules of the securities regulatory authorities of the PRC, Hong Kong and United States, we may exercise the power to forfeit unclaimed dividends, provided that such power cannot be exercised until after the expiration of applicable limitation period.

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We anticipate that our controlling shareholder, CLIC, may incur future operating losses arising in part from the runoff of policies retained by it in connection with the restructuring. Dividends received from us may become one of CLIC s principal means of funding these losses. Although we believe that the reserves held by CLIC and other financial resources available to it will fund substantially all of any future operating shortfalls arising out of these policies, which should reduce CLIC s reliance on dividends from us, subject to the relevant provisions of the PRC company law and our articles of association as described above and in Item 8. Financial Information Consolidated Financial Statements and Other Financial Information Policy on Dividend Distributions , CLIC may seek to increase the amount of dividends we pay in order to satisfy its cash flow requirements. See Item 3. Key Information Risk Factors Risks Relating to the Restructuring .

Dividend payments may be subject to Chinese withholding tax. See Taxation The People s Republic of China Taxation of Dividends .

Voting Rights and Shareholders Meetings

Our board of directors will convene a shareholders annual general meeting once every year within six months from the end of the preceding fiscal year. Our board of directors must convene an interim meeting within two months of the occurrence of any of the following events:

- where the number of directors is less than the number stipulated in the PRC company law or two-thirds of the number specified in our articles of association;
- where our unrecovered losses reach one-third of the total amount of our share capital;
- where shareholders, individually or jointly, holding 10% or more of our issued and outstanding voting shares so request in writing;
- whenever our board of directors deems necessary, or more than half of directors (including at least two independent directors) or our board of supervisors so requests; or
- any other event as maybe provided by applicable laws, rules, regulations or our articles of association.

All shareholders meetings must be convened by our board of directors by written notice given to shareholders no less than 45 days before the meeting. Shareholders holding at least one-half of our total voting shares will constitute a quorum for a shareholders meeting. If a quorum is not reached, we are required to notify our shareholders within five days by public announcement of the agenda, the date and the venue of the adjourned meeting. After the notice, we may conduct the shareholders meeting. The accidental omission by us to give notice of a meeting to, or the non-receipt of notice of a meeting by, a shareholder will not invalidate the proceedings at that shareholders meeting.

Shareholders at meetings have the power, among other matters, to approve or reject our profit distribution plans, annual budget, financial statements, increases or decreases in share capital, issuances of debentures, mergers, liquidation, any equity-based incentive plan and any amendment to our articles of association. In addition, the rights of a class of shareholders may not be modified or abrogated, unless approved by a special resolution of shareholders at a general shareholders meeting and by a special resolution of shareholders of that class of shares at a separate meeting. Our articles of association enumerate various amendments which would be deemed to be a modification or abrogation of the rights of a class of shareholders, including, among others, increasing or decreasing the number of shares of a class disproportionate to increases or decreases of other classes of shares, removing or reducing rights to receive dividends in a particular currency or creating shares with voting or equity rights superior to those of shares of that class. There are no restrictions under PRC law or our articles of association on the ability of investors that are not Chinese residents to hold H shares and exercise voting rights, except that holders of H shares are unable to vote online and the prior approval of the CIRC is required in respect of any acquisition which results in the acquirer holding more than 5% of the outstanding share capital of our company and the other restrictions set out under Item 4. Information on the Company Business Overview Regulatory and Related Matters Insurance Company Regulation Restriction of ownership in joint stock insurance companies .

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Each of our ordinary shares, whether it be an A share or an H share, is entitled to one vote on all matters submitted for vote at all shareholders meetings, except for meetings of a special class of shareholders where only holders of shares of the affected class are entitled to vote on the basis of one vote per share of the affected class.

Shareholders are entitled to attend and vote at meetings either in person or by proxy. Proxies must be in writing and deposited at our legal address or such other place as is specified in the meeting notice, no less than 24 hours before the time for holding the meeting at which the proxy proposes to vote or the time appointed for the passing of the relevant resolution.

Resolutions on any of the following matters must be approved by more than two-thirds of the voting rights held by shareholders who are present in person or by proxy:

- an increase or decrease in our share capital or the issuance of shares, warrants, debentures and other similar securities;
- our division, merger, dissolution or liquidation (shareholders who object to a proposed merger are entitled to demand that either we or the shareholders who approved the merger purchase their shares at a fair price);
- amendments to our articles of association;
- purchase or sale within any single year of any material assets exceeding 30% of our latest audited total assets;
- any equity-based incentive plan; and
- any other matters as provided under applicable laws or regulations or determined by a majority of shareholders at a general meeting to have a material impact on us and should be approved by two-thirds of the voting rights.

An amendment of shareholders rights of any class of shares must be approved by more than two-thirds of the voting rights held by holders of shares in the affected class who are present in person or by proxy.

All other actions taken by the shareholders will be approved by a majority of the voting rights held by shareholders who are present in person or by proxy at the shareholders meeting.

Any shareholder resolution that is in violation of any laws or regulations of China or the articles of association will be null and void.

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Liquidation Rights

We are organized as a joint stock company with limited liability of indefinite duration, but must pass the annual inspection with the SAIC. In the event of our liquidation, the H shares will rank equally with the A shares, and payment of debts out of our remaining assets is required to be made in the order of priority prescribed by applicable laws and regulations or, if no such standards exist, in accordance with such procedures as the liquidation committee that has been appointed either by us or the People s Courts of China may consider to be fair and reasonable. After payment of debts, we are required to distribute the remaining property to shareholders in proportion to the number of shares they hold.

Information Rights

Our shareholders may, subject to reasonable fees and costs, obtain a copy of our articles of association and inspect and copy all parts of our register of shareholders, personal particulars of the directors, supervisors, president and other senior officers, reports on the state of our share capital, reports showing the aggregate par value, highest and lowest price paid in respect of each class of shares repurchased by us since the end of the last accounting year and the aggregate amount paid by us for this purpose, minutes of shareholders general meetings, and counterfoils of company debt securities, resolutions of board meetings, resolutions of board of supervisors.

Our fiscal year is the calendar year ending December 31. We must send to holders of H shares, no more than four months after the end of the relevant financial year, our annual report (including our annual accounts, together with a copy of the auditors report thereon). Further, we must publish a preliminary results announcement no later than three months after the end of the relevant fiscal year. The results announcement in respect of the relevant financial year is required to be published on the HKSE s website no later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of our board of directors. These and any interim financial statements must be prepared in accordance with HKFRS, IFRS or PRC GAAP in the case of a PRC issuer that has adopted PRC GAAP for the preparation of its annual financial statements. The annual financial statements must be approved by a majority of our shareholders who are present in person or by proxy at the annual general meeting.

The HKSE Listing Rules also require us to send to holders of H shares an interim report no later than three months after the end of the first six months of each fiscal year. Further, we must publish a preliminary results announcement no later than two months after the end of the six-month period. The results announcement in respect of the relevant six-month period is required to be published on the HKSE s website no later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of our board of directors.

According to the HKSE Listing Rules, where in the view of the HKSE there is or there is likely to be a false market in our securities, we must, as soon as reasonably practicable after consultation with the HKSE, announce the information necessary to avoid a false market in our securities. In addition, according to the provisions of inside information under the Securities and Futures Ordinance of Hong Kong, we must, as soon as reasonably practicable after any inside information has come to our knowledge, disclose the information to the public. Inside information, in relation to a listed corporation, means specific information that

- is about the corporation, a shareholder or officer of the corporation, or the listed securities of the corporation or their derivatives; and

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is not generally known to the persons who are accustomed or would be likely to deal in the listed securities of the corporation but would if generally known to them be likely to materially affect the price of the listed securities. Depending on the size of the transaction, we may also be required to disclose to our shareholders details of various acquisitions or disposals of assets and other transactions (including transactions with controlling shareholders).

Restrictions on Transferability and the Share Register

Unless otherwise permitted by relevant PRC rules or regulations or approved by relevant PRC authorities, H shares may be traded only among investors who are legal or natural persons resident outside of China, and may not be sold to investors resident within the PRC. There are no restrictions under PRC law or our articles of association on the ability of investors who are not PRC residents to hold H shares. However, under relevant PRC law, a legal person resident outside of China is only allowed to hold not more than 20% of our issued share capital and legal persons resident outside of China are only allowed to hold in aggregate not more than 25% of our issued share capital, unless otherwise approved by competent authorities.

We are required to keep a register of our shareholders comprised of various parts, including one part which is to be maintained in Hong Kong in relation to holders of H shares. Shareholders have the right to inspect and, for a reasonable charge, to copy the share register. No transfers of ordinary shares will be recorded in our share register within thirty days prior to the date of a shareholders general meeting or within five days prior to the record date established for the purpose of distributing a dividend.

We have appointed Computershare Hong Kong Investor Services Limited to act as the registrar of our H shares. This registrar maintains our register of holders of H shares and enters transfers of H shares in such register upon the presentation of the documents described above.

Increases in Share Capital

Under our articles of association, issuance of new securities, including ordinary shares, securities convertible into ordinary shares, options, warrants or similar rights to subscribe for any ordinary shares or convertible securities, must be approved by at least two-thirds of the shareholders who attend the shareholders meeting in person or by proxy. In addition, the issuance of A shares or H shares must be approved by two-thirds of the class of domestic shares or H shares, as the case may be, unless the number of shares to be issued shall not exceed 20% of the number of shares of the same class then outstanding in any 12-month period.

A special resolution was passed at the shareholders annual general meeting held on May 29, 2014 to authorize our board of directors to issue additional shares, and amend the articles of association accordingly, in a nominal amount of no more than 20% of each of the aggregate nominal amount of our domestic shares and H shares in issue as at the date of such resolution, by the conclusion of next shareholders annual general meeting, or the expiration of the 12-month period following the passing of this resolution, or the date on which the resolution is otherwise revised or revoked by a special resolution of our shareholders, whichever is the earliest.

Shareholders are not liable to make any further contribution to the share capital other than according to the terms that were agreed upon by the subscriber of the relevant shares at the time of subscription. New issues of shares must also be approved by relevant Chinese authorities.

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Decreases in Share Capital and Repurchases

We may reduce our registered share capital only upon obtaining the approval of at least two-thirds of the shareholders who attend the shareholders meeting in person or by proxy and, in certain circumstances, of relevant Chinese authorities. The number of H shares that may be repurchased is subject to the Hong Kong Codes on Takeovers and Mergers and Share Repurchases.

Restrictions on Ownership

No individual legal entity or other organization (including any associated party thereof) that invests in an insurance company, other than an insurance holding company or an insurance company approved by the CIRC, may hold in excess of 20% of the shares in the insurance company. See Item 4. Information on the Company Business Overview Regulation and Related Matters Insurance Company Regulation Restriction of ownership in joint stock insurance companies .

Restrictions on Large or Controlling Shareholders

Our articles of association define a controlling shareholder as any person who acting alone or in concert with others:

- is in a position to elect more than one-half of the board of directors;
- has the power to exercise, or to control the exercise of, 30% or more of our voting rights;
- holds 30% or more of our issued and outstanding shares; or
- has de facto control of us in any other way.

As of the date of this annual report, CLIC, a wholly state-owned enterprise, is our only controlling shareholder.

Our articles of association provide that, in addition to any obligation imposed by laws and administrative regulations or required by the Hong Kong Stock Exchange Listing Rules, a controlling shareholder shall not exercise its voting rights in a manner prejudicial to the interests of other shareholders:

- to relieve a director or supervisor from his or her duty to act honestly in our best interests;
- to approve the appropriation by a director or supervisor, for his or her own benefit or for the benefit of any other person, of our assets in any way, including without limitation opportunities which may be advantageous to us; or

to approve the appropriation by a director or supervisor, for his or her own benefit or for the benefit of another person, of the individual rights of other shareholders, including without limitation rights to distributions and voting rights (except in accordance with a restructuring of our company which has been approved by the shareholders at a general meeting in accordance with our articles of association).

Our articles of association also provide that a controlling shareholder or an actual controlling person shall not exploit its affiliated relation in a manner prejudicial to the interest of our company, and shall be liable for any losses suffered by us as a result thereof. The controlling shareholder or actual controlling person shall have fiduciary duties to both our company and our public shareholders. The controlling shareholder shall exercise its rights as a capital contributor of our company in strict compliance with the law. The controlling shareholder shall not cause any damage to the lawful rights and interest of our company and our public shareholders through, among others, any connected transactions, profit distribution, asset restructuring, external investment, fund appropriation and loan guarantee, or impair the interest of our company and our public shareholders through its controlling position.

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Board of Directors

Our non-employee directors are elected by our shareholders at shareholders general meetings, and employee directors are elected by our employees or other democratic means at the employee representative conference. Directors are elected for a term of three years and may serve consecutive terms if re-elected.

Article 23 of Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies provides that directors, supervisors, and senior officers of a company owe duties of honesty, care and diligence to their company.

Our articles of association provide that, in exercising their duties and powers, our directors, supervisors and senior officers will act with the care, diligence and skills that are expected of a reasonable person under similar circumstances, observe fiduciary principles and not place themselves in a situation where their interests conflict with the duties they are charged with performing. In addition to these fiduciary duties to our company, each director, supervisor and officer is obligated to each shareholder:

- to act honestly in our company s best interests;
- not to exploit corporate assets for personal gains; and
- not to expropriate the rights of our shareholders.

If directors, supervisors or officers are found to have misappropriated our company s assets or misused their position for personal gain, the PRC company law provides that any misappropriated or misused property be returned and any illegal proceeds received by such director, supervisor or officer be confiscated, and allows us to impose punishment on them. In serious cases, criminal liability may also be imposed. According to our articles of association, our shareholders may bring a derivative suit against any director, supervisor or officer who has breached his fiduciary duties. Most disputes between H shareholders and directors, supervisors and officers are required to be resolved by final and binding arbitration.

Moreover, our articles of association provide that our directors, supervisors and senior officers must not enter into transactions or contracts with us or agree to make corporate loans to any persons or provide guarantees for loans of any shareholder or any other person with corporate assets. In particular, our directors, supervisors and senior officers have obligations to disclose to the board of directors any direct or indirect material interest they may have in any contracts or transactions with us. They may not vote on any contracts, transactions or arrangements in which they have any material interest. Further, we may not make loans or provide guarantees to directors, supervisors or senior officers, unless such loans or guarantees are approved at a shareholders meeting or made in the ordinary course of business and to the extent permitted by applicable laws. All decisions relating to the compensation of directors are made at shareholders meetings.

There are no provisions under our articles of association or PRC law which relate to:

- the retirement or non-retirement of directors under any age limit requirement;

directors borrowing power; or

number of shares required for directors qualification.

Subject to all relevant laws and administrative regulations, the shareholders may remove any director before the expiration of his or her term of office by a majority vote of the shareholders present in person or by proxy at shareholders general meetings. A director, supervisor, president, vice president or other senior officer may be relieved of liability for a specific breach of his or her duties by the consent of shareholders so long as specified conditions are met.

Board of Supervisors

Our board of supervisors consists of five supervisors. At least one-third of our board of supervisors must be employee representatives elected by our employees. The remaining members must be elected by our shareholders in a general meeting. One member of our board of supervisors is designated as the chairman. Members of the board of supervisors may not serve as director, president, vice president or other senior management of our company. The term of office for our supervisors is three years, which is renewable upon re-election.

The primary duty of the board of supervisors is to monitor our financial matters and management. The board of supervisors powers are generally limited to carrying out investigations and reporting to shareholders, the China Securities Regulatory Commission and other relevant governmental authorities having jurisdiction over our affairs and to convening shareholders interim meetings. Reasonable expenses incurred by the board of supervisors in carrying out its duties will be paid by us.

Our supervisors owe fiduciary duties to our company and our shareholders. Please see the discussion of the duties and the nature of recourse our shareholders may have against supervisors in breach of these duties in the subsection entitled Board of Directors .

The board of supervisors is accountable, and will report, to the shareholders at the shareholders general meetings.

Certain Differences Between PRC Company Law and Delaware Corporate Law

The PRC company law and other laws applicable to us differ in a number of respects from laws generally applicable to United States corporations and their shareholders. The description set forth below includes a summary of certain provisions of the PRC company law, Special Rules, Mandatory Provisions and the Guidelines applicable to companies listed both in the PRC and overseas, such as us, which differ from provisions of the corporate law of the State of Delaware.

General

We are a PRC joint stock company, which is a corporate entity organized under the PRC company law. Under the PRC company law, the registered capital of a joint stock company is divided into shares of equal par value. These shares are commonly called domestic ordinary shares. Each share of a joint stock company ranks equally with all other shares in its class as to voting rights (except for specified class voting rights) and rights to dividends and other distributions. Upon receiving approval from the relevant authorities, a joint stock company may offer its shares for sale to the public and seek to be listed on a stock exchange. The State Council may formulate separate regulations for the issuance of other classes of shares, including H shares. All of our issued shares are fully paid and nonassessable. Holders of H shares may transfer their shares without the approval of other shareholders. Among other things, a joint stock company must have (1) a board of directors of not fewer than five and not more than 19 members, and (2) a board of supervisors of not fewer than three members.

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The shareholders meeting of a joint stock company is the highest authority of the company and exercises the powers of the company with respect to significant matters, subject to applicable law and the articles of association of the company. The business of a joint stock company is under the overall management of a board of directors, subject to the PRC company law, other applicable laws and regulations (which in our case include the PRC insurance law and regulations), the company s articles of association and duly adopted resolutions of its shareholders. The day-to-day operations of a joint stock company are under the direction of its general manager or president, subject to applicable laws and regulations, the company s articles of association and duly adopted resolutions of the directors and shareholders. In addition, the PRC company law provides for the establishment of a board of supervisors for each joint stock company. The supervisors perform and exercise the functions and powers described below, including examination of the joint stock company s affairs and monitoring the actions of the directors and officers of the company. The directors, supervisors and officers are not required to hold any qualifying shares in the joint stock company.

A joint stock company may be liquidated involuntarily due to insolvency or voluntarily in accordance with the terms of its articles of association or duly adopted shareholders resolutions. The property of a joint stock company remaining after full payment of its liquidation expenses, wages, labor insurance premiums of its employees and statutory compensations, outstanding taxes and debts, is distributed in proportion to the holdings of its shareholders.

Meetings of shareholders

Under PRC law, shareholders are given the power to approve specified matters. See Voting Rights and Shareholders Meetings . In addition, the Mandatory Provisions provide that at shareholders meetings shareholders are entitled to consider any proposals made by shareholders holding in the aggregate at least 3% of voting power over the company s shares.

Under Delaware law, the business and affairs of a Delaware corporation are, in general, managed by or under the direction of its board of directors. Only certain fundamental matters regarding the corporation are reserved by statute to be exercised by the shareholders. These matters include, in general, election or removal of directors, retention or dismissal of the corporation s independent auditors, mergers or other business combinations involving the corporation, amendment of the corporation s certificate of incorporation and liquidation or dissolution of the corporation.

Shareholders approval by written consent

PRC law does not provide shareholders of overseas listed joint stock companies with rights to approve corporate matters by written consent. Under Delaware law, unless otherwise provided in the certificate of incorporation, any action which is required or permitted to be taken at any shareholders meeting may be taken without a meeting, subject to various conditions.

Amendments of articles of association

Under PRC law, an amendment of the articles of association must be approved by an affirmative vote of two-thirds of shareholders attending a shareholders meeting. Under the Mandatory Provisions, proposed amendment to the articles is required to be approved by the board of directors, as well as the shareholders. Amendments with respect to the Mandatory Provisions only become effective after approval by the relevant governmental department authorized by the State Council and the China Securities Regulatory Commission.

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Under Delaware law, with certain exceptions, shareholder approvals must be obtained for any amendment to the certificate of incorporation. Board approvals are also required for any amendment to the certificate of incorporation, but no governmental approval is generally required.

Powers and responsibilities of directors

Under PRC law, the board of directors is responsible for specified actions, including the following functions and powers of a joint stock company:

- convening shareholders meetings and reporting its work to shareholders at these meetings;
- implementing shareholders resolutions;
- determining the company s business plans and investment proposals;
- formulating the company s annual financial budgets and final accounts;
- formulating the company s profit distribution plans and loss recovery plans;
- formulating proposals for the increase or decrease in the company s registered capital and the issue of debentures;
- formulating major acquisition and disposal plans and plans for the merger, division or dissolution of the company;
- to the extent authorized by the shareholders meeting, deciding on such matters as external investments, purchase or sale of assets, assets pledge and connected transactions of the company;
- deciding on the company s internal management structure and formulating its basic management system; and
- appointing or removing the company s principal executive officers; appointing and removing other senior officers based on the recommendation of the principal executive officer and deciding on the remuneration of the senior officers.

In addition, the Mandatory Provisions provide that the board has the authority to formulate any proposal to amend the articles of association and to exercise any other power conferred by a decision of the shareholders meeting.

Under Delaware law, the business and affairs of a Delaware corporation are managed by or under the direction of its board of directors. Their powers include fixing the remuneration of directors, except as otherwise provided by statute or in the certificate of incorporation or by-laws of the corporation.

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Powers and responsibilities of supervisors

Under PRC law, a PRC joint stock company must have a board of supervisors consisting of shareholder representatives and one or more employee representatives. Supervisors attend board meetings as non-voting observers. Directors, officers and company personnel in charge of financial matters may not serve as supervisors. The supervisors perform and exercise the following functions and powers:

- examining the company s financial affairs;

- monitoring compliance with laws, regulations, the articles of association of the company and the shareholders resolutions by the directors and officers of the company; and suggesting removing the directors and officers who violate these laws and regulations;

- requiring corrective action from directors and officers whose actions are contrary to the interests of the company;

- examining the financial information, including financial statements, operation reports and plans for profit distribution, to be submitted by the board of directors to the shareholders meetings; and authorizing, in the company s name, public certified accountants or licensed auditors to assist in the re-examination of such information, should any doubt arise in respect thereof;

- proposing the holding of extraordinary shareholders meetings;

- proposing new items to be inserted in the agenda of the shareholders meeting;

- bringing lawsuits against directors or members of senior management, if they violate laws, regulations or articles of association of the company; and

- exercising and performing other powers and functions provided for in the company s articles of association.

In addition, the Mandatory Provisions provide that supervisors of overseas listed joint stock companies are entitled to retain auditors in the name of the company to examine any financial or business reports or profit distribution proposals to be submitted by the directors to a meeting of the shareholders which the supervisors consider questionable, and negotiate or take legal action against any director or the directors in the name of the company. The fees and expenses of attorneys and other professionals incurred by the supervisors in connection with the discharge of their duties are to be paid by the company.

Delaware law makes no provision for a comparable corporate institution.

Duties of directors, supervisors and officers

Under PRC law, directors, supervisors and officers of a joint stock company are required to comply with relevant laws and regulations and the company s articles of association. A director, supervisor or officer who contravenes any law, regulation or the company s articles of association in the performance of his duties shall be personally liable to the company for any loss incurred by the company. Directors, supervisors and officers are required to carry out their duties honestly and diligently, and protect the interests of the company. They are also under a duty of confidentiality to the company and prohibited from divulging confidential information concerning the company, except as permitted by relevant laws and regulations or by a decision of a shareholders meeting. They may not use their position and authority in the company to seek personal gain. Directors and officers may not directly or indirectly engage in the same business as the company or in any other business detrimental to the interests of the company, and they are required to forfeit any profits from these activities to the company.

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Under Delaware law, the business and affairs of a corporation are managed by or under the direction of its board of directors. In exercising their powers, directors are charged with a fiduciary duty of care to protect the interests of the corporation and a fiduciary duty of loyalty to act in the best interests of its shareholders.

Limitations on transactions with interested directors, supervisors and officers

Under PRC law, directors and officers of a joint stock company may not enter into any contracts or transactions with the company unless permitted by the articles of association or approved by the shareholders. A company may not provide any guarantees to shareholders or any de facto control person of the company unless such guarantees are approved by a majority of shareholders present at the shareholders meeting, excluding the shareholder who will be provided such guarantees. Under the Mandatory Provisions, a director, supervisor or officer is required to disclose to the board any transaction with the company in which he has a direct or indirect interest or in which there is a material conflict of interest between the company and himself. A director is not entitled to vote or be counted for quorum purposes in any board decision on any such transaction. A company may set aside any interested transaction which did not comply with these requirements, unless the other party to such transaction was honestly unaware of the breach of obligations by the interested director, supervisor or officer. A company may not loan or provide any guarantees to directors, supervisors or officers (including persons related to them), except for the loans made in accordance with employment contracts approved by the shareholders, or unless the company s business scope allows for the provision of loans and guarantees and such loans or guarantees are made under regular commercial terms.

Under Delaware law, an interested transaction is not voidable if (1) the material facts as to the interested director s relationship or interests are disclosed or are known to the board of directors and the board in good faith authorizes the transaction by the affirmative vote of a majority of the disinterested directors, (2) such material facts are disclosed or are known to the shareholders entitled to vote on such transaction and the transaction is specifically approved in good faith by vote of the majority of shares entitled to vote thereon or (3) the transaction is fair as to the corporation as of the time it is authorized, approved or ratified. Under Delaware law, the interested director could be held liable for a transaction in which such a director derived an improper personal benefit.

Election and removal of directors

Under PRC law, the term of office of directors of a joint stock company must be specified in the articles of association, but may not exceed three years. Directors may be re-elected. No director may be removed from office without cause by shareholders prior to the expiration of the director s term. PRC law does not contemplate a classified board of directors.

Under Delaware law, directors of a Delaware corporation can be removed from office with or without cause by the holders of a majority of shares then entitled to vote at an election of directors, provided that except where the certificate of incorporation of the Delaware corporation otherwise provides, a member of a classified board may be removed by shareholders only for cause, and in a corporation with cumulative voting, if less than all of the directors are removed, no director may be removed if the votes cast against the director s removal is sufficient to elect the director if cumulatively voted at an election of directors. The Court of Chancery may remove a director who has been convicted of a felony or found by a court to have committed a breach of the duty of loyalty in connection with his or her duties to the corporation following application by the corporation or derivatively in the right of the corporation by any shareholder. The court may order the removal only if it determines that the director did not act in good faith in performing the acts resulting in the prior conviction or judgment and that removal is necessary to avoid irreparable harm to the corporation.

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Dividend payments

Under PRC law, proposals for distribution of profits are formulated by the board of directors and submitted for shareholder approval at a shareholders meeting. Dividends may be distributed in the form of cash or shares.

Under Delaware law, the board of directors of a Delaware corporation may declare dividends out of distributable earnings and profits without the approval of the shareholders.

Amalgamations and business combinations; appraisal rights

Under PRC law, amalgamations and divisions involving joint stock companies are required to be approved by shareholders voting at a shareholders meeting. The Mandatory Provisions require an amalgamation or division involving the company to be approved by an affirmative vote of two-thirds of the votes present at the shareholders meeting called to consider the transaction. Any opposing shareholder may request the company or the consenting shareholders to purchase its shares at a fair price. In addition, a sale of fixed assets having a value exceeding 33% of the total fixed assets of the company requires the approval of at least one third of shareholders at the meeting where a quorum presents.

Under Delaware law, with certain exceptions, a merger, consolidation or sale of all or substantially all the assets of a corporation must be approved by the board of directors and holders of a majority of the outstanding shares entitled to vote. A shareholder objecting to the merger is entitled to appraisal rights pursuant to which the shareholder may receive cash in the amount of the fair value of the shares held by such shareholder (as determined by a court) in lieu of the consideration the shareholder would otherwise receive in the transaction.

Transactions with significant shareholders

Under Delaware law, a business combination between a Delaware corporation and an interested shareholder which takes place at any time during a period of three years commencing with the date the interested shareholder became an interested shareholder would need prior approval from the board of directors or a supermajority of the shareholders of the corporation, unless the corporation opted out of the relevant Delaware business combination statute. Under Delaware law, an interested shareholder of a corporation is someone who, together with its affiliates and associates, owns more than 15% of the outstanding common shares of the corporation. No such business combination statute or regulation applies to PRC joint stock companies.

Shareholders lawsuits

The PRC law provides that most disputes involving an H shareholder are to be resolved by final and binding arbitration.

Class actions and derivative actions generally are available to shareholders under Delaware law for, among other things, breach of fiduciary duty, corporate waste and actions not taken in accordance with applicable law.

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Limitations on liability and indemnification of directors and officers

PRC law does not provide for any specific limitations on liability or indemnification of directors and officers.

Under Delaware law, a corporation may indemnify a current director or officer of the corporation against expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in defense of an action, suit or proceeding by reason of such position if (1) the director or officer acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and (2) with respect to any criminal action or proceeding, the director or officer had no reasonable cause to believe that his conduct was unlawful. Persons serving at the request of the corporation as directors, officers, employees or agents of another entity such as a subsidiary or an employee stock trust may receive advancement of expenses from the corporation. A corporation may not retroactively impair or eliminate indemnification or advancement rights by amending the corporation s certificate of incorporation or bylaws after the occurrence of the act or omission that gives rise to indemnification or advancement rights, unless the provision contains, at the time of the act or omission, an explicit authorization of such elimination or limitation.

Shareholders rights of inspection of corporate records

Under PRC law, shareholders are entitled to inspect the articles of association, register of shareholders, corporate bond counter foils, minutes of shareholders meetings and board meetings and reports of the financial accounts of the company. In addition, the Mandatory Provisions provide that, after paying reasonable fees, shareholders are entitled to inspect the company s shareholder list, certain personal information on the directors, supervisors and officers, the company s capital position and certain information regarding share repurchases conducted by the company during the most recent fiscal year.

Delaware law permits any shareholder of a Delaware corporation to examine or obtain copies of or extracts from the corporation s shareholder list and its other books and records for any purpose reasonably related to such person s interest as a shareholder.

C. MATERIAL CONTRACTS

See Item 7. Major Shareholders and Related Party Transactions Related Party Transactions for certain arrangements we have entered into with CLIC, AMC, China Life Pension, CLPCIC, IHC, CGB and AMP.

D. EXCHANGE CONTROLS

The Renminbi currently is not a freely convertible currency. The SAFE, under the authority of the PBOC, controls the conversion of Renminbi into foreign currency. Until July 20, 2005, the PBOC had been setting and publishing daily a base exchange rate with reference primarily to the supply and demand of Renminbi against the U.S. dollar in the market during the prior day. The PBOC also took into account other factors, such as the general conditions existing in the international foreign exchange markets. From 1994 to July 20, 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. On July 21, 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by 2.0% against the U.S. dollar. Since then, the PRC government has made, and may in the future make, further adjustments to the exchange rate system. The PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for the trading against the Renminbi on the following working day.

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Although PRC governmental policies were introduced in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currency for current account items, conversion of Renminbi into foreign exchange for capital items, such as foreign direct investment, loans or securities, requires the approval of the SAFE and other relevant authorities. Although experimental policies were recently introduced in certain pilot areas such as the Shanghai free trade zone to reduce foreign exchange control, restrictions on the convertibility of Renminbi into foreign currency still remain in force in most parts of China.

In the event of shortages of foreign currencies, we may be unable to convert sufficient Renminbi into foreign currency to meet our foreign currency obligations or to pay dividends in foreign currency.

Our H shares are traded on the Hong Kong Stock Exchange. There are no limitations on the right of non-resident or foreign owners to remit dividends or capital including capital gains imposed by Hong Kong law.

E. TAXATION

The taxation of income and capital gains of holders of H shares or ADSs is subject to the laws and practices of China and of jurisdictions in which holders of H shares or ADSs are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current law and practice, is subject to change and does not constitute legal or tax advice. The discussion does not deal with all possible tax consequences relating to an investment in the H shares or ADSs. In particular, the discussion does not address the tax consequences under state, local and other laws, such as non-U.S. federal laws other than the laws of the PRC and Hong Kong. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in the H shares and ADSs. The discussion is based upon laws and relevant interpretations in effect as of the date of this annual report, all of which are subject to change.

The People s Republic of China

The following is a discussion of the material Chinese tax provisions relating to the ownership and disposition of H shares or ADSs held by the investors as capital assets. This discussion does not address all of the tax considerations that may be relevant to specific investors in light of their particular circumstances or to other investors subject to special treatment under the tax laws of the PRC. This discussion is based on the tax laws of China as in effect as of the date of this annual report, as well as on the Agreement between the United States of America and the People s Republic of China for the Avoidance of Double Taxation, or the Treaty, all of which are subject to change (or changes in interpretation), possibly with retroactive effect.

This discussion does not address any aspects of Chinese taxation other than income taxation, capital taxation, stamp taxation and estate taxation. Prospective investors are urged to consult their tax advisers regarding Chinese and other tax consequences of owning and disposing of H shares.

Taxation of Dividends

Individual investors. According to the PRC Individual Income Tax Law, as amended, dividends paid by Chinese companies are ordinarily subject to a Chinese withholding tax levied at a flat rate of 20%. For a foreign individual who is not a resident of China, the receipt of dividends from a company in China is normally subject to a withholding tax of 20% unless reduced pursuant to an applicable tax treaty. According to a notice issued by the Chinese State Administration of Taxation, or the SAT, on June 28, 2011, if the withholding tax rate under applicable tax treaties is 10% or less, the receipt of dividends will be subject to 10% withholding tax; and if the withholding tax rate under applicable tax treaties is between 10% and 20%, the receipt of dividends will be subject to the actual tax rate as agreed under such tax treaties.

Enterprises. According to the PRC Enterprise Income Tax Law and its implementation rules, effective on January 1, 2008, and the Circular on Issues Relating to the Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-shares of the Enterprises, issued by the SAT on November 6, 2008, resident enterprises in China are required to, in distributing dividends for 2008 or any year hereafter to non-resident enterprises holding Overseas Shares including H-shares and ADSs of the enterprises, withhold enterprise income tax for such dividends at a tax rate of 10%. Non-resident enterprises holding H-shares of any resident enterprise can, after receiving dividends due to them, apply for preferential tax treatment with competent tax authorities in accordance with tax treaties.

Tax treaties. Investors who do not reside in China and reside in countries that have entered into treaties for the avoidance of double-taxation with China may be entitled to a reduction of the withholding tax imposed on the payment of dividends to our investors who do not reside in China. China currently has treaties for the avoidance of double-taxation with a number of other countries, which include Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States.

Under the treaty between China and the United States, the China-US Treaty, China may tax a dividend paid by us to an Eligible U.S. Holder up to a maximum of 10% of the gross amount of the dividend. For the purposes of this discussion, an Eligible U.S. Holder is a U.S. holder that (i) is a resident of the United States for the purposes of the China-US Treaty, (ii) does not maintain a permanent establishment or fixed base in China to which H shares are attributable and through which the beneficial owner carries on or has carried on business (or, in the case of an individual, performs or has performed independent personal services) and (iii) is not otherwise ineligible for benefits under the China-US Treaty with respect to income and gains derived in connection with the H shares**.**

Taxation of Capital Gains

According to the PRC Enterprise Income Tax Law and its implementation rules, effective on January 1, 2008, capital gains realized by foreign enterprises which have no establishment or residence in China or whose capital gains from China do not relate to their establishment or residence in China, are ordinarily subject to enterprise income tax at the rate of 10% with respect to the gains realized within China, unless reduced pursuant to an applicable tax treaty.

According to the Interim Administrative Measures on the Source Withholding of Income Tax of Non-resident Enterprise issued by the SAT on January 9, 2009, where both parties to an equity transfer transaction are non-resident enterprises and where the transfer occurs outside of China, the non-resident enterprise receiving income shall pay taxes to the tax authority in the locality of the resident enterprise whose equity was transferred, either directly or by a representative. The resident enterprise whose equity was transferred shall assist the tax authority with the collection of taxes from the non-resident enterprise.

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According to the PRC Individual Income Tax Law, as amended, capital gains realized by individuals upon the transfer of shares, including Overseas Shares, are subject to capital gains tax levied at a flat rate of 20%; and relevant tax authorities are authorized to promulgate implementation rules in this regard. To date, the relevant tax authorities have not promulgated any implementation rules on the taxation of capital gains realized by individuals upon the transfer of shares, including Overseas Shares. If the relevant tax authorities promulgate such implementation rules in the future, a 20% tax may be levied on capital gains realized by foreign individuals in accordance with the PRC Individual Income Tax Law, as amended, unless reduced pursuant to an applicable tax treaty. To date, the relevant tax authorities have not collected capital gains tax on the income from the transfer of shares.

Additional Chinese Tax Considerations

Chinese stamp duty. Chinese stamp duty imposed on the transfer of shares of Chinese publicly traded companies under the Provisional Regulations of China Concerning Stamp Duty should not apply to the acquisition and disposal by non-Chinese investors of H shares or ADSs outside of China by virtue of the Provisional Regulations of China Concerning Stamp Duty, which became effective on October 1, 1988 and which provide that Chinese stamp duty is imposed only on documents executed or received within China that are legally binding in China and are protected under Chinese law.

Estate tax. No liability for estate tax under Chinese law will arise from non-Chinese nationals holding H shares.

Hong Kong

The following is a discussion of the material Hong Kong tax provisions relating to the ownership and disposition of H shares or ADSs held by the investors as capital assets. This discussion does not address all of the tax considerations that may be relevant to specific investors in light of their particular circumstances or to investors subject to special treatment under the tax laws of Hong Kong. This discussion is based on the tax laws of Hong Kong as in effect on the date of this annual report, which are subject to change (or changes in interpretation), possibly with retroactive effect. This discussion does not address any aspects of Hong Kong taxation other than income taxation, capital taxation, stamp taxation and estate taxation. Prospective investors are urged to consult their tax advisers regarding Hong Kong and other tax consequences of owning and disposing of H shares.

Tax Treaties

There is no relevant tax treaty in effect between Hong Kong and the United States.

Tax on Dividends

Under current practice, no tax is payable in Hong Kong in respect of dividends paid by us.

Tax on Gains from Sale

No tax is imposed in Hong Kong in respect of capital gains from the sale of property. However, trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where the gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax, which is currently imposed at the rate of 16.5% on corporations and at a maximum rate of 15% on individuals. Certain categories of taxpayers are likely to be regarded as deriving trading gains rather than capital gains (for example, financial institutions, insurance companies and securities dealers) unless these taxpayers could prove that the investment securities are held for long-term investment purpose.

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Trading gains from sales of H shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

There will be no liability for Hong Kong profits tax in respect of profits from the sale of ADSs, where purchases and sales of ADSs are effected outside Hong Kong, for example, on the New York Stock Exchange.

Stamp Duty

Hong Kong stamp duty, currently charged at the *ad valorem* rate of 0.1% on the higher of the consideration for, or the market value of, the H shares, will be payable by the purchaser on every purchase and by the seller on every sale of H shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H shares. Where one of the parties to a transfer is resident outside Hong Kong and does not pay the *ad valorem* duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If stamp duty is not paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

The withdrawal of H shares upon the surrender of ADRs, and the issuance of ADRs upon the deposit of H shares, will also attract stamp duty at the rate described above for sale and purchase transactions unless such withdrawal or deposit does not result in a passing of the beneficial interest in the H shares under Hong Kong law, in which case only a fixed duty of HK$5.00 is payable on the transfer. The issuance of the ADRs upon the deposit of H shares issued directly to the depositary of the ADSs, or for the account of the depositary, will not be subject to any stamp duty. No Hong Kong stamp duty is payable upon the transfer of ADSs outside Hong Kong.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of H shares whose deaths occur on or after February 11, 2006.

United States of America

The following is a discussion of the material United States federal income tax consequences relating to the purchase, ownership and disposition of H shares or ADSs by U.S. Holders (as defined below) that acquire H shares or ADSs for cash and hold them as capital assets. This discussion is based on the Internal Revenue Code of 1986, as amended, or the Code , Treasury regulations promulgated thereunder, and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect. This discussion does not address all of the tax considerations that may be relevant to specific U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as banks, insurance companies, tax-exempt entities, retirement plans, regulated investment companies, partnerships, dealers in securities, brokers, U.S. expatriates, persons who have acquired our H shares or ADSs as part of a straddle, hedge, conversion, or other integrated investment, persons who own, directly or by attribution, 10% or more of the combined voting power of all classes of stock of China Life or persons that have a functional currency other than the U.S. dollar). This discussion does not address any U.S. state or local or any U.S. federal estate, gift or alternative minimum tax considerations.

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As used in this discussion, the term U.S. Holder means a beneficial owner of H shares or ADSs that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States or of any state or political subdivision thereof or therein, including the District of Columbia or (iii) an estate or trust the income of which is subject to U.S. federal income tax regardless of the source thereof.

Investors are urged to consult their own tax advisers as to the particular tax considerations applicable to them relating to the purchase, ownership and disposition of H shares or ADSs in their individual circumstances, including the applicability of U.S. federal, state and local tax laws, any changes in applicable tax laws and any pending or proposed legislation or regulations.

Taxation of Dividends

Subject to the discussion below under Special Rules , cash distributions with respect to the H shares or ADSs owned by a U.S. Holder will, upon receipt, be includible in the gross income of such U.S. Holder as ordinary dividend income to the extent of our current and accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent that the amount of any such cash distribution exceeds our current and accumulated earnings and profits as so computed, it will be treated first as a non-taxable return of capital to the extent of the U.S. Holder s adjusted tax basis in such H shares or ADSs and, to the extent the amount of such cash distribution exceeds adjusted tax basis, will be treated as gain from the sale of such H shares or ADSs. Dividends paid by us generally will constitute income from sources outside the United States for foreign tax credit limitation purposes and will not be eligible for the dividends received deduction.

Dividends received by individuals from qualified foreign corporations are generally subject to a maximum U.S. federal income tax rate of 20%, so long as certain holding period requirements are met. A non-U.S. corporation (other than a passive foreign investment company) generally will be considered to be a qualified foreign corporation (i) if it is eligible for the benefits of a comprehensive income tax treaty with the United States which the Secretary of the Treasury determines is satisfactory for purposes of the relevant provision and which includes an exchange of information program or (ii) with respect to any dividend it pays on stock which is readily tradable on an established securities market in the United States. The Treasury Department has determined that the U.S.-China income tax treaty as currently in effect meets the requirements described in clause (i) above. In addition, the ADSs are readily tradable on the New York Stock Exchange, an established securities market in the United States. Each U.S. Holder that is an individual is urged to consult his or her tax adviser regarding the applicability of this reduced rate to dividends received with respect to the H shares or ADSs in his particular circumstance.

The U.S. dollar value of any distribution made by us in Hong Kong dollars (or other currency that is not the U.S. dollar, or a foreign currency), should be calculated by reference to the exchange rate in effect on the date of receipt of such distribution by Deutsche Bank Trust Company Americas, as depositary, in the case of ADSs, or by the U.S. Holder, in the case of H shares held directly by such U.S. Holder regardless of whether the Hong Kong dollars (or such other foreign currency) so received are converted into U.S. dollars on the date of receipt. If the Hong Kong dollars (or such other foreign currency) so received are converted into U.S. dollars on the date of receipt, such U.S. Holder generally should not recognize foreign currency gain or loss on such conversion. If the Hong Kong dollars (or such other foreign currency) are not converted into U.S. dollars on the date of receipt, such U.S. Holder will have a basis in the Hong Kong dollars (or such other foreign currency) equal to their U.S. dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the Hong Kong dollars (or such other foreign currency) generally will be treated as ordinary income or loss from sources within the United States for foreign tax credit limitation purposes.

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Subject to certain limitations, the Chinese tax withheld from dividends paid with respect to H shares or ADSs and paid over to China, as described above under The People s Republic of China Taxation of Dividends, may be creditable against a U.S. Holder s U.S. federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the maximum 20% U.S. federal income tax rate. A U.S. Holder of H shares or ADSs that does not elect to claim a U.S. foreign tax credit may instead claim a deduction for such withheld tax, but only for a taxable year in which the U.S. Holder elects to do so with respect to all non-U.S. income taxes paid or accrued in such taxable year. The availability of the foreign tax credit and the application of the limitations on the credit are fact specific and U.S. Holders are urged to consult their own U.S. tax advisers with respect to foreign tax credit considerations in their individual circumstances.

Sale or other Disposition of H Shares or ADSs

Subject to the discussion below under Special Rules , a U.S. Holder generally will recognize gain or loss for U.S. federal income tax purposes upon a sale or other disposition of H shares or ADSs that it owns in an amount equal to the difference between the amount realized from the sale or disposition and the U.S. Holder s adjusted tax basis in such H shares or ADSs. The gain or loss generally will be a capital gain or loss and will be long-term capital gain (taxable at a reduced rate for individuals) or loss if, on the date of sale or disposition, such H shares or ADSs were held by the U.S. Holder for more than one year and will generally be U.S. source gain or loss. The claim of a deduction in respect of a capital loss may be subject to limitations.

A U.S. Holder that receives Hong Kong dollars (or other foreign currency) from the sale or disposition generally will realize an amount equal to the U.S. dollar value of the Hong Kong dollars (or such other foreign currency) on the settlement date of the sale or disposition if (i) the U.S. Holder is a cash basis or electing accrual basis taxpayer and our H shares or ADSs, as the case may be, are treated as being traded on an established securities market for this purpose or (ii) the settlement date is the date of the sale or disposition. If the Hong Kong dollars (or such other foreign currency) so received are converted into U.S. dollars on the settlement date, the U.S. Holder should not recognize foreign currency gain or loss on the conversion. If the Hong Kong dollars (or such other foreign currency) so received are not converted into U.S. dollars on the settlement date, the U.S. Holder will have a basis in the Hong Kong dollars (or such other foreign currency) equal to the U.S. dollar value on the settlement date. Any gain or loss on a subsequent conversion or other disposition of the Hong Kong dollars (or such other foreign currency) generally will be treated as ordinary income or loss from sources within the United States for foreign tax credit limitation purposes. A U.S. Holder should consult its own tax adviser regarding the U.S. federal income tax consequences of receiving Hong Kong dollars (or other currency) from a sale or disposition of the H shares or ADSs in cases not described in this paragraph.

A U.S. Holder that is a non-resident enterprise may be subject to Chinese tax on the gain realized upon the sale or other disposition of H shares or ADS. See The People s Republic of China Taxation of Capital Gains above. Holders should consult their own tax advisers concerning their ability to credit such Chinese taxes against their U.S. federal income tax liability in their particular situation.

Special Rules

Related Person Insurance Income. Certain adverse U.S. income and tax reporting rules may apply to U.S. shareholders who, directly or indirectly, own stock of a non-U.S. corporation that earns related person insurance income (RPII), if 25% or more of the non-U.S. corporation s direct or indirect shareholders are U.S. persons. RPII is generally defined as insurance income derived from the insurance (or reinsurance) of insureds who are U.S. shareholders in the non-U.S. corporation or who are related to such U.S. shareholders. If applicable, these rules would require U.S. Holders to include in taxable income each year their pro rata share of any RPII incurred by us for the year, regardless of whether such income is distributed, and also to file I.R.S. Form 5471, disclosing certain information regarding their direct or indirect ownership of China Life. Special rules apply for purposes of determining each U.S. shareholder s pro rata share of any RPII. For organizations that are otherwise exempt from U.S. federal income tax under section 501(a) of the Code, any such income would constitute unrelated business taxable income . These rules could also apply to convert some or all of the gain recognized from the sale or disposition of H shares or ADSs from capital gain to ordinary income and to require such gain to be reported on I.R.S. Form 5471.

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Under a statutory exception, these rules do not apply if less than 20% of the non-U.S. corporation s insurance income is RPII or if less than 25% of the non-U.S. corporation s stock is owned by U.S. shareholders. Because CLIC holds approximately 68.37% of our share capital, and because we do not offer or intend to offer our products and services in the United States, it is highly unlikely that the RPII rules will apply. If more of our shares are sold to the public in the future, it is possible that such rules could apply at a later date.

Passive Foreign Investment Company. In general, a non-U.S. corporation will be a passive foreign investment company, or a PFIC , if 75% or more of its gross income constitutes passive income or 50% or more of its assets produce passive income or are held for the production of passive income .

For the purpose of determining whether a non-U.S. corporation is a PFIC, passive income is defined to include income of the kind which would be foreign personal holding company income under section 954(c) of the Code, and generally includes interest, dividends, annuities and other investment income. Passive income does not include interest income or dividends received from controlled subsidiaries or certain other related persons, to the extent properly allocable to income of such related person that is not passive income. In addition, the PFIC provisions specifically exclude from the definition of passive income any income derived in the active conduct of an insurance business by a corporation which is predominantly engaged in an insurance business and which would be subject to tax under subchapter L if it were a domestic corporation . This exception is intended to ensure that income derived by a bona fide insurance company is not treated as passive income. Thus, to the extent that income is attributable to financial reserves in excess of the reasonable needs of the insurance business, it may be treated as passive income.

We believe that we were in 2014, and we anticipate that we will continue to be, predominantly engaged in an insurance business and we believe that we did not in 2014, and will not, have financial reserves in excess of the reasonable needs of our insurance business. As a result, our income derived and assets held in the active conduct of our insurance business should not be passive income and passive assets, and we do not expect to be classified as a PFIC for any tax year. However, there is little guidance on the circumstances under which a non-U.S. company will be treated as predominantly engaged in an insurance business for purposes of determining PFIC status. Accordingly, there is no assurance that the U.S. Internal Revenue Service will not take a contrary position and assert that we are a PFIC. Furthermore, an actual determination of PFIC status is inherently factual in nature and cannot be made until the close of each applicable tax year and, accordingly, no assurances can be given that we will not become a PFIC at some point in the future.

In general, a U.S. shareholder of a PFIC is subject to a special tax and an interest charge at the time of the sale of (or receipt of an excess distribution with respect to) its shares in the PFIC. In general, a shareholder is treated as having received an excess distribution if the amount of the distribution was more than 125% of the average distribution with respect to its shares during the three preceding taxable years (or shorter period during which the taxpayer held the shares). The special tax is computed by assuming that the excess distribution or, in the case of a sale, the gain with respect to the shares was earned in equal portions throughout the holder s period of ownership. The portion allocable to each year prior to the year of sale is taxed at the maximum marginal tax rate applicable for each such period. The interest charge is determined based on the applicable rate imposed on underpayments of U.S. federal income tax for the period. The special tax and the interest charge generally will not apply to a U.S. shareholder that validly makes a qualified electing fund election under section 1295 of the Code with respect to the shares of the PFIC. We do not intend to comply with the requirements necessary to permit a U.S. Holder to make such an election with respect to H shares or ADSs.

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The above results may also be avoided if a mark-to-market election is available and a U.S. Holder validly makes such an election. If the election is made, such U.S. Holder generally will be required to take into account the difference, if any, between the fair market value of, and its adjusted tax basis in, its H shares or ADSs at the end of each taxable year as ordinary income or ordinary loss (to the extent of any net mark-to-market gain previously included in income), and to make corresponding adjustments to the tax basis of such H shares or ADSs. In addition, any gain from a sale or other disposition of H shares or ADSs will be treated as ordinary income, and any loss will be treated as ordinary loss (to the extent of any net mark-to-market gain previously included in income). A mark-to-market election is available to a U.S. Holder only if our H shares or ADSs are considered marketable stock for these purposes. Generally, stock will be considered marketable stock if it is regularly traded on a qualified exchange within the meaning of applicable U.S. Treasury regulations. A class of stock is regularly traded during any calendar year during which such class of stock is traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter. A non-U.S. securities exchange will constitute a qualified exchange if it is regulated or supervised by a governmental authority of the country in which the market is located and meets certain trading, listing, financial disclosure and other requirements set forth in the Treasury Regulations. We do not know whether our H shares or ADSs will be treated as marketable stock for these purposes.

If we are a PFIC in any taxable year during which a U.S. Holder owns H Shares or ADSs, such U.S. Holder (i) may also suffer adverse tax consequences under the PFIC rules described above with respect to any other PFIC in which we have a direct or indirect equity interest and (ii) generally will be required to file annually a statement with its U.S. federal income tax returns. U.S. Holders should consult their own tax advisers regarding the U.S. federal income tax consequences of a direct or indirect investment in a PFIC.

Medicare Taxes

Certain U.S. Holders that are individuals, estates or trusts are subject to an additional tax at the rate of 3.8% on all or a portion of their net investment income , which may include all or a portion of their income arising from a distribution with respect to an ADS or an H Share and gain upon the sale, exchange or other disposition of such ADS or H Share.

Information Reporting and Backup Withholding

Under certain circumstances, information reporting and/or backup withholding may apply to U.S. Holders with respect to payments made on or proceeds from the sale, exchange or other disposition of ADSs or H Shares, unless an applicable exemption is satisfied. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder s U.S. federal income tax liability if the required information is furnished by the U.S. Holder on a timely basis to the IRS.

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Reportable Transactions

U.S. Holders that participate in reportable transactions (as defined in Treasury Regulations) must attach to their federal income tax returns a disclosure statement on Form 8886. We urge U.S. Holders to consult their own tax advisers as to the possible obligation to file Form 8886 with respect to the ownership or disposition of any Hong Kong dollars (or other foreign currency) received as a dividend or as proceeds from the sale of H shares or ADSs, or any other aspect of the purchase, ownership or disposition of H shares or ADSs.

Disclosure Requirements for Specified Foreign Financial Assets

Individual U.S. Holders (and certain U.S. entities to the extent specified in future IRS guidance) who, during any taxable year, hold any interest in any specified foreign financial asset generally will be required to file with their U.S. federal income tax returns Form 8938, setting forth certain information with respect to such asset, if the aggregate value of all such assets exceeds the applicable reporting threshold. Specified foreign financial asset generally includes any financial account maintained with a non-U.S. financial institution and may also include H Shares or ADSs if they are not held in an account maintained with a U.S. financial institution. Substantial penalties may be imposed for a failure to comply. U.S. Holders should consult their own tax advisers as to the possible application to them of these filing requirements.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

You may read and copy documents referred to in this annual report on Form 20-F that have been filed with the U.S. Securities and Exchange Commission, or SEC, at its public reference room located at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms and their copy charges. The SEC also maintains a website at http://www.sec.gov that contains reports, proxy statements and other information regarding the registrations that file electronically with the SEC.

The SEC allows us to incorporate by reference the information we filed with the SEC. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this annual report on Form 20-F.

I. SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Our exposure to financial market risks relates primarily to changes in interest rates, equity prices and exchange rates.

The following discussions and tables, which constitute forward-looking statements that involve risks and uncertainties, summarize our market-sensitive financial instruments including fair value and maturity. Such discussions address market risk only and do not present other risks which we face in the normal course of business.

For further information on our management of market risk, including the objectives and general strategies of risk management, see Item 4 Information on the Company Business Overview Investments Risk Management and Note 4 to our consolidated financial statements included elsewhere in this annual report.

Interest Rate Risk

Our profitability is affected by changes in interest rates. We are currently experiencing a comparatively low interest rate environment in general. The PBOC reduced the benchmark deposit rate twice during 2012. In November 2014, the interest rate on one-year term deposits was reduced from 3.00% to 2.75%, and in March 2015, the interest rate was further reduced from 2.75% to 2.50%. If interest rates were to decline in the future, the income we realize from our investments may decline, affecting our profitability. In addition, as instruments in our investment portfolio mature, we might have to reinvest the funds we receive in investments bearing a lower interest rate. However, if interest rates were to increase, surrenders and withdrawals of insurance and annuity policies and contracts may increase as policyholders seek other investments with higher perceived returns. This process may result in cash outflows requiring that we sell investment assets at a time when the prices of those assets are adversely affected by the increase in market interest rates, which may result in realized investment losses. In addition, if interest rates were to increase, but we did not raise the cap set by us on the rates we guarantee for non-participating insurance products, sales of some of our products, including our non-participating investment type products, could be adversely affected.

For the years ended December 31, 2014, 2013 and 2012, our investment yield was 5.36%, 4.86% and 2.79% respectively. Investment contracts are generally priced with guaranteed interest rates, subject to a cap on guaranteed rates set by the CIRC, which is currently 2.50% for participating insurance products. Dividends on participating policies are required to be at least 70% of distributable earnings attributable to such policies.

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The following tables set forth selected assets and liabilities with exposure to interest rates as of December 31, 2014, 2013 and 2012.

As of December 31, 2014	Expected Maturity Date 2015	2016	2017	2018	2019	Thereafter	Total	Fair value
	(RMB in millions, except as otherwise stated)							
Assets								
Held-to-maturity and available-for-sale debt securities								
Fixed rate bonds								
in RMB	25,058	31,133	65,401	60,497	50,428	674,872	**907,389**	916,640
Average interest rate	4.87%	4.85%	4.93%	4.22%	5.26%	4.76%	**4.77%**	
in US$	6	260				48	**314**	319
Average interest rate	4.74%	10.25%				6.33%	**9.54%**	
Variable rate bonds								
in RMB	696	1,811	447	204	148	1,615	**4,921**	4,908
Average interest rate	5.65%	5.40%	6.21%	4.67%	6.95%	3.99%	**5.06%**	
Term deposits								
in RMB	191,439	153,100	173,685	88,157	48,500	26,501	**681,382**	681,382
Average interest rate	4.17%	5.05%	5.20%	4.94%	5.99%	5.30%	**4.90%**	
in US$	8,774						**8,774**	8,774
Average interest rate	2.53%						**2.53%**	
Liabilities								
Securities sold under agreements to repurchase	46,089						**46,089**	46,089
Average interest rate	5.39%						**5.39%**	
Long-term borrowings					2,623		**2,623**	2,623

Average interest rate					3.54%		**3.54%**	
Investment contracts	2,070	1,841	1,681	610	498	65,575	**72,275**	70,694
Average interest rate	1.74%	1.07%	0.96%	2.49%	2.42%	2.53%	**2.44%**	
Long-term insurance contracts	105,760	140,904	117,175	138,251	22,911	1,063,899	**1,588,900**	
Average guaranteed interest rate	2.47%	2.50%	2.52%	2.94%	2.64%	2.43%	**2.49%**	

ecember 31, 2013	2014	2015	2016	2017	2018	Thereafter	Total	v
				Expected Maturity Date				
				(RMB in millions, except as otherwise stated)				
-maturity and available-for-sale curities								
ate bonds								
	17,393	27,861	27,794	65,558	57,199	640,030	**835,835**	79
interest rate	4.84%	4.84%	4.64%	4.85%	4.09%	4.69%	**4.67%**	
		6	266			33	**305**	
interest rate		5.38%	10.25%			5.85%	**9.68%**	
e rate bonds								
	3,476	550	1,221		175	1,499	**6,921**	
interest rate	5.58%	5.60%	5.00%		4.56%	3.75%	**5.06%**	
eposits								
	64,532	164,300	153,100	173,685	88,157	10,000	**653,774**	6.
interest rate	4.33%	4.58%	5.24%	5.26%	4.94%	5.70%	**4.95%**	
	10,400						**10,400**	
interest rate	3.13%						**3.13%**	
ies								
es sold under agreements to repurchase	20,426						**20,426**	1
interest rate	6.29%						**6.29%**	
ent contracts	6,312	1,478	1,585	605	599	54,508	**65,087**	6
guaranteed interest rate	2.17%	1.44%	0.97%	2.53%	2.53%	2.61%	**2.50%**	
rm insurance contracts	86,866	87,473	148,122	124,840	101,108	934,537	**1,482,946**	
guaranteed interest rate	2.44%	2.47%	2.50%	2.52%	2.50%	2.41%	**2.44%**	

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As of December 31, 2012	Expected Maturity Date 2013	2014	2015	2016	2017	Thereafter	Total	Fair value
	(RMB in millions, except as otherwise stated)							
Assets								
Held-to-maturity and available-for-sale debt securities								
Fixed rate bonds								
in RMB	3,940	15,263	22,780	19,390	63,071	665,209	**789,653**	788,098
Average interest rate	4.78%	4.84%	4.57%	3.90%	4.79%	4.55%	**4.56%**	
in US$				266			**266**	266
Average interest rate				10.25%			**10.25%**	
in HK$			6			30	**36**	39
Average interest rate			5.38%			6.12%	**5.99%**	
Variable rate bonds								
in RMB	2,035	3,638	483	1,140		2,842	**10,138**	10,166
Average interest rate	5.21%	5.58%	5.57%	5.00%		4.36%	**5.10%**	
in US$	1,886						**1,886**	1,886
Average interest rate	1.59%						**1.59%**	
Term deposits								
in RMB	82,367	58,850	164,300	151,600	173,685	600	**631,402**	631,402
Average interest rate	4.49%	4.39%	4.57%	5.25%	5.26%	5.25%	**4.89%**	
in US$	9,678						**9,678**	9,678
Average interest rate	1.81%						**1.81%**	
Liabilities								
Securities sold under agreements to repurchase	68,499						**68,499**	68,499
Average interest rate	4.45%						**4.45%**	
Investment contracts	1,760	5,509	1,260	591	599	56,920	**66,639**	65,074
	1.69%	1.94%	1.22%	2.54%	2.55%	2.58%	**2.48%**	

Average interest
rate

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Equity Price Risk

Our investments in securities investment funds or equity securities expose us to changes in equity prices. We manage this risk on an integrated basis with other risks through our asset-liability management strategies. We also manage equity price risk through industry and issuer diversification and asset allocation techniques.

The following table sets forth our exposure to equity securities as of December 31, 2014, 2013 and 2012.

	As of December 31,					
	2012		2013		2014	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
(RMB in millions)						
Equity securities	164,742	164,742	154,957	154,957	236,030	236,030
Securities at fair value through profit or loss	7,916	7,916	3,416	3,416	23,840	23,840
Available-for-sale	156,826	156,826	151,541	151,541	212,190	212,190

A hypothetical 10% decline in the December 31, 2014, 2013 and 2012 value of the securities at fair value through profit or loss equity securities would result in a charge to the income statement of approximately RMB 2,384 million, RMB 342 million and RMB 792 million, respectively.

A hypothetical 10% decline in the December 31, 2014, 2013 and 2012 value of the available-for-sale equity securities would result in an unrealized loss of approximately RMB 21,219 million**,** RMB 15,154 million and RMB 15,683 million, respectively.

The selection of a 10% immediate change in the value of equity securities should not be construed as a prediction by us of future market events but rather as an illustration of the potential impact of such an event.

Foreign Exchange Risk

Our exposure to fluctuations in foreign currency exchange rates against RMB results primarily from our holdings in non-RMB denominated term deposits and our foreign currency-denominated loans. Our debts and capital expenditures are predominantly in RMB and the principal currencies which create foreign currency exchange rate risk in our deposits are the U.S. dollar and Hong Kong dollar. The principal currency which exposes us to foreign currency exchange risk in our loans is British pound. In June 2014, to fund our overseas investments, we obtained a fixed-interest rate bank loan of 275 million British pounds sterling with a term of five years. We recorded RMB 268 million (US$43 million) in foreign exchange gains for the year ended December 31, 2014, resulting mainly from the depreciation of the British pound against the Renminbi. Future movements in the exchange rate of RMB against the U.S. dollar and other foreign currencies may adversely affect our results of operations and financial condition.

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The following tables set forth assets denominated in currencies other than RMB as of December 31, 2014, 2013 and 2012.

	Expected Maturity Date							
As of December 31, 2014	**2015**	**2016**	**2017**	**2018**	**2019**	**Thereafter**	**Total**	**Fair value**
					(in millions)			
Debt securities								
in US$	6	260				48	314	319
Average interest rate	4.74%	10.25%				6.33%	9.54%	
Term deposits								
in US$	8,774						8,774	8,774
Average interest rate	2.53%						2.53%	
Cash and cash equivalents								
in US$	3,662						3,662	3,662
Average interest rate	0.05%						0.05%	
in HK$	68						68	68
Average interest rate	0.01%						0.01%	
in British pound	54						54	54
Average interest rate	0.05%						0.05%	
Liabilities								
Long-term borrowings								
in British pound					2,623		2,623	2,623
Average interest rate					3.54%		3.54%	

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	Expected Maturity Date							
As of December 31, 2013	**2014**	**2015**	**2016**	**2017**	**2018**	**Thereafter**	**Total**	**Fair value**
				(in millions)				
Debt securities								
in US$		6	266			33	**305**	307
Average interest rate		5.38%	10.25%			5.85%	**9.68%**	
Term deposits								
in US$	10,400						**10,400**	10,400
Average interest rate	3.13%						**3.13%**	
Cash and Cash equivalents								
in US$	1,823						**1,823**	1,823
Average interest rate	0.05%						**0.05%**	
in HK$	222						**222**	222
Average interest rate	0.01%						**0.01%**	

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	Expected Maturity Date							
As of December 31, 2012	**2013**	**2014**	**2015**	**2016**	**2017**	**Thereafter**	**Total**	**Fair value**
				(in millions)				
Debt securities								
in US$	300			42			**342**	342
Average interest rate	1.59%			10.25%			**2.66%**	
in HK$			8			36	**44**	49
Average interest rate			5.38%			6.12%	**5.99%**	
Term deposits								
in US$	1,540						**1,540**	1,540
Average interest rate	1.81%						**1.81%**	
Cash and Cash equivalents								
in US$	40						**40**	40
Average interest rate	0.05%						**0.05%**	
in HK$	3,319						**3,319**	3,319
Average interest rate	0.01%						**0.01%**	

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ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES.

A. DEBT SECURITIES

Not applicable.

B. WARRANTS AND RIGHTS

Not applicable.

C. OTHER SECURITIES

Not applicable.

D. AMERICAN DEPOSITARY SHARES

The table below sets forth all fees and charges that a holder of our ADRs may have to pay to the depositary bank of our ADR program, either directly or indirectly.

Category	Depositary Actions	Associated Fee
(a) Depositing or substituting the underlying shares	Each person to whom ADRs are issued against deposits of shares, including deposits and issuances in respect of:	US$5.00 for each 100 ADSs (or portion thereof) evidenced by the new ADRs delivered
	share distributions, rights, merger	
	exchange of securities or any other transaction or event or other distribution affecting the ADSs or the deposited securities	
(b) Receiving or distributing dividends	Distribution of dividends	US$0.02 or less per ADS
(c) Selling or exercising rights	Distribution or sale of securities, the fee being in an amount equal to the fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities	US$5.00 for each 100 ADSs (or portion thereof)
(d) Withdrawing an underlying security	Acceptance of ADRs surrendered for withdrawal of deposited securities	US$5.00 for each 100 ADSs (or portion thereof) evidenced by the ADRs surrendered
(e) Transferring, splitting or grouping receipts	Transfers, combining or grouping of depositary receipts	US$1.50 per ADS

(f) Expenses of the depositary	Expenses incurred on behalf of ADR holders in connection with: compliance with foreign exchange control regulations or any law or regulation relating to foreign investment; the depositary s or its custodian s compliance with applicable law, rule or regulation; stock transfer or other taxes and other governmental charges; cable, telex, facsimile transmission and delivery; expenses of the depositary in connection with the conversion of foreign currency into U.S. dollars (which are paid out of such foreign currency); and any other charge payable by depositary or its agents.	Expenses payable at the sole discretion of the depositary by billing ADR holders or by deducting charges from one or more cash dividends or other cash distributions.

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Deutsche Bank Trust Company Americas, or Deutsche Bank, has served as the depositary bank of our ADR program since January 4, 2010. Deutsche Bank has agreed to reimburse certain reasonable company expenses related to our ADR program and incurred by us in connection with our ADR program. The table below sets forth the amounts reimbursed from January 1, 2014 to April 10, 2015.

Category of Expenses	**Amount Reimbursed from January 1, 2014 to April 10, 2015**	
NYSE listing fees	US$	6,993
Legal fees	US$	400,453
Investor relations(1)	US$	2,126,253
Broker reimbursements(2)	US$	65,266
Total	**US$**	**2,598,965**

(1) Includes expenses related to announcement of results, ADR training programs, non-deal roadshows and investor relations activities.

(2) Broker reimbursements are fees payable to Broadridge and other service providers for the distribution of hard copy material to beneficial ADR holders holding in the Depositary Trust Company. Corporate material includes information related to shareholders meetings and related voting instruction cards. These fees are SEC approved.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES.

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS.

A. MATERIAL MODIFICATION TO THE RIGHTS OF SECURITY HOLDERS

See Item 10. Additional Information Articles of Association .

B. USE OF PROCEEDS

The following use of proceeds information relates to our registration statement on Form F-1 (File No. 333-110615), filed by us in connection with our initial public offering of H shares in the United States. In connection with the registration of the H shares, a registration statement on Form F-6 (File No.333-110622) was also filed for ADSs representing such H shares. Each of these two registration statements was declared effective by the SEC on December 11, 2003. Our H shares commenced trading on the Hong Kong Stock Exchange on December 18, 2003 and the ADSs on the New York Stock Exchange on December 17, 2003.

The net proceeds from the initial public offering of our shares, after deduction of fees and expenses, amounted to RMB 24,707 million and were held in either H.K. dollars or U.S. dollars. As of the date of this annual report, a part of the cash proceeds from our global offering was held in bank deposit accounts denominated in foreign currencies in China, part of the cash proceeds was invested in securities listed on overseas stock exchanges, and part of the cash proceeds was invested in debt securities denominated in foreign currencies. We gradually converted approximately US$300 million of the cash proceeds into Renminbi to reduce foreign exchange risks. We invested approximately US$433 million, in addition to 2,282 billion in Renminbi, in Guangdong Development Bank in December 2006. We used approximately HK$12 billion for investments in Sino-Ocean Land Holdings Limited in 2009, 2010 and 2013. In January 2015, we engaged eight investment managers to invest, operate and manage US$ 800 million entrusted to them by us for investment in overseas capital markets.

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ITEM 15. CONTROLS AND PROCEDURES.
Disclosure Controls and Procedures

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934, we have carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and our chief financial officer, of the effectiveness of our disclosure controls and procedures as of December 31, 2014, the end of the period covered by this annual report. Based on that evaluation, our chief executive officer and our chief financial officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of December 31, 2014.

Management s Report on Internal Control Over Financial Reporting

Management of China Life Insurance Company Limited (together with its consolidated subsidiaries, the Company) is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. The Company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable generally accepted accounting principles. The Company s internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets and liabilities of the Company;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the applicable generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company s internal control over financial reporting as of December 31, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control Integrated Framework (2013 framework). Based on this assessment, management determined that the Company s internal control over financial reporting was effective as of December 31, 2014.

The Company s internal control over financial reporting as of December 31, 2014 has been audited by Ernst & Young, an independent registered public accounting firm, as stated in their report which is on pages F-2 and F-3 of this annual report, which expresses an unqualified opinion on the effectiveness of the Company s internal control over financial reporting as of December 31, 2014.

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Changes in Internal Control over Financial Reporting

There were no changes to the Company s internal control over financial reporting as defined in Exchange Act Rule 13a-15(f) during the year ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT.

Our board of directors has determined that Mr. Bruce Douglas Moore qualifies as an audit committee financial expert as defined in Item 16A of Form 20-F. Mr. Moore is independent in accordance with the applicable requirements of Rule 10A-3 of the Securities Exchange Act of 1934. Mr. Moore was appointed as an independent non-executive director and a member of the audit committee of our Company in May 2009. For Mr. Moore s biographical information, see Item 6. Directors, Senior Management and Employees .

ITEM 16B. CODE OF ETHICS.

At the board of directors meeting held on June 29, 2004, we adopted a code of business conduct and ethics that applies to our chief executive officer, chief financial officer, controller and other senior officers of our company. We have filed the adopted code of business conduct and ethics as an exhibit to our annual report on Form 20-F for the fiscal year ended December 31, 2004, as filed on May 27, 2005.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The following table sets forth the aggregate audit fees, audit-related fees, tax fees and all other fees paid to our principal accountants for the fiscal years of 2014 and 2013.

	Audit Fees[1]	Audit-Related Fees	Tax Fees	All Other Fees
		(RMB in millions)		
2014	55			
2013	52			

(1) Audit fees include fees billed for professional services rendered for audits of the consolidated financial statements and review of interim financial statements of China Life.

According to our current internal rules, before our principal accountants are engaged by us to render audit or non-audit services, the engagement must be approved by our audit committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES.

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS.

As of December 31, 2014, China Life and its subsidiaries had not purchased, sold or redeemed any of China Life s shares.

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ITEM 16F. CHANGE IN REGISTRANT S CERTIFYING ACCOUNTANT.

On December 21, 2012, our board of directors resolved, as recommended by our audit committee, to propose to appoint Ernst & Young as the Company s independent registered certified public accountant. At the first extraordinary general meeting of the Company held on February 19, 2013, the shareholders of the Company approved the appointment of Ernst & Young as the Company s independent registered certified public accountant effective for the fiscal year ending December 31, 2013. PricewaterhouseCoopers was responsible for the audit work of the Company for the fiscal year ended December 31, 2012. We reported the change in our independent registered certified public accountant on Form 6-K filed with the SEC on February 19, 2013. The change was made due to relevant PRC rules issued by the MOF limiting the term of service of audit firms continuously engaged by a PRC financial institution.

The reports of PricewaterhouseCoopers on our consolidated financial statements for the two fiscal years ended December 31, 2011 and 2012 contain no adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope, or accounting principles.

During the two fiscal years ended December 31, 2011 and 2012, and the subsequent interim period through June 5, 2013, the date of resignation of PricewaterhouseCoopers, there have been no disagreements with PricewaterhouseCoopers on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of PricewaterhouseCoopers, would have caused it to make reference thereto in their reports on the consolidated financial statements for such years.

During the two fiscal years ended December 31, 2011 and 2012, and the subsequent interim period through June 5, 2013, there have been no reportable events requiring disclosure pursuant to Item 16F(a)(1)(v) of Form 20-F.

We provided a copy of the above disclosure under this Item 16F to PricewaterhouseCoopers and requested that PricewaterhouseCoopers furnish a letter addressed to the SEC stating whether it agrees with the above statements, and if not, stating the respects in which it does not agree. A copy of the letter from PricewaterhouseCoopers addressed to the SEC, dated April 25, 2014, was filed as Exhibit 15.1 to the Form 20-F for the fiscal year ended December 31, 2013 which we filed with the SEC on April 25, 2014.

During the two fiscal years ended December 31, 2011 and 2012, and the subsequent interim period prior to our engagement of Ernst & Young, neither we nor anyone on our behalf consulted Ernst & Young regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on our financial statements, or (ii) any matter that was either the subject of a disagreement with Ernst & Young or a reportable event. Also, during the two fiscal years ended December 31, 2011 and 2012, and the subsequent interim period prior to our engagement of Ernst & Young, we have not obtained any written report or oral advice that Ernst & Young concluded was an important factor considered by us in reaching a decision as to the accounting, auditing or financial reporting issue.

As used herein, the term reportable event means any of the items listed in paragraphs (a)(1)(v)(A)-(D) of Item 16F of Form 20-F, and the term disagreement shall be interpreted in accordance with Item 16F(a)(1)(iv) of Form 20-F and related instructions to Item 16-F of Form 20-F.

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ITEM 16G. CORPORATE GOVERNANCE.

As a Chinese company with H shares, ADSs and A shares publicly traded on the HKSE, the NYSE and the SSE, respectively, we must comply with the corporate governance standards provided by PRC company law and other laws, as well as the securities laws and regulations in Hong Kong, United States and the listing requirements of the HKSE, the NYSE and the SSE that are applicable to us. The description set forth below includes, for purpose of Section 303A.11 of the NYSE Listed Company Manual, a summary of the significant ways in which our corporate governance practices differ from those followed by U.S. domestic companies under NYSE rules.

Board Independence

We identify our independent non-executive directors in accordance with the qualifications provided by relevant PRC and Hong Kong regulations, which prohibit independent directors from having, among other things, specified interests in our securities or business, relationships with the management and financial dependence on us. These tests vary in certain respects with those set forth under Section 303A.02 of the NYSE Listed Company Manual.

Section 303A.02 of the NYSE Listed Company Manual also requires the board of directors to affirmatively determine that the director has no material relationship with the company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company). Under the HKSE Listing Rules, each independent non-executive director must provide an annual confirmation of his independence to the listed company. Under the Tentative Guidelines on Corporate Governance of Insurance Companies issued by the CIRC in 2006 (the Chinese Insurance Company Corporate Governance Guidelines), each independent director must make a public announcement of the director s independence and commitment to duties.

Section 303A.01 of the NYSE Listed Company Manual provides that a U.S. domestic issuer must have a majority of independent directors, unless more than 50% of such issuer s voting power for the election of directors is controlled by an individual, a group or another company (a controlled company). Because more than 60% of our voting power is controlled by CLIC, we, as with controlled U.S. domestic companies, would not be required to comply with this independent board requirement. As of the date of this annual report, our board of directors comprised eleven directors, including four executive directors, three non-executive directors and four independent non-executive directors.

Section 303A.03 of the NYSE Listed Company Manual requires a U.S. domestic company to have its non-management directors meet at regularly scheduled executive sessions without management and hold an executive session including only independent directors at least once a year, or hold regular executive sessions of independent directors. Under the HKSE corporate governance rules effective since April 1, 2012, the chairman of our board of directors is required to have a meeting with non-executive directors (including independent non-executive directors) only at least once a year. On October 28, 2014, the chairman of our board convened a meeting of non-executive directors to discuss the operational management and development reform of the Company.

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Nominating/Corporate Governance Committee and Compensation Committee

Under Section 303A.04 of the NYSE Listed Company Manual, a U.S. domestic company must have a nominating/corporate governance committee composed entirely of independent directors with a written charter that addresses certain specified responsibilities, unless it is a controlled company . Section 303A.05 of the NYSE Listed Company Manual requires a U.S. domestic company to have a compensation committee composed entirely of independent directors with a written charter that addresses certain specified duties, unless it is a controlled company . We, as with controlled U.S. domestic companies, are not required under NYSE rules to have such a nominating/corporate governance committee or compensation committee. We have established a nominating and remuneration committee in accordance with the HKSE Listing Rules, comprised of a majority of independent non-executive directors as construed under those rules. The primary duties of the nomination and remuneration committee are to review the structure and components of our board of directors, to formulate the appointment and successors to our board of directors and senior management, to review and recommend the nomination of our directors and senior officers, as well as to propose to our board of directors the remuneration policy for our directors, supervisors and senior management. The Chinese Insurance Company Corporate Governance Guidelines require that nominating and remuneration committees of Chinese insurance companies be comprised entirely of non-executive directors with the independent directors as the Chairmen. In 2014, our nominating and remuneration committee comprised two independent non-executive directors and one non-executive director with one of the independent non-executive directors serving as the Chairman. We have complied with the composition requirements of the nomination and remuneration committee as prescribed under the Chinese Insurance Company Corporate Governance Guidelines.

Audit Committee

The NYSE rules set forth two levels of audit committee standards for U.S. domestic companies and foreign private issuers. As a foreign private issuer, we are required to comply with the audit committee requirements under Section 303A.06 of the NYSE Listed Company Manual, such as audit committee independence and certain functions and powers, but are not subject to the additional qualifications, independence, function and other requirements for U.S. domestic companies provided under Section 303A.07 of the NYSE Listed Company Manual.

We have established an audit committee in accordance with the requirements of Section 303A.06 of the NYSE Listed Company Manual, the HKSE Listing Rules and the Chinese Insurance Company Corporate Governance Guidelines. In 2014, our audit committee comprised three independent non-executive directors with one of them serving as the Chairman. The primary duties of the audit committee are to review and supervise the financial reporting process, to assess the effectiveness of our internal control system, to supervise our internal audit system and its implementation and to implement and recommend the engagement or replacement of external auditors. Our audit committee is also responsible for communications between our internal and external auditors and our internal reporting system.

Corporate Governance Guidelines

Under Section 303A.09 of the NYSE Listed Company Manual, a U.S. domestic company must adopt and disclose corporate governance guidelines that address specified key subjects. We are not required by Chinese or Hong Kong laws or requirements to, and currently do not, have such corporate governance guidelines. However, we address several of the key subjects required by the NYSE Listed Company Manual to be included in the corporate governance guidelines in our articles of association, Rules of Procedures for Board of Directors, Rules of Internal Control and other internal corporate documents.

In addition, under the HKSE Listing Rules, we are expected to comply with, but may choose to deviate from, the provisions of the Code on Corporate Governance Practices in the HKSE Listing Rules, which sets out the principles of good corporate governance for issuers. However, we are required to disclose the reasons for deviation, if any, in our interim and annual reports.

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We are required by the CSRC to disclose in our annual report filed with the CSRC our actual corporate governance practice as compared with CSRC s rules on corporate governance of listed companies. Under such rules, we are required to disclose the differences between our actual practices and the requirements under such rules, if any. Accordingly, we have disclosed in our annual report for the year of 2014 filed with the CSRC that we had established a corporate governance structure with well-defined duties and responsibilities strictly in accordance with the PRC Company Law and PRC Securities Law as well as relevant rules and regulations, and that our actual corporate governance practices are generally in compliance with the applicable regulatory rules and requirements of the jurisdictions where we are listed.

Code of Business Conduct and Ethics

Section 303A.10 of the NYSE Listed Company Manual requires U.S. domestic companies to adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers. We have adopted a Code of Business Conduct and Ethics for Directors and Senior Officers and Code of Conduct for Employees. We have disclosed the Code of Business Conduct and Ethics for Directors and Senior Officers in our annual report under Form 20-F for fiscal year ended December 31, 2004 and are required to disclose in the annual report under Form 20-F any waivers of the code for directors or executive officers. In addition, according to the HKSE Listing Rules, all of our directors must comply with the Model Code for Securities Transactions by Directors of Listed Companies that sets forth the required standards with which the directors of a listed company must comply in securities transactions of the listed company. Under the Listing Rules of the Shanghai Stock Exchange, any of the directors, supervisors or senior management of the listed company may not transfer any shares of such company held by him/her within one year of the listing of the company or six months after leaving the company. During his/her tenure at the company, he/she must file with the Shanghai Stock Exchange for record in advance any proposed transaction in the shares of the company in accordance with the relevant rules and regulations. In case of changes in shareholdings in the company, he/she shall report the changes on a timely basis to the company, which must then make relevant announcements on the website of the Shanghai Stock Exchange.

Certification Requirements

Under Section 303A.12(a) of the NYSE Listed Company Manual, each U.S. domestic company Chief Executive Officer must certify to the NYSE each year that he or she is not aware of any violation by the listed company of NYSE corporate governance listing standards. There are no similar requirements under PRC or Hong Kong laws or requirements.

ITEM 16H. MINE SAFETY DISCLOSURE.

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS.

We have elected to provide the financial statements and related information specified in Item 18 in lieu of Item 17.

ITEM 18. FINANCIAL STATEMENTS.

See Index to Consolidated Financial Statements for a list of all financial statements filed as part of this annual report.

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ITEM 19. EXHIBITS.

(a) See Item 18 for a list of the financial statements filed as part of this annual report.

(b) Exhibits to this annual report.

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EXHIBIT INDEX

No.	Description of Exhibit
1.1	Amended and Restated Articles of Association of the Registrant
2.1	Form of H share certificate(1)
2.2	Form of Deposit Agreement, including the Form of American Depositary Receipt(2)
4.1	Restructuring Agreement(1)
4.2	Trademark License Agreement(1)
4.3	Policy Management Agreement
4.4	Non-Competition Agreement(1)
4.5	Asset Management Agreement between China Life Insurance (Group) Company and China Life Asset Management Company Limited
4.6	Asset Management Agreement between China Life Insurance Company Limited and China Life Investment Holding Company Limited
4.7	Asset Management Agreement between China Life Insurance Company Limited and China Life Asset Management Company Limited(4)
4.8	Property Leasing Agreement
4.9	Property Transfer Framework Agreement(4)
4.10	Entrustment and Account Management Agreement for Enterprise Annuity Funds
4.11	Insurance Sales Framework Agreement between China Life Insurance Company Limited and China Life Property and Casualty Insurance Company Limited
8.1	List of subsidiaries of the Registrant
11.1	Code of Business Conduct and Ethics(3)
12.1	Certification pursuant to Rule 13a-14(a)
12.2	Certification pursuant to Rule 13a-14(a)
13.1	Certification pursuant to Rule 13a-14(a) and Section 1350 of Chapter 63 of Title 18 of the United States Code
15.1	Letter from PricewaterhouseCoopers(5)

(1) Incorporated by reference to the Registration Statement on Form F-1 (File No. 333-110615), filed with the Commission on December 9, 2003.
(2) Incorporated by reference to the Registration Statement on Form F-6 (File No. 333-164005) and Post-Effective Amendment No. 1 to Form F-6 (File No. 333-164005) filed with the Commission on January 4, 2010 and January 27, 2015, respectively.
(3) Incorporated by reference to the Annual Report on Form 20-F for the fiscal year ended December 31, 2004, filed

with the Commission on May 27, 2005.

(4) Incorporated by reference to the Annual Report on Form 20-F for the fiscal year ended December 31, 2012, filed with the Commission on April 26, 2013.

(5) Incorporated by reference to the Annual Report on Form 20-F for the fiscal year ended December 31, 2013, filed with the Commission on April 25, 2014.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

China Life Insurance Company Limited

By: /s/ Lin Dairen
Name: Lin Dairen
Title: President and Executive Director

Date: April 24, 2015

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CHINA LIFE INSURANCE COMPANY LIMITED

(Incorporated in the People s Republic of China with limited liability)

Audited Consolidated Financial Statements

For the year ended 31 December 2014

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CHINA LIFE INSURANCE COMPANY LIMITED

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of China Life Insurance Company Limited

We have audited the accompanying consolidated statement of financial position of China Life Insurance Company Limited (the Company) as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the two years in the period ended December 31, 2014. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of China Life Insurance Company Limited at December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2014, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), China Life Insurance Company Limited s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated April 24, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young

Hong Kong

April 24, 2015

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of China Life Insurance Company Limited

We have audited China Life Insurance Company Limited s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). China Life Insurance Company Limited s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on China Life Insurance Company Limited s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Report of Independent Registered Public Accounting Firm (continued)

In our opinion, China Life Insurance Company Limited maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial position of China Life Insurance Company Limited as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the two years in the period ended December 31, 2014 and our report dated April 24, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young

Hong Kong

April 24, 2015

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of

China Life Insurance Company Limited

In our opinion, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended December 31, 2012 present fairly, in all material respects, the result of operations and cash flows of China Life Insurance Company Limited and its subsidiaries (hereinafter - the Group) for the year ended December 31, 2012, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. These financial statements are the responsibility of the Group s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers

Hong Kong

27 March 2013, except for the change in the composition of reportable segments discussed in Note 5, as to which the date is 24 April 2015

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CHINA LIFE INSURANCE COMPANY LIMITED

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	**As at 31 December 2014 RMB million**	As at 31 December 2013 RMB million
ASSETS			
Property, plant and equipment	*6*	**25,348**	23,393
Investment properties	*7*	**1,283**	1,329
Investments in associates and joint ventures	*8*	**44,390**	34,775
Held-to-maturity securities	*9.1*	**517,283**	503,075
Loans	*9.2*	**166,453**	118,626
Term deposits	*9.3*	**690,156**	664,174
Statutory deposits restricted	*9.4*	**6,153**	6,153
Available-for-sale securities	*9.5*	**607,531**	491,527
Securities at fair value through profit or loss	*9.6*	**53,052**	34,172
Securities purchased under agreements to resell	*9.7*	**11,925**	8,295
Accrued investment income	*9.8*	**44,350**	34,717
Premiums receivable	*11*	**11,166**	9,876
Reinsurance assets	*12*	**1,032**	1,069
Other assets	*13*	**19,411**	20,430
Cash and cash equivalents		**47,034**	21,330
Total assets		**2,246,567**	**1,972,941**

The notes on pages 14 to 89 form an integral part of these consolidated financial statements.

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CHINA LIFE INSURANCE COMPANY LIMITED

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	As at 31 December 2014 RMB million	As at 31 December 2013 RMB million
LIABILITIES AND EQUITY			
Liabilities			
Insurance contracts	14	**1,603,446**	1,494,497
Investment contracts	15	**72,275**	65,087
Policyholder dividends payable		**74,745**	49,536
Interest-bearing loans and borrowings	16	**2,623**	
Bonds payable	17	**67,989**	67,985
Financial liabilities at fair value through profit or loss		**10,890**	
Securities sold under agreements to repurchase	18	**46,089**	20,426
Annuity and other insurance balances payable		**25,617**	23,179
Premiums received in advance		**15,850**	6,305
Other liabilities	19	**20,062**	18,233
Deferred tax liabilities	28	**19,375**	4,919
Current income tax liabilities		**52**	5
Statutory insurance fund	20	**223**	184
Total liabilities		**1,959,236**	**1,750,356**
Equity			
Share capital	33	**28,265**	28,265
Reserves	34	**145,919**	97,029
Retained earnings		**109,937**	95,037
Attributable to equity holders of the Company		**284,121**	220,331
Non-controlling interests		**3,210**	2,254
Total equity		**287,331**	222,585
Total liabilities and equity		**2,246,567**	**1,972,941**

Approved and authorized for issue by the Board of Directors on 24 March 2015.

The notes on pages 14 to 89 form an integral part of these consolidated financial statements.

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CHINA LIFE INSURANCE COMPANY LIMITED

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Notes	**2014 RMB million**	2013 RMB million	2012 RMB million
REVENUES				
Gross written premiums		**331,010**	326,290	322,742
Less: premiums ceded to reinsurers		**(515)**	(556)	(384)
Net written premiums		**330,495**	325,734	322,358
Net change in unearned premium reserves		**(390)**	(921)	(232)
Net premiums earned		**330,105**	324,813	322,126
Investment income	*21*	**93,548**	82,816	73,243
Net realised gains and impairment on financial assets	*22*	**7,120**	5,793	(26,876)
Net fair value gains/(losses) through profit or loss	*23*	**5,808**	137	(313)
Other income		**4,185**	4,324	3,305
Total revenues		**440,766**	**417,883**	**371,485**
BENEFITS, CLAIMS AND EXPENSES				
Insurance benefits and claims expenses				
Life insurance death and other benefits	*24*	**(192,659)**	(193,671)	(107,674)
Accident and health claims and claim adjustment expenses	*24*	**(16,752)**	(11,263)	(7,898)
Increase in insurance contract liabilities	*24*	**(105,883)**	(107,354)	(184,990)
Investment contract benefits	*25*	**(1,958)**	(1,818)	(2,032)
Policyholder dividends resulting from participation in profits		**(24,866)**	(18,423)	(3,435)
Underwriting and policy acquisition costs		**(27,147)**	(25,690)	(27,754)
Finance costs	*26*	**(4,726)**	(4,032)	(2,575)
Administrative expenses		**(25,432)**	(24,805)	(23,283)
Other expenses		**(4,151)**	(3,864)	(3,304)
Statutory insurance fund contribution	*20*	**(701)**	(637)	(609)

Total benefits, claims and expenses			**(404,275)**		(391,557)		(363,554)
Share of profit of associates and joint ventures	*8*		**3,911**		3,125		3,037
Profit before income tax	*27*		**40,402**		29,451		10,968
Income tax	*28*		**(7,888)**		(4,443)		304
Net profit			**32,514**		25,008		11,272
Attributable to:							
- Equity holders of the Company			**32,211**		24,765		11,061
- Non-controlling interests			**303**		243		211
Basic and diluted earnings per share	*29*	**RMB**	**1.14**	RMB	0.88	RMB	0.39

The notes on pages 14 to 89 form an integral part of these consolidated financial statements.

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CHINA LIFE INSURANCE COMPANY LIMITED

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Note	**2014 RMB million**	2013 RMB million	2012 RMB million
Other comprehensive income				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Fair value gains/(losses) on available-for-sale securities		**70,342**	(25,135)	8,864
Amount transferred to net profit from other comprehensive income		**(7,120)**	(5,793)	26,876
Portion of fair value changes on available-for-sale securities attributable to participating policyholders		**(11,035)**	2,635	(2,635)
Share of other comprehensive income of associates and joint ventures under the equity method		**120**	(332)	167
Income tax relating to components of other comprehensive income	*28*	**(13,023)**	7,050	(8,265)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods		**39,284**	(21,575)	25,007
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods				
Other comprehensive income for the year, net of tax		**39,284**	(21,575)	25,007
Total comprehensive income for the year, net of tax		**71,798**	**3,433**	**36,279**
Attributable to:				
- Equity holders of the Company		**71,443**	3,203	36,056
- Non-controlling interests		**355**	230	223

The notes on pages 14 to 89 form an integral part of these consolidated financial statements.

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CHINA LIFE INSURANCE COMPANY LIMITED

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to equity holders of the Company			Non-controlling interests	Total
	Share capital RMB million (Note 33)	Reserves RMB million (Note 34)	Retained earnings RMB million	RMB million	RMB million
As at 1 January 2012	28,265	83,424	79,841	1,858	193,388
Net profit			11,061	211	11,272
Other comprehensive income		24,995		12	25,007
Total comprehensive income		**24,995**	**11,061**	**223**	**36,279**
Transactions with owners					
Appropriation to reserves (Note 34)		4,090	(4,090)		
Dividends paid (Note 31)			(6,501)		(6,501)
Dividends to non-controlling interests				(65)	(65)
Total transactions with owners		**4,090**	**(10,591)**	**(65)**	**(6,566)**
As at 31 December 2012	28,265	112,509	80,311	2,016	223,101

The notes on pages 14 to 89 form an integral part of these consolidated financial statements.

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CHINA LIFE INSURANCE COMPANY LIMITED

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to equity holders of the Company			Non-controlling interests	Total
	Share capital RMB million (Note 33)	Reserves RMB million (Note 34)	Retained earnings RMB million	RMB million	RMB million
As at 1 January 2013	28,265	112,509	80,311	2,016	223,101
Net profit			24,765	243	25,008
Other comprehensive income		(21,562)		(13)	(21,575)
Total comprehensive income		**(21,562)**	**24,765**	**230**	**3,433**
Transactions with owners					
Capital paid in				88	88
Appropriation to reserves (Note 34)		6,082	(6,082)		
Dividends paid (Note 31)			(3,957)		(3,957)
Dividends to non-controlling interests				(80)	(80)
Total transactions with owners		**6,082**	**(10,039)**	**8**	**(3,949)**
As at 31 December 2013	28,265	97,029	95,037	2,254	222,585

The notes on pages 14 to 89 form an integral part of these consolidated financial statements.

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CHINA LIFE INSURANCE COMPANY LIMITED

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to equity holders of the Company			Non-controlling interests	Total
	Share capital RMB million (Note 33)	Reserves RMB million (Note 34)	Retained earnings RMB million	RMB million	RMB million
As at 1 January 2014	**28,265**	**97,029**	**95,037**	**2,254**	**222,585**
Net profit			**32,211**	**303**	**32,514**
Other comprehensive income		**39,232**		**52**	**39,284**
Total comprehensive income		**39,232**	**32,211**	**355**	**71,798**
Transactions with owners					
Capital paid in		**826**		**692**	**1,518**
Appropriation to reserves (Note 34)		**8,832**	**(8,832)**		
Dividends paid (Note 31)			**(8,479)**		**(8,479)**
Dividends to non-controlling interests				**(91)**	**(91)**
Total transactions with owners		**9,658**	**(17,311)**	**601**	**(7,052)**
As at 31 December 2014	**28,265**	**145,919**	**109,937**	**3,210**	**287,331**

The notes on pages 14 to 89 form an integral part of these consolidated financial statements.

CHINA LIFE INSURANCE COMPANY LIMITED

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 RMB million	2013 RMB million	2012 RMB million
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax	**40,402**	29,451	10,968
Adjustments for:			
Investment income	**(93,548)**	(82,816)	(73,243)
Net realised and unrealised gains and impairment on financial assets	**(12,928)**	(5,930)	27,189
Amount of investment cost below the fair value for identifiable net assets of an associate		(683)	
Insurance contracts	**108,955**	109,843	185,106
Depreciation and amortisation	**2,124**	2,026	1,949
Foreign exchange losses/(gains)	**(268)**	437	49
Share of profit of associates and joint ventures	**(3,911)**	(3,125)	(3,037)
Changes in operating assets and liabilities:			
Securities at fair value through profit or loss	**(13,698)**	(449)	(10,152)
Financial liabilities at fair value through profit or loss	**9,704**		
Receivables and payables	**41,330**	23,300	(4,434)
Income tax paid	**(1,923)**	(5,343)	(3,675)
Interest received - securities at fair value through profit or loss	**1,902**	1,002	833
Dividends received - securities at fair value through profit or loss	**106**	579	629
Net cash inflow from operating activities	**78,247**	68,292	132,182
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposals and maturities:			
Disposals of debt securities	**21,242**	20,623	51,281
Maturities of debt securities	**22,407**	15,244	5,277
Disposals of equity securities			