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**中國人壽保險股份有限公司**

**CHINA LIFE INSURANCE COMPANY LIMITED**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2628)**

**ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED  
31 DECEMBER 2023**

**CHAIRMAN'S STATEMENT**

2023 was the opening year for fully implementing the guidelines of the 20th CPC National Congress and also a year of economic recovery and development following the transition of the three-year COVID-19 pandemic prevention and control measures. Looking back to the past year, as China's economy rebounded with sound momentum and market demands were gradually improving, the life insurance industry saw a remarkable recovery trend. Centering on serving the overall interests of national development, China Life gave full play to the functions of insurance as a "shock absorber" for economic operation and a "stabiliser" for social development and steadfastly pushed forward its development in finance with Chinese characteristics. With building a world-class life insurance company as its goal, the Company worked hard to pursue high-quality development with concerted efforts. As a result, the Company achieved a steady progress while maintaining stability in its business development and further enhanced its comprehensive strengths with its market leading position remaining solidified. It has been awarded Grade A in the evaluation of operations of insurance companies by the Insurance Association of China for eight consecutive years, and ranked 62nd and 12th by Forbes Global 2000 and Fortune China 500, respectively. Embracing the "investor-oriented" concept, the Board has proposed to distribute a cash dividend of RMB4.30 per 10 shares (inclusive of tax), and such proposal will be submitted to the 2023 Annual General Meeting for review and discussion.

**We continued to provide insurance services for the people and made consistent efforts to improve our performance in serving the overall interests of national development.** We steadfastly put people as the first priority and deeply engaged in building a multi-tiered social security system for the people's wellbeing. We made significant improvement to inclusive insurance services in terms of coverage and accessibility, with the supplementary major medical expenses insurance programs covering nearly 350 million people and the long-term care insurance programs providing services to more than 38 million people. The number of the city-customised insurance projects undertook by us hit a record high, and our capacity of supplying insurance protection for new urban residents and new business practitioners was constantly enhanced. We contributed to the improvement of the multi-tiered pension insurance system and made tremendous efforts to advance the pilot program of the third-pillar private pension insurance business while the commercial pension insurance business thrived. We paid special attention to the enhancement of the risk protection for the senior people, and the senior-care service system and ecosystem was constantly optimised. Meanwhile, we actively performed our roles as the main force for serving the real economy and maintaining financial stability, and realigned the direction of capital investment, with our existing investments in real economy and in green investments amounted to over RMB4 trillion and RMB460 billion, respectively. We took effective actions to support rural revitalisation in all aspects, and helped create a new paradigm for integrated urban and rural development. The "rural revitalisation insurance" became the only project in the insurance industry that was listed in the "4th Global Best Poverty Reduction Practices". We further reinforced the buildup of the ESG system and were awarded the "2023 Forbes China ESG Innovative Enterprise" by Forbes.

**We strengthened asset-liability management and consistently enhanced our capability in business value creation.** We conducted an in-depth analysis of new changes in both assets and liabilities and kept researching on the interest rate trend. Prioritising business value growth, we reinforced systematic, holistic and long-term thinking and incorporated the concept of asset-liability management into all aspects including product supply, business development, asset allocation and risk prevention and control, so as to further improve the refined management and balance the relationships between assets and liabilities and between long-term value and short-term benefits, in order to consistently enhance our capabilities of sustainable development. While realising a growth in the insurance business, we saw our business structure being optimised further. In 2023, we hit a record high in terms of gross written premiums, with a double-digit increase in the value of one year's sales. Our industry leading position in terms of gross written premiums, value of one year's sales and embedded value were further consolidated, and our solvency ratios remained at relatively high levels. We practised the philosophy of long-term investment, value investment and prudent investment, consistently strengthened our professional capability in investment, made allocation to major assets categories from the cross-cycle and long-term perspective, proactively took positions in industries with medium- and long-term growth potentials at a low level of the capital market, and strengthened the management and control of investment risks, striving to stabilise our investment income.

**We advanced reforms in greater depth and continued to bring together the internal driving forces for development.** Following the policy direction and responding to market demands, we gave full play to our own advantages and pushed forward a series of reforms (including the “Eight Reform Programs”), so as to enhance the precise delivery of products and services and facilitate the upgrading of our business models. The sales system reforms achieved breakthroughs. The three transformation measures in relation to the upgrading of the existing sales force, establishment of new sales force and sales force empowerment were implemented at an accelerated pace, speeding up the transformation and upgrading of a specialised, professional and integrated sales force. Regarding the healthcare and senior-care ecosystem as our long-term development strategy, we made tremendous efforts to expand product and service supply through diverse models and created a closed-loop system of “products – services – payment”, thus making significant achievements in “insurance + services”. Taking data and technology as the key production factors, we deepened the integration of digitalisation and business and focused on technology-driven initiatives, further enhancing the convenience and competitiveness of our insurance services. We forged China Life’s good services, which are “convenient, quality and caring”, and ranked among the top of the industry in the assessment of protection of consumers’ rights and interests as conducted by the industry regulator.

**We coordinated business development and risk control, and consistently fortified the cornerstone for our healthy business operations.** The insurance industry is an industry operating and managing risks. Taking risk prevention and control as our permanent task and upholding the concept of sound and prudent business operation, we struck a balance between stable growth and risk control and firmly held onto the bottom line that no systemic risks arose. We enhanced our business operations in compliance with laws and regulations, fully implemented the requirements under the C-ROSS (Phase II) Regulation, put into practice a series of new rules on “aligning sales practices with regulatory filings” in a stringent manner, ensured security while seeking development and vice versa. As a result, the Company’s risk prevention and control measures were performed effectively. We continued to optimise the compliance management system and successfully obtained certifications under both domestic and international standards in this regard. The Company continuously maintained the rating of Class A in the integrated risk rating for insurance companies, and was among the top-ranked life insurance companies as evaluated by the Solvency Aligned Risk Management Requirements and Assessment (“SARMRA”) under the C-ROSS (Phase II) Regulation.

2023 also marked the 20th anniversary for China Life’s shareholding reform and public listing. Twenty years ago, we were the first life insurance company listed overseas in China, and attracted close attention from worldwide investors, creating a splendid record of the world’s largest IPO of that year. Looking back on the changes over the past two decades, the rapid growth of China’s economy created favourable external conditions and significant opportunities for the insurance industry in China. Setting our mission and vision as “safeguarding people’s wellbeing and building a world-class life insurance company”, we established sound and effective corporate governance structures and internal governance mechanisms. Maintaining a close bond with the nation, we adhered to the rules of life insurance business and advanced reforms and innovations along the course of internal and external development. We maintained the industry leadership position and became the largest life insurance company globally, with our total assets, investment assets, embedded value and gross written premiums achieving growth of several times or even dozens of times. While we pursued our high-quality development to create long-term value, we have always attached great importance to investor returns. We have made dividend distributions of over RMB190 billion in total since our listing. Looking ahead to our new journey, we will draw inspiration and propulsion from our valuable experiences in the past twenty years, and pool all efforts to forge ahead in the future. We will continue to strengthen Party leadership in optimising our corporate governance, promote the governance effectiveness of modern financial corporation with Chinese characteristics to be further manifested, pursue our own business development to catering to people’s demands, and create a new paradigm for high-quality development, thereby contributing to building the country into a financial powerhouse and serving the Chinese-style modernisation.

2024 marks the 75th anniversary of the founding of the People’s Republic of China and is also the critical year for implementing the “14th Five-Year Plan”. We will steadfastly march toward the direction where we aspire. Currently, the life insurance industry is at a crucial stage for transformation and development. We will focus on five major areas, namely technology finance, green finance, inclusive finance, pension finance and digital finance, properly manage the relationships between stability and progress, establishment and abolishment, scale and profitability, assets and liabilities, as well as development and security, and balance the short-term profit with long-term value, with a view to enhancing our business performance. Having the confidence to be a pioneer, we will constantly deepen supply-side reforms, strengthen business foundation, improve on services, transform and upgrade traditional driving forces, and accelerate the cultivation of new driving forces, so as to contribute to the buildup of a modern financial system with Chinese characteristics.

## **FINANCIAL SUMMARY**

The Company has prepared the annual results in accordance with International Financial Reporting Standards (“IFRSs”), amendments to IFRSs and interpretations issued by the International Accounting Standards Board. Since 1 January 2023, the Company has adopted *IFRS 9 – Financial Instruments* and *IFRS 17 – Insurance Contracts*. The Company has restated and presented the comparative information of the previous year associated with insurance contracts in accordance with *IFRS 17 – Insurance Contracts*, and there is no need to restate and present any comparative information of the previous year associated with financial instruments in accordance with *IFRS 9 – Financial Instruments*.

## I. Major Financial Data and Indicators for the Past Five Years<sup>1</sup>

RMB million

Major financial data	Under International Financial Reporting Standards (IFRS)					
	2023	2022	Change	2021	2020	2019
<b>For the year ended</b>						
Total revenue	<b>344,746</b>	370,861	-7.0%	824,933	805,049	729,503
Profit before income tax	<b>44,576</b>	70,060	-36.4%	50,340	54,440	59,758
Net profit attributable to equity holders of the Company	<b>46,181</b>	66,680	-30.7%	50,766	50,221	58,251
Net profit attributable to ordinary share holders of the Company	<b>46,181</b>	66,680	-30.7%	50,766	50,020	57,857
Net cash inflow/(outflow) from operating activities	<b>384,366</b>	345,284	11.3%	286,446	303,990	286,008
<b>As at 31 December</b>						
Total assets	<b>5,802,086</b>	5,010,068	15.8%	4,892,480	4,253,544	3,727,686
Including: Investment assets <sup>2</sup>	<b>5,659,250</b>	4,811,893	17.6%	4,716,420	4,095,541	3,573,257
Total liabilities	<b>5,315,052</b>	4,635,095	14.7%	4,405,346	3,795,975	3,317,658
Equity holders' equity	<b>477,093</b>	366,021	30.3%	479,061	450,688	404,448
<b>Per share (RMB)</b>						
Earnings per share (basic and diluted) <sup>3</sup>	<b>1.63</b>	2.36	-30.7%	1.80	1.77	2.05
Equity holders' equity per share <sup>3</sup>	<b>16.88</b>	12.95	30.3%	16.95	15.95	14.31
Ordinary share holders' equity per share <sup>3</sup>	<b>16.88</b>	12.95	30.3%	16.95	15.95	14.03
Net cash inflow/(outflow) from operating activities per share <sup>3</sup>	<b>13.60</b>	12.22	11.3%	10.13	10.76	10.12
<b>Major financial ratios</b>						
Weighted average ROE (%)	<b>9.65</b>	17.26	A decrease of 7.61 percentage points	10.92	11.81	16.46
Gearing ratio <sup>4</sup> (%)	<b>91.61</b>	92.52	A decrease of 0.91 percentage point	90.04	89.24	89.00
Gross investment yield <sup>5</sup> (%)	<b>2.43</b>	3.90	A decrease of 1.47 percentage points	4.98	5.30	5.24

Notes:

1. There is no need for the Company to restate and present any comparative information for the years from 2019 to 2021 in accordance with *IFRS 9 – Financial Instruments* and *IFRS 17 – Insurance Contracts*.
2. As at 31 December 2023, Investment assets = Cash and cash equivalents + Financial assets at fair value through profit or loss + Investment in debt instruments at fair value through other comprehensive income + Investment in equity instruments at fair value through other comprehensive income + Financial assets at amortised cost + Term deposits + Financial assets purchased under agreements to resell + Statutory deposits-restricted + Investment properties + Investments in associates and joint ventures. As at 31 December 2022, Investment assets = Cash and cash equivalents + Securities at fair value through profit or loss + Available-for-sale securities + Held-to-maturity securities + Term deposits + Financial assets purchased under agreements to resell + Loans (excluding policy loans) + Statutory deposits-restricted + Investment properties + Investments in associates and joint ventures
3. In calculating the percentage changes of the “Earnings per share (basic and diluted)”, “Equity holders’ equity per share”, “Ordinary share holders’ equity per share” and “Net cash inflow/(outflow) from operating activities per share”, the tail differences of the basic figures have been taken into account.
4. Gearing ratio = Total liabilities/Total assets
5. In the calculation of the investment yield of the year 2023, the average investment assets as the denominator exclude the fair value changes of investment in debt instruments at fair value through other comprehensive income, so as to reflect the strategic intention of the Company for the management of assets and liabilities. In the calculation of the investment yield of the year 2022, the data of investment businesses related to *IFRS 17 – Insurance Contracts* has been restated, while the data of investment businesses related to *IFRS 9 – Financial Instruments* has not been restated. The formula used for calculating the investment yield of the year 2022 is the same as that of previous years.

## **II. Information on the Difference between the Financial Statement Prepared under Accounting Standards for Business Enterprises and International Financial Reporting Standards**

Under Accounting Standards for Business Enterprises (“ASBE”), the Company adopts the transition plan for the new accounting standards for insurance contracts. In 2023, the Company continued to apply *ASBE No. 25 – Direct Insurance Contracts* (Caikuai [2006] No. 3), *ASBE No. 26 – Reinsurance Contracts* (Caikuai [2006] No. 3), *Regulations regarding the Accounting Treatment of Insurance Contracts* (Caikuai [2009] No. 15), *ASBE No. 22 – Recognition and Measurement of Financial Instruments* (Caikuai [2006] No. 3), *ASBE No. 23 – Transfer of Financial Assets* (Caikuai [2006] No. 3), *ASBE No. 24 – Hedging* (Caikuai [2006] No. 3), *ASBE No. 37 – Presentation of Financial Instruments* (Caikuai [2014] No. 23) and other relevant accounting standards.

The reconciliations of net profit attributable to equity holders of the Company for the years 2023 and 2022 and equity holders’ equity as at 31 December 2023 and 31 December 2022 from the consolidated financial statements prepared under ASBE to those under IFRSs are as follows:

*RMB million*

	<b>2023</b>	2022
Net profit attributable to equity holders of the Company under ASBE	<b>21,110</b>	32,082
Reconciling items:		
Adjustment related to IFRS 9	<b>(6,685)</b>	N/A
Adjustment related to IFRS 17	<b>39,593</b>	46,013
Deferred tax effects	<b>(7,837)</b>	(11,415)
Net profit attributable to equity holders of the Company under IFRSs	<b>46,181</b>	66,680
	<b>As at 31 December 2023</b>	As at 31 December 2022
Equity holders' equity under ASBE	<b>460,110</b>	436,169
Reconciling items:		
Adjustment related to IFRS 9	<b>198,144</b>	N/A
Adjustment related to IFRS 17	<b>(176,854)</b>	(93,967)
Deferred tax effects	<b>(4,307)</b>	23,819
Equity holders' equity under IFRSs	<b>477,093</b>	366,021

In 2023, the net profit attributable to equity holders of the Company under IFRSs was RMB46,181 million, an increase of RMB25,071 million comparing with the data under ASBE. As at 31 December 2023, the equity holders' equity under IFRSs was RMB477,093 million, an increase of RMB16,983 million comparing with the data under ASBE.

### III. Major Items of the Consolidated Financial Statements with Change of over 30% and the Reasons for Change<sup>1</sup>

RMB million

Major items of the consolidated statement of financial position	As at 31 December 2023	As at 31 December 2022	Change	Main reasons for change
Deferred tax assets	24,431	46,126	-47.0%	A decrease in deductible temporary differences
Financial assets purchased under agreements to resell	19,759	38,533	-48.7%	The needs for liquidity management
Financial assets sold under agreements to repurchase	216,851	148,958	45.6%	The needs for liquidity management
Financial liabilities at fair value through profit or loss	13,878	3,344	315.0%	An increase in the scale of commercial pension products of subsidiaries
Equity holders' equity	477,093	366,021	30.3%	Due to the combined impact of changes of accounting standards, total comprehensive income and profit distribution during the Reporting Period

For the year ended 31 December

RMB million

Major items of the consolidated statement of comprehensive income	2023	2022	Change	Main reasons for change
Investment income from associates and joint ventures	8,079	3,979	103.0%	An increase in the net profits of certain associates and joint ventures
Income tax	(2,971)	1,948	N/A	Due to the combined effect of changes in profit before income tax and non-taxable income
Net profit attributable to equity holders of the Company	46,181	66,680	-30.7%	The Company actively balanced long-term value and short-term benefits, continued to strengthen cost control and underwriting management. However, due to the combined impact of changes of accounting standards and the continued low performance of the equity market, the net profit of the Company decreased.

<sup>1</sup> The items significantly affected by *IFRS 9 – Financial Instruments* are not presented because of no comparability with the same items last year.



## MANAGEMENT DISCUSSION AND ANALYSIS<sup>2</sup>

### I. Review of Business Operations

2023 was a year of economic recovery and development following the transition of COVID-19 pandemic prevention and control measures. China's economy rebounded with a positive outlook, and the life insurance industry also saw a steady recovery and growth as a whole.

The Company maintained the strategic consistency of “achieving stable growth, prioritising business value, optimising structure, strengthening sales force, promoting reforms and guarding against risks”, and took proactive actions to promote growth model transformation, structural adjustments, as well as quality and efficiency improvement by seizing development opportunities arising from the continued recovery of the industry, so as to make itself stronger with excellent performance. As a result, the Company made satisfactory achievements for high-quality development, recorded a good performance with sound momentum in business growth and further enhanced its comprehensive strengths with its industry leading position remaining solidified. As at the end of the Reporting Period, the Company's total assets and investment assets reached RMB5.80 trillion and RMB5.66 trillion, respectively, hitting new record highs again. Its embedded value reached RMB1.26 trillion, an increase of 5.6% under the same basis, which remained at the industry leadership position. The core solvency ratio increased by 14.60 percentage points from the end of 2022 to 158.19%, maintaining at a relatively high level. The number of long-term in-force policies held by the Company reached 328 million.

The Company continued to lead the industry in both business value and scale, and realised a strong growth in its insurance business with its business structure continuously optimised. During the Reporting Period, the Company's gross written premiums reached a record high of RMB641,380 million, a year-on-year increase of 4.3%, maintaining the industry leadership position. The key business performance indicators achieved a rapid growth. Premiums from new policies reached RMB210,813 million, a year-on-year increase of 14.1%. First-year regular premiums were RMB112,573 million, increasing by 16.7% year on year. In particular, first-year regular premiums with a payment duration of ten years or longer reached RMB49,522 million, a year-on-year increase of 18.4%, and its proportion in the first-year regular premiums rose by 0.62 percentage point, showing a significant improvement in business structure. The value of one year's sales was RMB36,860 million, a year-on-year increase of 11.9% over the 2022 corresponding data restated under the new economic assumptions (the value of one year's sales under the 2022 economic assumptions was RMB41,035 million, a year-on-year increase of 14.0% under the same basis), continuing to lead the industry.

In 2023, the Company incorporated the concept of asset-liability management into every aspect of business operations and management, actively balanced long-term value and short-term benefits, continued to strengthen cost control and underwriting management, and strived to stabilise the overall income level. The net profit attributable to equity holders of the Company was RMB46,181 million.

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<sup>2</sup> The data regarding premiums (including gross written premiums, premiums from new policies, first-year regular premiums, first-year regular premiums with a payment duration of ten years or longer, renewal premiums, single premiums and short-term insurance business premiums, etc.) in this annual results are relevant data under ASBE.

## Key Performance Indicators of 2023

*RMB million*

	<b>2023</b>	2022
Gross written premiums	<b>641,380</b>	615,190
Premiums from new policies	<b>210,813</b>	184,767
Including: First-year regular premiums	<b>112,573</b>	96,426
First-year regular premiums with a payment duration of ten years or longer	<b>49,522</b>	41,821
Renewal premiums	<b>430,567</b>	430,423
Value of one year's sales <sup>1</sup>	<b>36,860</b>	32,944
Including: Individual agent business sector <sup>1</sup>	<b>34,646</b>	31,385
Policy persistency rate (14 months) <sup>2</sup> (%)	<b>90.40</b>	83.00
Policy persistency rate (26 months) <sup>2</sup> (%)	<b>79.10</b>	74.20
Surrender rate <sup>3</sup> (%)	<b>1.11</b>	0.95
	<b>As at 31 December 2023</b>	As at 31 December 2022
Embedded value <sup>1</sup>	<b>1,260,567</b>	1,194,220
Number of long-term in-force policies (hundred million)	<b>3.28</b>	3.25
	<b>2023</b>	2022
Gross investment income <sup>4</sup>	<b>123,082</b>	176,277
Net profit attributable to equity holders of the Company	<b>46,181</b>	66,680

*Notes:*

1. The corresponding results for the year 2022 have been restated using 2023 embedded value economic assumptions.
2. The persistency rate for long-term individual life insurance policy is an important operating performance indicator for life insurance companies. It measures the ratio of in-force policies in a pool of policies after a certain period of time. It refers to the proportion of policies that are still effective during the designated month in the pool of policies whose issue date was 14 or 26 months ago.
3. Surrender rate, which is for long-term insurance business, is the proportion of the surrender payment to the sum of the reserves at the beginning of the period and the premiums. Items such as surrender payment, reserves and premiums are relevant data under ASBE.
4. For the year 2022, the data of investment businesses related to *IFRS 17 – Insurance Contracts* has been restated and presented, while the data of investment businesses related to *IFRS 9 – Financial Instruments* has not been restated and presented. Therefore, relevant data is not comparable.

In 2023, the Company fully launched a series of reforms (including the “Eight Reform Programs”), focusing on the key areas for reform to accelerate changes in quality, efficiency and growth drivers. **The sales system reforms achieved initial results**, and the direction for transforming sales force to become more specialised, professional and integrated was further clarified. The existing sales force of the Company were upgraded at an accelerated pace with a focus on six major measures such as structural adjustments, foundation consolidation, reinforcement in urban areas and deep engagement in counties. As at the end of 2023, the size of its sales force was stabilised first in the industry. The number of agents of the individual agent business sector was 634,000, and the productivity of the sales force was improved steadily with the monthly average first-year regular premiums per agent rising by 28.6% year on year. The Company proactively promoted the deployment of new sales models, and launched the “Seed Program” on a pilot basis to build a team of financial and insurance planners. As at the end of 2023, the pilot program had been rolled out in eight cities. **The buildup of the senior-care ecosystem was accelerated.** By upholding the philosophy of building a senior-care ecosystem that “gives children peace of mind, and reassures the senior people” and sticking to the four principles of long-termism, customer-centric approach, market-oriented operations and business development on a rolling basis, the Company laid down its medium- and long-term objectives and planning for the development of a senior-care services ecosystem with China Life characteristics, carried out dynamic assessments of strategy implementation and optimised its development measures on an ongoing basis. The Company strengthened its service supply through diverse models to accelerate the projects deployment in key cities. **Operations and customer services were further upgraded.** The national centralised and shared business mode of operations, which was first of its kind in the industry, was applied to all aspects of operations, and the operations efficiency was improved by over 27.0%. The Company further optimised the operation standard specification system, laying a solid foundation of its operations and services characterised with “standardisation and specialisation”. The “convenient and caring” services of claims settlement won wide recognition, and innovative service models such as “Advanced Claims Payment” and the reminder services on claims notification of electronic invoices for medical charges were consistently promoted. The creation of a “comprehensive consumer protection” paradigm featuring all-employee participation, full coverage and whole-chain management was completed, and the Company ranked among the top of the industry in the assessment of protection of consumers’ rights and interests as conducted by the industry regulator. **FinTech and digitalisation were advanced in all aspects**, consistently driving the iterative upgrading of the Company’s technological capabilities. Container cloud began to take shape, and a platform with terabyte level data processing capability was fully constructed. The Company was among the first batch of companies to implement new insurance accounting standards in China. The intelligent and digital risk control system effectively facilitated the moving forward of risk prevention and control points. The in-depth integration of technology and business empowered all aspects of operations and management of the Company, achieving remarkable results in the data-driven initiatives.

## II. Business Analysis

### (I) Figures of Gross Written Premiums

#### 1. Gross Written Premiums Categorised by Business

For the year ended 31 December	<i>RMB million</i>	
	2023	2022
<b>Life insurance business</b>	<b>512,622</b>	485,642
First-year business	<b>130,839</b>	105,291
First-year regular	<b>109,112</b>	91,273
Single	<b>21,727</b>	14,018
Renewal business	<b>381,783</b>	380,351
<b>Health insurance business</b>	<b>114,023</b>	115,329
First-year business	<b>65,655</b>	65,777
First-year regular	<b>3,460</b>	5,149
Single	<b>62,195</b>	60,628
Renewal business	<b>48,368</b>	49,552
<b>Accident insurance business</b>	<b>14,735</b>	14,219
First-year business	<b>14,319</b>	13,699
First-year regular	<b>1</b>	4
Single	<b>14,318</b>	13,695
Renewal business	<b>416</b>	520
<b>Total</b>	<b>641,380</b>	615,190

*Note:* Single premiums in the above table include premiums from short-term insurance business.

During the Reporting Period, gross written premiums from the life insurance business of the Company amounted to RMB512,622 million, a year-on-year increase of 5.6%. Gross written premiums from the health insurance business were RMB114,023 million, a year-on-year decrease of 1.1%. Gross written premiums from accident insurance business were RMB14,735 million, a year-on-year increase of 3.6%.

## 2. Gross Written Premiums Categorised by Channel

For the year ended 31 December

	<i>RMB million</i>	
	2023	2022
<b>Individual agent business sector<sup>1</sup></b>	<b>501,580</b>	492,439
First-year business of long-term insurance	<b>92,127</b>	81,732
First-year regular	<b>91,807</b>	81,508
Single	<b>320</b>	224
Renewal business	<b>391,218</b>	392,849
Short-term insurance business	<b>18,235</b>	17,858
<b>Bancassurance channel</b>	<b>78,748</b>	63,415
First-year business of long-term insurance	<b>40,191</b>	26,821
First-year regular	<b>20,735</b>	14,879
Single	<b>19,456</b>	11,942
Renewal business	<b>38,112</b>	36,200
Short-term insurance business	<b>445</b>	394
<b>Group insurance channel</b>	<b>28,154</b>	27,333
First-year business of long-term insurance	<b>1,946</b>	1,929
First-year regular	<b>15</b>	37
Single	<b>1,931</b>	1,892
Renewal business	<b>1,234</b>	1,345
Short-term insurance business	<b>24,974</b>	24,059
<b>Other channels<sup>2</sup></b>	<b>32,898</b>	32,003
First-year business of long-term insurance	<b>46</b>	21
First-year regular	<b>16</b>	2
Single	<b>30</b>	19
Renewal business	<b>3</b>	29
Short-term insurance business	<b>32,849</b>	31,953
<b>Total</b>	<b>641,380</b>	615,190

*Notes:*

1. Gross written premiums of individual agent business sector mainly include premiums of the general sales team and the upsales team, etc.
2. Gross written premiums of other channels mainly include premiums of government-sponsored health insurance business and online sales, etc.

## (II) Insurance Business

### 1. Analysis of Insurance Business

In 2023, the Company kept on pursuing high-quality development, and attained remarkable achievements in its insurance businesses with its industry leading position consolidated further. Sales system reforms were implemented to facilitate the upgrading of the Company's existing sales force and the deployment of its new sales models, which further consolidated the foundation for the Company's business development. The Company continued to enhance its day-to-day sales force management. The size of its sales force was stabilised first in the industry, with optimised structure and enhanced quality, and its productivity was improved substantially. As at the end of the Reporting Period, the number of its total sales force was approximately 694,000.

#### *Individual Agent Business Sector*

The individual agent business sector adhered to the strategy of “productive agents-driven business”, focused on value creation, and deepened business channel transformation. A rapid growth was achieved in all indicators for the new business, and the business structure was significantly optimised. During the Reporting Period, gross written premiums from the sector grew by 1.9% year on year to reach RMB501,580 million, within which renewal premiums were RMB391,218 million. First-year regular premiums were RMB91,807 million, an increase of 12.6% year on year. In particular, first-year regular premiums with a payment duration of ten years or longer were RMB49,503 million, an increase of 18.4% year on year, and its proportion in the first-year regular premiums was 53.92%, an increase of 2.64 percentage points year on year. In 2023, the value of one year's sales of the sector was RMB34,646 million, an increase of 10.4%<sup>3</sup> year on year.

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<sup>3</sup> The growth rate is calculated based on the restated results for 2022 using the 2023 embedded value economic assumptions.

In 2023, the individual agent business sector upheld the concept of “team construction based on customer resources”, accelerated the establishment of a customer management-centric business operation and management system in the sector, and consistently proceeded with “6+1” key tasks to strive for the high-quality development of the Company. The sector made consistent efforts to enhance the professional competence of the existing sales force, optimised agent recruitment and development on an ongoing basis, and created an integrated cultivation system for newly recruited agents that coordinated recruitment and cultivation. Programs, such as the “Regular Operation 4.0 System for the Team Building of the Individual Agent Business Sector”, the “Zhongxin Project” and the “Foundation Strengthening Program”, were carried out to further stabilise the sales force. The exploration of new sales models was transitioned to the pilot stage from the research and development stage, and the “Seed Program” was launched under the deployment of new sales models to build a “specialised, value-oriented and integrated” team of financial and insurance planners, aiming for cultivating new driving forces for growth in the future. Sales force empowerment was further advanced as scenario-based technological applications empowered the development of sales force, and digital sales offices were also established to improve sales effectiveness. As at the end of the Reporting Period, the number of agents of the sector was 634,000, including 410,000 agents from the general sales team and 224,000 agents from the upsales team. The quality of sales force continued to improve, with an increase in both the number and proportion of high-performance agents. Meanwhile, the productivity of the sales force was improved substantially, with the monthly average first-year regular premiums per agent increasing by 28.6% year on year.

### ***Diversified Business Sector***

The diversified business sector pushed forward specialised business operation in great depth, concentrating on both business scale and value, and advancing the high-quality development of the Company. In 2023, the sector carried out more refined channels management, made new achievements in specialised business operation as well as transformation and upgrading, and recorded an increase in value contribution to the Company. The value of one year’s sales of the sector was RMB2,214 million, rising significantly by 42.0%<sup>4</sup> year on year.

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<sup>4</sup> The growth rate is calculated based on the restated results for 2022 using the 2023 embedded value economic assumptions.

**Bancassurance Channel** The bancassurance channel strengthened the cooperation with banks, accelerated business development, and achieved a rapid growth in both the scale of its premiums and business value. During the Reporting Period, gross written premiums from the channel amounted to RMB78,748 million, an increase of 24.2% year on year. First-year regular premiums were RMB20,735 million, an increase of 39.4% year on year. First-year regular premiums with a payment duration of five years or longer were RMB9,877 million. Renewal premiums amounted to RMB38,112 million (a year-on-year increase of 5.3%), accounting for 48.40% of gross written premiums from the channel. The bancassurance channel constantly enhanced the professional and technological capabilities of its account manager team, the quality of which was improved steadily. As at the end of the Reporting Period, the number of account managers of the bancassurance channel reached 23,000, and the quarterly average active managers recorded a year-on-year growth of 8.5%, with the productivity in terms of regular premiums per account manager increasing substantially year on year.

**Group Insurance Channel** The group insurance channel coordinated business scale and profitability, and pushed forward stable development in all business lines. During the Reporting Period, gross written premiums from the channel were RMB28,154 million, an increase of 3.0% year on year. In particular, short-term insurance premiums from the channel were RMB24,974 million, an increase of 3.8% year on year. As at the end of the Reporting Period, the number of direct sales representatives of the channel was approximately 37,000, among which the proportion of high-performance personnel rose by 4.7 percentage points from the end of 2022, with the productivity per direct sales representative increasing steadily.

**Other Channels** During the Reporting Period, gross written premiums from other channels were RMB32,898 million, an increase of 2.8% year on year. The Company proactively participated in a variety of government-sponsored health insurance businesses and supported the construction of a multi-tiered medical security system. As at the end of the Reporting Period, the Company carried out over 200 supplementary major medical expenses insurance programs, covering nearly 350 million people. It also undertook over 70 policy-sponsored long-term care insurance programs, providing services to more than 38 million people. Meanwhile, it implemented over 120 city-customised commercial medical insurance projects. The Company actively participated in social governance related to medical protection and continued to undertake over 600 healthcare entrusted programs.



### ***Online insurance business***

The Company continued to promote the development of the online insurance business by optimising its online insurance business operation system featuring centralised operation and unified management, to provide customers with a quality service experience. In 2023, the online insurance business grew rapidly. Total premiums of the online insurance business under the regulatory caliber<sup>5</sup> were RMB76,020 million, an increase of 20.9% year on year. The Company further consolidated its foundation for the development of the online insurance business to enhance the core operating capabilities and channel value of the online insurance business.

### ***Integrated Financial Business***

The Company actively engaged in the construction of a “Life Insurance +” integrated financial ecosystem, with a view to empowering the Company’s high-quality development. In 2023, premiums of China Life Property and Casualty Insurance Company Limited (“CLP&C”) cross-sold by the Company through collaboration were RMB23,600 million, with the number of insurance policies increasing by 6.5% year on year. Through the cross-sale of property insurance products, the Company diversified its client contacts and facilitated the acquisition of new customers and the increase of commission income of its sales team. The scale of business of China Life Pension Company Limited cross-sold by the Company through collaboration were RMB8,655 million. The Company entrusted China Guangfa Bank Co., Ltd. (“CGB”) to sell its bancassurance products, with the first-year regular premiums amounting to RMB1,799 million, an increase of 16.6% year on year. The Company also actively explored the synergy between insurance and investment businesses, continuously deepened its cooperation with China Life Asset Management Company Limited (“AMC”) and China Life Investment Management Company Limited, etc., and constantly innovated and explored new insurance-investment interactive models. Besides, in order to satisfy the diverse needs of its customers, the Company has carried out various business operation activities by co-working with CLP&C and CGB, so as to provide customers with one-stop and all-round solutions of the high-quality financial and insurance services.

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<sup>5</sup> Including premiums from online insurance business acquired by different sales channels of the Company.

### *Inclusive Healthcare and Integrated Senior-care Service System*

Being customer-centric, the Company actively engaged in the construction of a multi-tiered social security system and clarified its medium- and long-term objectives and planning for the development of a senior-care services ecosystem, so as to promote the buildup of the inclusive healthcare and integrated senior-care service system with all efforts.

In 2023, with respect to the “insurance + healthcare services”, the Company fully consolidated internal and external quality resources and made consistent efforts to enhance its capability in health management services, creating a health management and service system integrating online and offline operations and with high quality and efficiency. As at the end of the Reporting Period, more than a hundred types of services were available on the China Life Inclusive Healthcare Service Platform, covering seven categories of health management services such as physical examination, health consulting, health promotion, disease prevention, chronic disease management, medical services and rehabilitation care, and the accumulated registered users of the platform increased by 20.0% from the end of 2022, ranking among the top of the industry.

With respect to the “insurance + senior-care services”, the Company accelerated the senior-care ecosystem construction by gradually expanding the deployment of the senior-care services projects in key cities to further enhance its capability in supplying diversified services, thus offering its customers with full life-cycle senior-care services that “give children peace of mind, and reassure the senior people”. In 2023, seven new residential senior-care services projects were added to the list and the pilot programs of home-based senior-care services were launched in five cities. The Company created a new exclusive team of China Life senior-care services planners and enriched relevant product system, in order to better satisfy the needs of customers for senior-care planning and protection with its specialised services. The Company actively engaged in the construction of the national third-pillar pension insurance system, and launched its new products and services on an ongoing basis. As at the end of the Reporting Period, the scale of the Company’s third-pillar private pension business ranked among the top of the industry.

## 2. Analysis of Insurance Products

With the “people-centric” approach as the focus of its insurance products supply, the Company actively served national strategies and people’s livelihood. It consistently optimised the supply of diverse products and services, strengthened asset-liability management and interaction, and carried out in-depth research on product supply, so as to enhance its capability in supplying high-quality insurance products. In 2023, the Company newly developed and upgraded a total of 196 insurance products.

The Company made great efforts to provide pension financial services, strengthened research and development of commercial pension insurance products, and enriched the third-pillar private pension insurance product system, optimised and upgraded exclusive commercial pension insurance products. It also implemented the pilot programs of insurance liability conversion from life insurance to long-term care insurance, and consistently launched insurance products offering protection for the senior people such as pension funds, medical expenses, compensation for accidental injuries. The Company continued to increase its support to inclusive finance by expanding insurance protection supply to such groups as women, children, new industry practitioners and new urban residents, and enriching the exclusive product system for specific groups of people. It also played an active role in promoting FinTech insurance protection and optimised technology insurance product system, offering protection services to customers such as employees of technology companies. Meanwhile, in fully serving the Healthy China initiative, the Company coordinated and promoted the research and development of products with respect to critical illness insurance, long-term care insurance and medical insurance, optimised insurance liabilities, and improved insurance protection functions. It also deeply engaged in the product supply in the niche markets of health insurance, and explored and promoted the integrated development of health protection and health services, for the purpose of better satisfying the diversified demands of customers for health protection. The Company continued to expand the scope of agriculture-related insurance products and enhanced insurance protection for agriculture-related population, creating a sound exclusive insurance product system in relation to rural revitalisation. It innovated regional products through research and development by launching insurance products for Hainan Free Trade Port, Guangdong-Hong Kong-Macao Greater Bay Area and other regions, with an aim to actively promote coordinated regional development.

(1) *Top five insurance products in terms of gross written premiums*

For the year ended 31 December 2023

RMB million

<b>Insurance product</b>	<b>Gross written premiums</b>	<b>Standard premiums from new policies<sup>Note</sup></b>	<b>Major sales channel</b>	<b>Surrender payment</b>
China Life Xin Xiang Wei Lai Endowment Insurance (國壽鑫享未來兩全保險)	38,632	11,600	Mainly through the channel of exclusive individual agents	97
China Life Xin Yao Dong Fang Annuity Insurance (國壽鑫耀東方年金保險)	36,629	8	Mainly through the channel of exclusive individual agents	585
China Life Xin Yu Jin Sheng Endowment Insurance (國壽鑫裕金生兩全保險)	35,630	57	Mainly through the channel of exclusive individual agents	414
China Life Xin Fu Lin Men Annuity Insurance (國壽鑫福臨門年金保險)	35,278	10,932	Mainly through the channel of exclusive individual agents	923
China Life Critical Illness Group Health Insurance for Rural and Urban Citizens (type A) (國壽城鄉居民大病團體醫療保險(A型))	25,517	25,517	Through other channels	–

*Note:* Standard premiums are calculated in accordance with the calculation methods set forth in the “Notice on Establishing the Industry Standard of Standard Premiums in the Life Insurance Industry” (Bao Jian Fa [2004] No. 102) and the “Supplementary Notice of the ‘Notice on Establishing the Industry Standard of Standard Premiums in the Life Insurance Industry’” (Bao Jian Fa [2005] No. 25) of the former China Insurance Regulatory Commission.

(2) *Top three insurance products in terms of net increase in policyholder deposits*<sup>Note</sup>

For the year ended 31 December 2023

RMB million

Insurance product	Net increase in policyholder deposits		Major sales channel	Surrender payment
China Life Xin Zun Bao Whole Life Insurance (universal insurance) (type A) (國壽鑫尊寶終身壽險(萬能型)(A款))	36,708	Mainly through the channel of exclusive individual agents	354	
China Life Xin Zun Bao Whole Life Insurance (universal insurance) (type C) (國壽鑫尊寶終身壽險(萬能型)(C款))	32,152	Mainly through the channel of exclusive individual agents	56	
China Life Xin Account Endowment Insurance (universal insurance) (diamond version) (國壽鑫賬戶兩全保險(萬能型)(鑽石版))	19,564	Mainly through the channel of exclusive individual agents	321	

*Note:* The data regarding net increase in policyholder deposits and surrender payment are relevant data under ASBE.

**(III) Investment Business**

In 2023, interest rates were at low levels, the shortage of quality assets remained unchanged, and the stock market fluctuated downward with significant structural differentiation. Under the complicated market environment, the Company firmly maintained its strategic consistency, pursued asset-liability matching management and conducted investment operations in a flexible manner. In respect of fixed-income investments, the Company proactively made allocations to long-term interest rate bonds and high-grade credit bonds, with an aim to stabilise the allocation of underlying positions. In respect of equity investments, the Company proceeded with the medium- and long-term investment deployment by pursuing balanced allocations and structural optimisation. In respect of alternative investments, the Company focused on high-quality entities as well as competitive sectors, and made innovation in investment models, for the purpose of increasing the size of allocations in this regard. The Company maintained a stable portfolio with high-quality assets in general.

## 1. Investment Portfolios

As at the end of the Reporting Period, the Company's investment assets categorised by investment object are set out as below:

Investment category	<i>RMB million</i>			
	As at 31 December 2023		As at 31 December 2022 <sup>1</sup>	
	Amount	Percentage	Amount	Percentage
<b>Fixed-maturity financial assets</b>	<b>4,119,072</b>	<b>72.78%</b>	3,479,159	72.31%
Term deposits	413,255	7.30%	485,567	10.09%
Bonds	3,159,774	55.83%	2,458,440	51.09%
Debt-type financial products <sup>2</sup>	484,828	8.57%	455,026	9.46%
Other fixed-maturity investments <sup>3</sup>	61,215	1.08%	80,126	1.67%
<b>Equity financial assets</b>	<b>1,099,601</b>	<b>19.43%</b>	890,926	18.51%
Common stocks	430,200	7.60%	432,700	8.99%
Funds <sup>4</sup>	206,963	3.66%	145,341	3.02%
Other equity investments <sup>5</sup>	462,438	8.17%	312,885	6.50%
<b>Investment properties</b>	<b>12,753</b>	<b>0.23%</b>	13,193	0.28%
<b>Cash and others<sup>6</sup></b>	<b>169,064</b>	<b>2.99%</b>	166,127	3.45%
<b>Investments in associates and joint ventures</b>	<b>258,760</b>	<b>4.57%</b>	262,488	5.45%
<b>Total</b>	<b><u>5,659,250</u></b>	<b><u>100.00%</u></b>	<b><u>4,811,893</u></b>	<b><u>100.00%</u></b>

Notes:

- As at 31 December 2022, the data of investment businesses related to *IFRS 17 – Insurance Contracts* has been restated and presented, while the data of investment businesses related to *IFRS 9 – Financial Instruments* has not been restated and presented. Therefore, relevant data is not comparable.
- Debt-type financial products include debt investment schemes, trust schemes, asset-backed plans, credit asset-backed securities, specialised asset management plans, and asset management products, etc.
- Other fixed-maturity investments include statutory deposits-restricted and interbank certificates of deposits, etc.
- Funds include equity funds, bond funds and money market funds, etc. In particular, the balance of money market funds as at 31 December 2023 was RMB1,597 million.
- Other equity investments include private equity funds, unlisted equities, preference shares and equity investment plans, etc.
- Cash and others include cash, cash at banks, short-term deposits, and financial assets purchased under agreements to resell, etc.

As at the end of the Reporting Period, the Company's investment assets reached RMB5,659,250 million. Among the major types of investments, the percentage of investment in bonds was 55.83%, the percentage of term deposits was 7.30%, the percentage of investment in debt-type financial products was 8.57%, and the percentage of investment in stocks and funds (excluding money market funds) was 11.23%.

## 2. Investment Income

For the year ended 31 December

	<i>RMB million</i>	
	<b>2023</b>	2022 <sup>1</sup>
<b>Gross investment income</b>	<b>123,082</b>	176,277
<b>Net investment income</b>	<b>185,866</b>	178,870
Net income from fixed-maturity investments	<b>144,216</b>	142,913
Net income from equity investments	<b>29,117</b>	29,704
Net income from investment properties	<b>102</b>	87
Investment income from cash and others	<b>4,352</b>	2,187
Share of profit of associates and joint ventures	<b>8,079</b>	3,979
<b>+ Realised disposal gains</b>	<b>(31,280)</b>	27,518
<b>+ Unrealised gains or losses</b>	<b>(32,786)</b>	(8,751)
<b>– Expected credit losses of investment assets</b>	<b>(1,282)</b>	N/A
<b>– Impairment losses of investment assets</b>	<b>N/A</b>	21,360
<b>Net investment yield<sup>2</sup></b>	<b>3.70%</b>	3.96%
<b>Gross investment yield<sup>2</sup></b>	<b>2.43%</b>	3.90%

*Notes:*

- For the year 2022, the data of investment businesses related to *IFRS 17 – Insurance Contracts* has been restated and presented, while the data of investment businesses related to *IFRS 9 – Financial Instruments* has not been restated and presented. Therefore, relevant data is not comparable.
- In the calculation of the investment yield of the year 2023, the average investment assets as the denominator exclude the fair value changes of investment in debt instruments at fair value through other comprehensive income, so as to reflect the strategic intention of the Company for the management of assets and liabilities. The formula used for calculating the investment yield of the year 2022 is the same as that of previous years.

In 2023, the Company's net investment income was RMB185,866 million, and the net investment yield was 3.70%; the gross investment income of the Company was RMB123,082 million, and the gross investment yield was 2.43%.

### 3. Credit Risk Management

The Company's credit asset investments mainly included credit bonds and debt-type financial products, which concentrated on sectors such as banking, transportation, non-banking finance, public utilities, and energy. As at the end of the Reporting Period, over 98% of the credit bonds held by the Company were rated AAA by external rating institutions, whereas over 99% of the debt-type financial products were rated AAA by external rating institutions. In general, the asset quality of the Company's credit investment products was in good condition, and the credit risks were well controlled.

The Company insisted on a prudent investment philosophy. Based on a disciplined and scientific internal rating system and a multi-dimensional management mechanism of risk limits, the Company prudently scrutinised credit profiles of targets and risk exposure concentration before investing and carried out ongoing tracking after investment, effectively controlling credit risks through early identification, early warning, and early disposal. No credit default event in relation to domestic credit assets occurred for the Company in 2023.

### 4. Major Investments

During the Reporting Period, there was no material equity investment or non-equity investment of the Company that was subject to disclosure requirements.

## III. Analysis of Specific Items

### (I) Insurance Contract Liabilities

	<i>RMB million</i>		
	<b>As at 31 December 2023</b>	As at 31 December 2022	Change
Insurance contract liabilities of long-term insurance business	<b>4,825,405</b>	4,231,075	14.0%
Insurance contract liabilities of short-term insurance business	<b>33,770</b>	35,872	-5.9%
<b>Total of insurance contract liabilities</b>	<b><u>4,859,175</u></b>	<b><u>4,266,947</u></b>	<b><u>13.9%</u></b>
Including: Contractual service margin	<b>769,137</b>	783,473	-1.8%

As at the end of the Reporting Period, the insurance contract liabilities of the Company were RMB4,859,175 million, an increase of 13.9% from the end of 2022, primarily due to the accumulation of insurance liabilities from new policies and renewals.



## **(II) Analysis of Cash Flows**

### **1. Liquidity Sources**

The Company's cash inflows mainly come from insurance premiums received, interest, dividend and bonus, and proceeds from sale and maturity of investment assets. The primary liquidity risks with respect to these cash inflows are the risk of surrender by contract holders and policyholders, as well as the risks of default by debtors, interest rate fluctuations and other market volatilities. The Company closely monitors and manages these risks.

The Company's cash and bank deposits can provide it with a source of liquidity to meet normal cash outflows. As at the end of the Reporting Period, the balance of cash and cash equivalents was RMB148,061 million. In addition, the vast majority of its term deposits in banks allow it to withdraw funds on deposits, subject to a penalty interest charge. As at the end of the Reporting Period, the amount of term deposits was RMB413,255 million.

The Company's investment portfolio also provides it with a source of liquidity to meet unexpected cash outflows. The Company is also subject to market liquidity risk due to the large size of its investments in some of the markets in which it invests. In some circumstances, some of its holdings of investment securities may be large enough to have an influence on the market value. These factors may adversely affect its ability to sell these investments or sell them at a fair price.

### **2. Liquidity Uses**

The Company's principal cash outflows primarily relate to the payables for the liabilities associated with its various life insurance, annuity, accident insurance and health insurance products, operating expenses, income taxes and dividends that may be declared and paid to its equity holders. Cash outflows arising from the Company's insurance activities primarily relate to benefit payments under these insurance products, as well as payments for policy surrenders, withdrawals and policy loans.

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

### **3. Consolidated Cash Flows**

The Company has established a cash flow testing system, and conducts regular tests to monitor the cash inflows and outflows under various scenarios and adjusts the asset portfolio accordingly to ensure sufficient sources of liquidity.

For the year ended 31 December	<i>RMB million</i>		
	2023	2022	Change Main reasons for change
Net cash inflow/(outflow) from operating activities	<b>384,366</b>	345,284	11.3% An increase in the scale of universal insurance accounts
Net cash inflow/(outflow) from investing activities	<b>(424,236)</b>	(158,271)	168.0% The needs for investment management
Net cash inflow/(outflow) from financing activities	<b>60,273</b>	(120,095)	N/A The needs for liquidity management
Foreign exchange gains/(losses) on cash and cash equivalents	<b>64</b>	217	-70.5% –
<b>Net increase in cash and cash equivalents</b>	<b>20,467</b>	67,135	-69.5% –

### (III) Solvency Ratio

An insurance company shall have the capital commensurate with its risks and business scale. According to the nature and capacity of loss absorption by capital, the capital of an insurance company is classified into the core capital and the supplementary capital. The core solvency ratio is the ratio of core capital to minimum capital, which reflects the adequacy of the core capital of an insurance company. The comprehensive solvency ratio is the ratio of the sum of core capital and supplementary capital to minimum capital, which reflects the overall capital adequacy of an insurance company. The following table shows the Company's solvency ratios as at the end of the Reporting Period:

	<i>RMB million</i>	
	As at 31 December 2023	As at 31 December 2022
Core capital	<b>710,527</b>	699,688
Actual capital	<b>981,594</b>	1,007,601
Minimum capital	<b>449,160</b>	487,290
Core solvency ratio	<b>158.19%</b>	143.59%
Comprehensive solvency ratio	<b>218.54%</b>	206.78%

As at the end of the Reporting Period, the Company's comprehensive solvency ratio was 218.54%, an increase of 11.76 percentage points from the end of 2022, and the Company's core solvency ratio was 158.19%, an increase of 14.60 percentage points from the end of 2022, all continuing to stay at relatively high levels.

#### (IV) Sale of Material Assets and Equity

During the Reporting Period, there was no sale of material assets and equity of the Company.

#### (V) Major Subsidiaries and Associates of the Company

*RMB million*

Company name	Major business scope	Registered capital	Shareholding	Total assets	Net assets	Net profit
China Life Asset Management Company Limited	Management and utilisation of proprietary funds; acting as agent or trustee for asset management business; consulting business relevant to the above businesses; other asset management business permitted by applicable PRC laws and regulations.	4,000	60%	21,436	18,083	2,876
China Life Pension Company Limited	Group pension insurance and annuity; individual pension insurance and annuity; short-term health insurance; accident insurance; reinsurance of the above insurance businesses; business for the use of insurance funds that are permitted by applicable PRC laws and regulations; pension insurance asset management product business; management of funds in RMB or foreign currency as entrusted by entrusting parties for the retirement benefit purpose; other businesses permitted by the National Financial Regulatory Administration (“NFRA”).	3,400	70.74% is held by the Company, and 3.53% is held by AMC	18,015	7,140	795
China Life Property and Casualty Insurance Company Limited <sup>Note</sup>	Property loss insurance; liability insurance; credit insurance and bond insurance; short-term health insurance and accident insurance; reinsurance of the above insurance businesses; business for the use of insurance funds that are permitted by applicable PRC laws and regulations; other businesses permitted by the NFRA.	27,800	40%	145,623	33,823	1,393

Company name	Major business scope	Registered				
		capital	Shareholding	Total assets	Net assets	Net profit
China Guangfa Bank Co., Ltd.	Taking public deposits; granting short-term, mid-term and long-term loans; handling settlements in and out of China; honoring bills and offering discounting services; issuing financial bonds; issuing, paying for and underwriting government bonds as an agent; sales and purchases of negotiable securities such as government bonds and financial bonds; engaging in inter-bank borrowings; providing letters of credit service and guarantee; engaging in bank card business; acting as payment and receipt agent and insurance agent; providing safe deposit box services; taking deposits and granting loans in foreign currency; foreign currency remittance; foreign currency exchange; international settlements; foreign exchange settlements and sales; inter-bank foreign currency borrowings; honoring bills of exchange and offering discounting services in foreign currency; granting foreign currency loans; granting foreign currency guarantees; sales and purchases of negotiable securities other than shares in a foreign currency for itself and as an agent; issuing negotiable securities other than shares in a foreign currency for itself and as an agent; sales and purchases of foreign exchange on its own account and on behalf of its customers; issuing and making payments for foreign credit card as an agent; offshore financial operations; assets and credit verification, consultation and notarisation businesses; other businesses approved by the NFRA and other relevant authorities.	21,790	43.686%	3,509,522	276,985	16,019

*Note: CLP&C has not adopted IFRS 9 – Financial Instruments and IFRS 17 – Insurance Contracts. Therefore, the financial data presented in this table is calculated in accordance with IFRS 39 – Financial Instruments and IFRS 4 – Insurance Contracts.*

## IV. Technology Capabilities, Operations and Services

### (I) Technology Capabilities

In 2023, following the technological development trend and responding to the requirements of high-quality development, the Company fully launched the FinTech and Digitalisation Program to optimise technological capabilities, strengthen technology empowerment and deepen technological innovation, with the aim to promote the Company's high-quality development with high-quality supply of technological capabilities.

**Iterative upgrading of technological capabilities.** Grasping the trend of technology, the Company developed its digital infrastructure with China Life characteristics. It created a distributed cloud-based multi-active data center, effectively ensuring the continuity of its business. With the buildup of the China Life multi-cloud ecosystem, the delivery of computing and resources storage was achieved within minutes. The cloud-native transformation of key products was realised by utilising cloud-native concepts to innovate its application architecture.

**Data-driven value advancement.** The Company emphasised on the accuracy, real-time, consistency and security of data, and empowered the entire value chain of its insurance business with data factors as the driving force. With its terabyte level data processing capability, the Company realised the whole-process systematic and automated generation of financial statements under new insurance contracts standards with high quality, and developed a financial accounting and actuarial measurement system under the new accounting standards by using more accurate algorithm, more sophisticated model and more efficient process, fully ensuring the implementation of the new accounting standards in a systemic, complete and accurate manner.

**Significant achievement of technological innovation.** With the full-stack IT application innovation as a breakthrough, a real-time data service platform, which was capable of processing data volume at petabytes (PB) level, was constructed based on the new proprietary distributed architecture. China Life distributed hybrid cloud was awarded the special prize of Capital Financial Innovation Achievements.

**Further strengthened digital risk control.** A digital risk control system based on the big data analytics was created to quickly identify and accurately capture risks in key business fields, realising the goals of moving forward risk control points and dynamic monitoring. The intelligent identification and verification system for anti-money laundering, which was the first application innovation of "machine learning + knowledge graph" in the anti-money laundering field of the life insurance industry, was awarded the second prize of the FinTech Development Awards by the People's Bank of China.

## (II) Operations and Services

In 2023, pursuing the “people-centric” approach and focusing on value improvement and service diversification, the Company deeply engaged in developing more centralised, digitalised and intelligent, and diversified business operations and services, so as to accelerate the construction of a nationwide integrated system of operations and services. It strengthened the protection of consumers’ rights and interests, and devoted itself to advancing the Company’s high-quality development by capitalising on its own professional capabilities in operations, aiming to build its core competitiveness with China Life’s good services, which are “convenient, quality and caring”.

**The quality of operations was solidified due to professional capabilities.** The Company continued to optimise the operation standard specification system that covers unified national practices, service standards and job description, laying a solid foundation of its operations and services featured with “standardisation and specialisation”. The Company also played an active role in participating in the formulation of industry and national standards. As the only insurance company involved, it participated in the formulation of the national standards for intelligent customer services, contributing its wisdom to the standardised development in this regard. 95519 has been named as the “Best Customer Contact Center in China” by the Customer Contact Center Standards Committee (CCCS) for 20 consecutive years. The Company deeply engaged in innovating models for insurance operations. The “Digital Underwriters” achieved a replacement rate of 24.9% for manual work in six work scenarios. The centralised and shared business mode of operations, which was first of its kind in the industry, was fully applied to the areas of policy administration, underwriting and claims settlement, and the efficiency of these three areas was improved by over 27.0%.

**Claims settlement services brought heart-warming protection.** The Company kept developing the “convenient and caring” claims settlement services, with the average efficiency for claims settlement being improved to 0.38 day and the claims acceptance rate reaching 99.7%. The coverage of convenient claims payment was further expanded. The number of cases in relation to “Claims Settlement for Critical Illness within One Day” increased by 31.9% year on year. The whole-process non-manual claims settlement operation was carried out on a pilot basis, and the average efficiency for processing each claim case rising by over 90%. The Company continued to reform its model of claims settlement services, and provided claims payments of 567,000 customer-times throughout the year through reminder services on claims notification of electronic invoices for medical charges. “Advanced Claims Payment” delivered heart-warming protection in advance to customers on medical treatments, benefiting 27,800 customers.

**Customer experience was improved with more diversified services.** The coverage of inclusive value-added services was expanded to multiple fields such as health, sports, women, parenting and aesthetic education, and feedback on life, and the number of customers covered by the services grew by 12.1% year on year. A new and upgraded VIP service system was rolled out, and the number of VIP customers and the number of customers being provided with the VIP services grew by 11.9% and 26.0%, respectively, year on year. The capability of service access through multiple contact points was further improved. The monthly active users of the China Life APP and the online customer services grew by 15.8% and 126.5%, respectively, year on year. The Company created a “green access” for senior people for multi-channel services, providing the age-friendly services of 25,683,100 customer-times throughout the year.

**The Company’s protection of consumers’ rights and interests led the industry.** The Company formed a “comprehensive consumer protection” paradigm featuring all-employee participation, full coverage and whole-chain management. A digital and intelligent consumer protection platform was created to enhance the effectiveness of its consumer protection management. Training programs on consumer protection covered all employees within the Company. The Company also innovated the “consumer protection +” education and promotion model, and the number of consumers participating in related activities throughout the year rose by 64.6% year on year. It ranked among the top of the industry in the assessment of protection of consumers’ rights and interests as conducted by the industry regulator, and both the life insurance service quality and customer satisfaction were maintained at high levels.

## **V. Future Prospect**

### **(I) Industry Landscape and Development Trends**

High-quality development is the key theme of finance and insurance in the new era. China’s economy has formed good and solid fundamentals over the long-term development, and its vast market size, ample macro-policy space and comprehensively deepening reforms bring strong development momentum to the domestic economy. Further, the growing demands of people for multi-level, high-quality healthcare, medical and senior-care services also provide and create a huge market space and potential for the development of the life insurance industry. The consensus that the life insurance industry is at an important stage full of strategic opportunities remains unchanged. Meanwhile, with the implementation of various regulatory rules and regulations in the industry, the fundamentals for the long-term healthy development of the market will be further consolidated, and the industry will see a stable development trend with improved quality. As market players are exploring new fields and new sectors at an accelerated pace, shaping new advantages and new momentums for business development, strengthening innovation in aspects such as specialisation, digitalisation and ecologicalization, and improving the capability in risk prevention and control, these will jointly promote the overall high-quality development of the industry.

## **(II) Development Strategies and Business Plans of the Company**

In 2024, the Company will pursue the customer-centric approach, adhere to the guideline of seeking progress while maintaining stability, promote stability through progress, and establish new growth drivers before abolishing the old ones. Specifically speaking, the Company will uphold the “three consistencies” (strengthening Party building, promoting reforms and guarding against risks), realise the “three enhancements” (stabilising business growth, increasing business value and emphasising on sales force), and spend extra efforts on the “three breakthroughs” (optimising services, facilitating integration and cutting costs). As a result, the Company’s Party building, reforms and innovation, and risk prevention and control will continue to be strengthened; business scale, business value and profitability, and quality of the sales force will be effectively enhanced; services optimisation, integrated development, and cost reduction and efficiency improvement will see major breakthroughs. All these advancements will jointly drive a robust growth of the Company in terms of business scale, value, profitability and high-performance agents in long term, and further consolidate its market leading position.

## **(III) Potential Risks**

China’s macro economy still faces difficulties in the short term, including insufficient effective demands, overcapacity in certain industries, weak social expectations and increasing uncertainties in the external environment, and there will still be some uncertainties in the development of the life insurance industry. Currently, long-end interest rates remain at historically low levels, the insufficient supply of quality assets is likely to continue and the equity market may continue to be volatile, all of which will create significant asset-liability matching pressures for the Company. The transformation and upgrading of the sales force may witness certain challenges, and the buildup of a “product + services” model remains at the stage for further exploration. The full release of the reform dividend will take time.

The Company anticipates that it will have sufficient capital to meet its insurance business expenditures and new general investment needs in 2024. At the same time, the Company will make corresponding financing arrangements based on capital market conditions if it plans to implement any business development strategies in the future.



## ANNUAL RESULT<sup>6</sup>

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	<b>2023</b> <i>RMB million</i>	2022 <i>RMB million</i> <i>(Restated)</i>
Insurance revenue	<i>1</i>	<b>212,445</b>	182,578
Interest income	<i>2</i>	<b>122,994</b>	N/A
Investment income	<i>3</i>	<b>(9,375)</b>	174,809
Net realised gains on financial assets	<i>4</i>	<b>N/A</b>	12,707
Net fair value gains through profit or loss	<i>5</i>	<b>N/A</b>	(12,156)
Investment income from associates and joint ventures	<i>6</i>	<b>8,079</b>	3,979
Other income		<b>10,603</b>	8,944
<b>Total revenues</b>		<b>344,746</b>	370,861
Insurance service expenses	<i>7</i>	<b>(150,353)</b>	(131,614)
Allocation of reinsurance premiums paid		<b>(4,726)</b>	(4,119)
Less: Amounts recovered from reinsurers		<b>4,438</b>	6,274
Insurance finance income/(expenses) from insurance contracts issued	<i>8</i>	<b>(127,923)</b>	(148,700)
Less: Reinsurance finance income/(expenses) from reinsurance contracts held		<b>616</b>	583
Finance costs		<b>(5,308)</b>	(4,863)
Expected credit losses	<i>9</i>	<b>1,217</b>	N/A
Other impairment losses		<b>–</b>	(3,150)
Other expenses		<b>(18,131)</b>	(15,212)
<b>Profit before income tax</b>	<i>10</i>	<b>44,576</b>	70,060
Income tax	<i>11</i>	<b>2,971</b>	(1,948)
<b>Net profit</b>		<b>47,547</b>	68,112
<b>Attributable to:</b>			
– Equity holders of the Company		<b>46,181</b>	66,680
– Non-controlling interests		<b>1,366</b>	1,432
<b>Basic and diluted earnings per share</b>	<i>12</i>	<b>RMB1.63</b>	RMB2.36

<sup>6</sup> The “Group” refers to China Life Insurance Company Limited and its subsidiaries in this part. The Group has restated and presented the comparative information associated with insurance contracts in accordance with *IFRS 17 – Insurance Contracts*, and there is no need to restate and present any comparative information associated with financial instruments in accordance with *IFRS 9 – Financial Instruments*.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)**

*For the year ended 31 December 2023*

	<b>2023</b> <i>RMB million</i>	2022 <i>RMB million</i> <i>(Restated)</i>
<b>Other comprehensive income</b>	<u>(21,699)</u>	<u>(69,341)</u>
<b>Other comprehensive income attributable to equity holders of the Company(net of tax)</b>	<u>(21,741)</u>	<u>(69,257)</u>
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>		
Changes in fair value of investment in debt instruments at fair value through other comprehensive income	82,617	N/A
Less: Amounts transferred to gains and losses from other comprehensive income	(7,774)	N/A
Allowance for credit losses on investment in debt instruments at fair value through other comprehensive income	(892)	N/A
Gains or losses from changes in fair value of available-for-sale securities	N/A	(62,849)
Less: Amounts transferred to net profit from other comprehensive income	N/A	(8,371)
Share of other comprehensive income of associates and joint ventures under the equity method	(51)	(3,015)
Exchange differences on translating foreign operations	325	1,102
Financial changes in insurance contracts	(97,940)	4,967
Financial changes in reinsurance contracts	<u>679</u>	<u>545</u>
<b>Other comprehensive income that may not be reclassified to profit or loss in subsequent periods:</b>		
Changes in fair value of investment in equity instruments at fair value through other comprehensive income	1,122	N/A
Share of other comprehensive income of associates and joint ventures under the equity method	660	(1,636)
Financial changes in insurance contracts	<u>(487)</u>	<u>–</u>
<b>Non-controlling interests</b>	<u>42</u>	<u>(84)</u>
<b>Total comprehensive income for the year, net of tax</b>	<u><u>25,848</u></u>	<u><u>(1,229)</u></u>
Attributable to:		
– Equity holders of the Company	24,440	(2,577)
– Non-controlling interests	<u>1,408</u>	<u>1,348</u>

Notes:

## 1 INSURANCE REVENUE

	For the year ended 31 December	
	2023	2022
	RMB million	RMB million
Contracts not measured using the premium allocation approach		
Amounts relating to the changes in the liabilities for remaining coverage		
Expected incurred claims and other expenses	50,712	54,925
Change in the risk adjustment for non-financial risk	1,779	1,994
Contractual service margin recognised for the service provided	65,689	43,273
Amortisation of insurance acquisition cash flows	42,118	26,979
<b>Sub-total</b>	<b>160,298</b>	<b>127,171</b>
Contracts measured using the premium allocation approach	52,147	55,407
<b>Total</b>	<b>212,445</b>	<b>182,578</b>

## 2 INTEREST INCOME

	For the year ended 31 December 2023
	RMB million
Interest income from financial assets measured at amortised cost (i)	33,908
Interest income from investment in debt instruments at fair value through other comprehensive income	89,086
<b>Total</b>	<b>122,994</b>

- (i) Interest income from financial assets measured at amortised cost mainly includes interest income arising from cash and cash equivalents, financial assets purchased under agreements to resell, investment in debt instruments at amortised cost and term deposits.

Interest income is recognised using the effective interest rate method.

**3 INVESTMENT INCOME****For the year ended  
31 December 2023  
RMB million**

Dividends and interest income	
Dividends	
Financial assets at fair value through profit or loss	23,893
Investment in equity instruments at fair value through other comprehensive income	5,224
Interest income	
Financial assets at fair value through profit or loss	<u>25,574</u>
<b>Sub-total</b>	<u><b>54,691</b></u>
Realised gains/(losses)	
Financial assets at fair value through profit or loss	(41,676)
Investment in debt instruments at fair value through other comprehensive income	<u>10,396</u>
<b>Sub-total</b>	<u><b>(31,280)</b></u>
Unrealised gains/(losses)	
Financial assets at fair value through profit or loss	(33,074)
Financial liabilities at fair value through profit or loss	129
Stock appreciation rights	<u>159</u>
<b>Sub-total</b>	<u><b>(32,786)</b></u>
<b>Total</b>	<u><u><b>(9,375)</b></u></u>

For the year ended  
31 December 2022  
RMB million  
(Restated<sup>(i)</sup>)

Debt securities	
– held-to-maturity securities	62,883
– available-for-sale securities	32,079
– securities at fair value through profit or loss	5,174
Equity securities	
– available-for-sale securities	28,934
– securities at fair value through profit or loss	770
Bank deposits	25,161
Loans	19,095
Financial assets purchased under agreements to resell	713
<b>Total</b>	<b>174,809</b>

<sup>(i)</sup> Under *IFRS 17 - Insurance Contracts*, policy loans should be accounted for as fulfilment cash flow of the relevant policies, therefore its interest is no longer recognised as interest income.

For the year ended 31 December 2022, interest income included in investment income was RMB145,105 million. Interest income was mainly accrued using the effective interest method.

#### 4 NET REALISED GAINS ON FINANCIAL ASSETS

For the year ended  
31 December 2022  
RMB million

Debt securities	
Realised gains or losses (i)	7,344
Impairment (ii)	1,621
<b>Sub-total</b>	<b>8,965</b>
Equity securities	
Realised gains or losses (i)	23,573
Impairment (ii)	(19,831)
<b>Sub-total</b>	<b>3,742</b>
<b>Total</b>	<b>12,707</b>

(i) Realised gains or losses were generated mainly from available-for-sale securities.

(ii) During the year ended 31 December 2022, the Group recognised an impairment charge of RMB2,644 million on available-for-sale funds, an impairment charge of RMB15,486 million on available-for-sale stock securities, an impairment charge of RMB1,701 million on available-for-sale other equity securities and an impairment reversal of RMB145 million on available-for-sale debt securities, for which the Group determined that objective evidence of impairment existed. The Group recognised no impairment charge on loans and an impairment reversal of RMB1,476 million on loans during the period.

**5 NET FAIR VALUE GAINS THROUGH PROFIT OR LOSS**For the year ended  
31 December 2022  
*RMB million*

Debt securities	(1,613)
Equity securities	(10,956)
Stock appreciation rights	(49)
Financial liabilities at fair value through profit or loss	<u>462</u>
<b>Total</b>	<b><u><u>(12,156)</u></u></b>

**6 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**

	<b>2023</b>	2022
	<i>RMB million</i>	<i>RMB million</i>
<b>As at 1 January</b>	<b>262,485</b>	258,933
Change of the cost	<b>(8,252)</b>	12,877
Share of profit or loss	<b>8,079</b>	3,979
Dividends declared	<b>(4,854)</b>	(5,373)
Other equity movements	<b>1,302</b>	(4,778)
Provision for impairment	<u>—</u>	<u>(3,150)</u>
<b>As at 31 December</b>	<b><u><u>258,760</u></u></b>	<b><u><u>262,488</u></u></b>

	Accounting method	Investment cost	Movements in the current year							As at 31 December 2023	Percentage of equity interest	Accumulated amount of impairment RMB million
			As at 31 December 2022	As at 1 January 2023	Change of the cost	Share of profit or loss RMB million	Dividends declared	Other equity movements	Provision for impairment			
<i>(Restated)</i>												
<b>Associates</b>												
China Guangfa Bank Co., Ltd. (“CGB”) (i)	Equity method	53,201	98,085	98,085	-	6,061	(742)	1,241	-	<b>104,645</b>	43.686%	-
Sino-Ocean Group Holding Limited (“Sino-Ocean”) (ii)	Equity method	11,245	2,194	2,194	-	(2,194)	-	-	-	-	29.59%	(5,862)
COFCO Futures Company Limited (“COFCO Futures”) (iii)	Equity method	1,339	1,737	1,737	-	83	(26)	1	-	<b>1,795</b>	35.00%	-
China Pipe Group Sichuan to East China Gas Pipeline Co., Ltd. (“Pipeline Company”) (iv)	Equity method	10,000	21,569	21,569	(10,000)	1,332	(789)	(8)	-	<b>12,104</b>	43.86%	-
China United Network Communications Limited (“China Unicom”) (v)	Equity method	21,801	22,602	22,602	-	774	(390)	66	-	<b>23,052</b>	10.03%	-
Others (vi)	Equity method	59,055	61,973	61,970	720	1,438	(1,545)	100	-	<b>62,683</b>		(505)
<b>Sub-total</b>		<u>156,641</u>	<u>208,160</u>	<u>208,157</u>	<u>(9,280)</u>	<u>7,494</u>	<u>(3,492)</u>	<u>1,400</u>	<u>-</u>	<b><u>204,279</u></b>		<u>(6,367)</u>
<b>Joint ventures</b>												
Joy City Commercial Property Fund L.P. (“Joy City”) (i)	Equity method	6,281	5,283	5,283	-	293	(162)	-	-	<b>5,414</b>	66.67%	-
Mapleleaf Century Limited (“MCL”) (ii)	Equity method	7,656	3,553	3,553	-	(298)	-	(230)	-	<b>3,025</b>	75.00%	-
Others (iii)	Equity method	50,121	45,492	45,492	1,028	590	(1,200)	132	-	<b>46,042</b>		-
<b>Sub-total</b>		<u>64,058</u>	<u>54,328</u>	<u>54,328</u>	<u>1,028</u>	<u>585</u>	<u>(1,362)</u>	<u>(98)</u>	<u>-</u>	<b><u>54,481</u></b>		<u>-</u>
<b>Total</b>		<u>220,699</u>	<u>262,488</u>	<u>262,485</u>	<u>(8,252)</u>	<u>8,079</u>	<u>(4,854)</u>	<u>1,302</u>	<u>-</u>	<b><u>258,760</u></b>		<u>(6,367)</u>

(i) The 2022 final dividend of RMB0.078 in cash per ordinary share was approved and declared in the Annual General Meeting of CGB on 20 June 2023. The company received a cash dividend of RMB742 million.

(ii) The Group made adjustments to the profit or loss on the basis of the statement of comprehensive income and the statement of changes in equity for 2023 provided by Sino-Ocean Group. The profit and loss adjustment amount for 2023 is RMB -2,194 million, and the carrying amount of Sino-Ocean held by the Group as at 31 December 2023 was 0.

(iii) The 2022 final dividend of RMB0.0427 in cash per ordinary share was approved and declared in the Annual General Meeting of China Unicom on 29 June 2023. The Company received a cash dividend of RMB136 million. The 2023 interim dividend of RMB0.0796 in cash per ordinary share was approved and declared in the Annual General Meeting of China Unicom on 9 August 2023. The Company received a cash dividend of RMB254 million.

On 31 December 2023, the stock price of China Unicom was RMB4.38 per share.

(iv) The Group invested in real estate, industrial logistics assets and other industries through these enterprises.

(v) There is no significant restriction for the Group to dispose of its associates and joint ventures.

As at 31 December 2023, the major associates and joint ventures of the Group are as follows:

<b>Name</b>	<b>Place of incorporation</b>	<b>Percentage of equity interest held</b>
<b>Associates</b>		
CGB	PRC	<b>43.686%</b>
Sino-Ocean	Hong Kong, PRC	<b>29.59%</b>
COFCO Futures	PRC	<b>35.00%</b>
Pipeline Company	PRC	<b>43.86%</b>
China Unicom	PRC	<b>10.03%</b>
<b>Joint ventures</b>		
Joy City	The British Cayman Islands	<b>66.67%</b>
MCL	The British Virgin Islands	<b>75.00%</b>

As at 31 December 2022, the major associates and joint ventures of the Group are as follows:

<b>Name</b>	<b>Place of incorporation</b>	<b>Percentage of equity interest held</b>
<b>Associates</b>		
CGB	PRC	43.686%
Sino-Ocean	Hong Kong, PRC	29.59%
COFCO Futures	PRC	35.00%
Pipeline Company	PRC	43.86%
China Unicom	PRC	10.03%
<b>Joint ventures</b>		
Joy City	The British Cayman Islands	66.67%
MCL	The British Virgin Islands	75.00%



The following table illustrates the financial information of the Group's major associates and joint ventures as at 31 December 2023 and for the year ended 31 December 2023:

	CGB	Sino-Ocean	COFCO	Pipeline	China	Joy City	MCL
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Total assets	3,509,522	206,172	26,169	21,814	662,845	9,629	24,127
Total liabilities	3,232,537	185,380	22,585	7,430	304,910	7	12,826
Total equity	276,985	20,792	3,584	14,384	357,935	9,622	11,301
Total equity attributable to equity holders of the associates and joint ventures	231,993	7,029	3,571	14,384	159,241	9,622	11,301
Total adjustments (i)	251	9,514	-	362	15,565	(1,501)	(7,267)
Total equity attributable to equity holders of the associates and joint ventures after adjustments	232,244	16,543	3,571	14,746	174,806	8,121	4,034
Proportion of the Group's ownership	43.686%	29.59%	35.00%	43.86%	10.03%	66.67%	75.00%
Book balance of the investments	104,645	5,862	1,795	12,104	23,052	5,414	3,025
Impairment	-	(5,862)	-	-	-	-	-
Carrying amount of the investments	104,645	-	1,795	12,104	23,052	5,414	3,025
Total revenues	69,678	43,380	3,779	6,213	379,643	155	973
Net profit/(loss)	16,019	(20,985)	239	3,030	18,713	141	371
Other comprehensive income	2,841	(243)	3	-	319	-	(444)
Total comprehensive income	18,860	(21,228)	242	3,030	19,032	141	(73)

The following table illustrates the financial information of the Group's major associates and joint ventures as at 31 December 2022 and for the year ended 31 December 2022:

	CGB	Sino-Ocean	COFCO	Pipeline	China	Joy City	MCL
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Total assets	3,417,906	246,072	29,306	37,315	644,687	9,710	23,957
Total liabilities	3,156,057	198,186	25,889	1,369	297,413	22	12,773
Total equity	261,849	47,886	3,417	35,946	347,274	9,688	11,184
Total equity attributable to equity holders of the associates and joint ventures	216,858	31,747	3,407	35,946	154,370	9,688	11,184
Total adjustments (i)	369	(7,790)	-	384	16,038	(1,764)	(6,447)
Total equity attributable to equity holders of the associates and joint ventures after adjustments	217,227	23,957	3,407	36,330	170,408	7,924	4,737
Proportion of the Group's ownership	43.686%	29.59%	35.00%	43.86%	10.03%	66.67%	75.00%
Book balance of the investments	98,085	8,056	1,737	21,569	22,602	5,283	3,553
Impairment	-	(5,862)	-	-	-	-	-
Carrying amount of the investments	98,085	2,194	1,737	21,569	22,602	5,283	3,553
Total revenues	75,154	42,447	3,222	6,097	361,123	(145)	883
Net profit/(loss)	15,528	(15,650)	219	3,128	16,651	(164)	774
Other comprehensive income	(2,765)	(6,186)	6	-	190	10	(1,750)
Total comprehensive income	12,763	(21,836)	225	3,128	16,841	(154)	(976)

(i) Total adjustments include accounting policy difference adjustments, fair value adjustments and other adjustments.

The Group had no contingent liabilities with the associates and joint ventures as at 31 December 2023 and 31 December 2022. The Group had a capital contribution commitment of RMB13,638 million with associates and joint ventures as at 31 December 2023 (as at 31 December 2022: RMB15,231 million).

7 **INSURANCE SERVICE EXPENSES**

	<b>For the year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<i>RMB million</i>	<i>RMB million</i>
Contracts not measured using the premium allocation approach		
Incurred claims and other expenses	<b>44,062</b>	41,407
Amortisation of insurance acquisition cash flows	<b>42,118</b>	26,979
Losses and reversals of losses on onerous contracts	<b>12,595</b>	10,646
Changes to liabilities for incurred claims	<b>247</b>	509
<b>Sub-total</b>	<b>99,022</b>	79,541
Contracts measured using the premium allocation approach	<b>51,331</b>	52,073
<b>Total</b>	<b>150,353</b>	131,614

8 **NET INVESTMENT RETURNS AND FINANCIAL CHANGES IN INSURANCE CONTRACTS**

	<b>For the year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<i>RMB million</i>	<i>RMB million</i>
<b>Net investment returns</b>		
Returns on investment recognized in profit or loss		
Interest income	<b>122,994</b>	N/A
Investment income	<b>(9,375)</b>	174,809
Net realised gains on financial assets	<b>N/A</b>	12,707
Net fair value gains through profit or loss	<b>N/A</b>	(12,156)
Investment income from associates and joint ventures	<b>8,079</b>	3,979
Net expected credit losses	<b>1,217</b>	N/A
Other impairment losses	<b>-</b>	(3,150)
<b>Sub-total</b>	<b>122,915</b>	176,189
Returns/(losses) on investment recognised in other comprehensive income	<b>100,909</b>	(101,161)
<b>Total</b>	<b>223,824</b>	75,028

	<b>For the year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<i>RMB million</i>	<i>RMB million</i>
<b>Financial changes in insurance contracts</b>		
Changes in fair value of underlying items of insurance contracts with direct participation features	<b>66,193</b>	25,693
Interest expense	<b>88,070</b>	73,487
Changes in interest rates and other financial assumptions	<b>104,897</b>	42,896
	<hr/>	<hr/>
<b>Total financial changes in insurance contracts</b>	<b>259,160</b>	142,076
	<hr/>	<hr/>
Recognised in profit or loss	<b>127,923</b>	148,700
Recognised in other comprehensive income	<b>131,237</b>	(6,624)
	<hr/>	<hr/>
<b>Total</b>	<b>259,160</b>	142,076
	<hr/> <hr/>	<hr/> <hr/>

## 9 EXPECTED CREDIT LOSSES

	<b>For the year ended 31 December 2023 <i>RMB million</i></b>
Investment in debt instruments at fair value through other comprehensive income	(1,107)
Investment in debt instruments at amortised cost	(59)
Term deposits	(115)
Statutory deposits – restricted	(1)
Other receivables	65
	<hr/>
<b>Total</b>	<b>(1,217)</b>
	<hr/> <hr/>

## 10 PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging the following:

	<b>For the year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<i>RMB million</i>	<i>RMB million</i>
Salary and bonus	<b>15,105</b>	17,681
Social security and other benefits	<b>7,471</b>	7,476
Depreciation and amortisation	<b>5,016</b>	5,291
Remuneration in respect of audit services provided by auditors	<b>65</b>	53
Others	<b>27,013</b>	22,636
Less: Expenses directly attributable to insurance contracts		
Insurance acquisition cash flows recognised in liabilities for remaining coverage	<b>(19,151)</b>	(19,719)
Amounts recognised in insurance service expenses	<b>(17,388)</b>	(18,206)
	<hr/>	<hr/>
	<b>18,131</b>	15,212
	<hr/> <hr/>	<hr/> <hr/>

The disclosure above does not include underwriting and policy acquisition costs in the fulfilment cash flows.

## 11 TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same tax authority.

- (a) The amount of taxation charged to net profit represents:

	<b>For the year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<i>RMB million</i>	<i>RMB million</i> (Restated)
Current taxation – enterprise income tax	<b>1,241</b>	2,190
Deferred taxation	<b>(4,212)</b>	(242)
	<u>          </u>	<u>          </u>
<b>Taxation charges</b>	<b>(2,971)</b>	<b>1,948</b>

- (b) The reconciliation between the Group's effective tax rate and the statutory tax rate of 25% in the PRC (2022: same) is as follows:

	<b>For the year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<i>RMB million</i>	<i>RMB million</i> (Restated)
Profit before income tax	<b>44,576</b>	70,060
Income tax computed at the statutory tax rate	<b>11,144</b>	17,515
Adjustment on current income tax of previous period	<b>(10)</b>	(246)
Non-taxable income (i)	<b>(18,522)</b>	(15,932)
Expenses not deductible for tax purposes (i)	<b>171</b>	311
Deductible losses for which no deferred tax asset was recognised	<b>4,034</b>	33
Others	<b>212</b>	267
	<u>          </u>	<u>          </u>
Income tax at the effective tax rate	<b>(2,971)</b>	<b>1,948</b>

- (i) Non-taxable income mainly includes interest income from government bonds, and dividend income from applicable equity investments. Expenses not deductible for tax purposes mainly include retiree wages that do not meet the criteria for deduction according to the relevant tax regulations.

- (c) As at 31 December 2023 and 31 December 2022, the amounts of deferred tax assets and liabilities were as follows:

	<b>As at</b>	<b>As at</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<i>RMB million</i>	<i>RMB million</i> (Restated)
Deferred tax assets	<b>86,971</b>	48,703
Deferred tax liabilities	<b>(62,540)</b>	(2,849)
	<u>          </u>	<u>          </u>
Net deferred tax assets	<b>24,431</b>	46,126
Net deferred tax liabilities	<b>–</b>	(272)

As at 31 December 2023 and 31 December 2022, the deferred taxation was calculated in full on temporary differences under the statement of financial position liability method using the principal tax rate of 25%. The movements in deferred tax assets and liabilities during the year are as follows:

	As at 31 December 2022 RMB million (Restated)	Changes in accounting policies RMB million	As at 1 January 2023 RMB million	Recognised in profit or loss in the current year RMB million	Recognised in other comprehensive income in the current year RMB million	As at 31 December 2023 RMB million
Provision for asset impairment	6,993	(5,058)	1,935	(324)	298	<b>1,909</b>
Accrued payroll	2,714	-	2,714	(851)	-	<b>1,863</b>
Insurance contract liabilities	26,545	-	26,545	(9,457)	32,583	<b>49,671</b>
Deductible losses	7,185	-	7,185	5,170	-	<b>12,355</b>
Changes in fair value of the financial assets at fair value through profit or loss	-	10,356	10,356	9,147	-	<b>19,503</b>
Changes in fair value of the financial assets at fair value through other comprehensive income	-	(37,052)	(37,052)	-	(25,488)	<b>(62,540)</b>
Fair value changes in securities reflecting changes in fair value through net profit	418	(418)	-	-	-	-
Fair value changes on available-for-sale securities	852	(852)	-	-	-	-
Others	1,147	-	1,147	527	(4)	<b>1,670</b>
Net value	<u>45,854</u>	<u>(33,024)</u>	<u>12,830</u>	<u>4,212</u>	<u>7,389</u>	<u><b>24,431</b></u>

	As at 31 December 2021 RMB million (Restated)	Changes in accounting policies RMB million	As at 1 January 2022 RMB million	Recognised in profit or loss in the current year RMB million	Recognised in other comprehensive income in the current year RMB million	As at 31 December 2022 RMB million (Restated)
Provision for asset impairment	7,596	-	7,596	(603)	-	6,993
Accrued payroll	2,883	-	2,883	(169)	-	2,714
Insurance contract liabilities	7,644	30,541	38,185	(9,801)	(1,839)	26,545
Deductible losses	-	-	-	7,185	-	7,185
Fair value changes in securities reflecting changes in fair value through net profit	(2,022)	-	(2,022)	2,440	-	418
Fair value changes on available-for-sale securities	(22,927)	-	(22,927)	-	23,779	852
Others	(534)	-	(534)	1,190	491	1,147
Net value	<u>(7,360)</u>	<u>30,541</u>	<u>23,181</u>	<u>242</u>	<u>22,431</u>	<u>45,854</u>

Unrecognised deductible tax losses of the Group amounted to RMB7,116 million as at 31 December 2023 (as at 31 December 2022: RMB3,183 million).

(d) The analysis of net deferred tax assets and deferred tax liabilities is as follows:

	<b>As at 31 December 2023 RMB million</b>	As at 31 December 2022 RMB million (Restated)
<b>Deferred tax assets:</b>		
– deferred tax assets to be recovered after 12 months	<b>80,587</b>	39,773
– deferred tax assets to be recovered within 12 months	<b>6,384</b>	8,930
<b>Sub-total</b>	<b>86,971</b>	48,703
<b>Deferred tax liabilities:</b>		
– deferred tax liabilities to be settled after 12 months	<b>(60,691)</b>	(1,396)
– deferred tax liabilities to be settled within 12 months	<b>(1,849)</b>	(1,453)
<b>Sub-total</b>	<b>(62,540)</b>	(2,849)
<b>Net deferred tax assets/(liabilities)</b>	<b>24,431</b>	45,854

## 12 EARNINGS PER SHARE

There is no difference between the basic and diluted earnings per share. The basic and diluted earnings per share for the year ended 31 December 2023 are calculated based on the net profit for the year attributable to ordinary equity holders of the Company and the weighted average of 28,264,705,000 ordinary shares (2022: same).

## 13 DIVIDENDS

Pursuant to the shareholders' approval at the Annual General Meeting on 28 June 2023, a final dividend of RMB0.49 (inclusive of tax) per ordinary share totalling RMB13,850 million in respect of the year ended 31 December 2022 was declared and paid in 2023. The dividend has been recorded in the consolidated financial statements for the year ended 31 December 2023.

Pursuant to a resolution passed at the meeting of the Board of Directors on 27 March 2024, a final dividend of RMB0.43 (inclusive of tax) per ordinary share totalling approximately RMB12,154 million for the year ended 31 December 2023 was proposed for shareholders' approval at the forthcoming Annual General Meeting. The dividend has not been recorded in the consolidated financial statements for the year ended 31 December 2023.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	As at <b>31 December</b> <b>2023</b> <i>RMB million</i>	As at 31 December 2022 <i>RMB million</i> <i>(Restated)</i>	As at 1 January 2022 <i>RMB million</i> <i>(Restated)</i>
<b>ASSETS</b>			
Property, plant and equipment	<b>53,710</b>	54,559	55,632
Right-of-use assets	<b>1,480</b>	1,810	2,518
Investment properties	<b>12,753</b>	13,193	13,374
Investments in associates and joint ventures	<b>258,760</b>	262,488	258,933
Term deposits	<b>413,255</b>	485,567	529,488
Statutory deposits – restricted	<b>6,520</b>	6,333	6,333
Investment in debt instruments at amortised cost	<b>211,349</b>	N/A	N/A
Investment in debt instruments at fair value through other comprehensive income	<b>2,744,169</b>	N/A	N/A
Investment in equity instruments at fair value through other comprehensive income	<b>138,005</b>	N/A	N/A
Financial assets at fair value through profit or loss	<b>1,705,375</b>	N/A	N/A
Held-to-maturity securities	N/A	1,574,204	1,533,753
Loans	N/A	342,083	429,878
Available-for-sale securities	N/A	1,738,108	1,429,287
Securities at fair value through profit or loss	N/A	223,790	206,771
Reinsurance contract assets	<b>25,846</b>	24,096	19,327
Other assets	<b>37,318</b>	22,004	33,981
Deferred tax assets	<b>24,431</b>	46,126	24,180
Financial assets purchased under agreements to resell	<b>19,759</b>	38,533	12,915
Accrued investment income	<b>51</b>	49,580	48,538
Cash and cash equivalents	<b>149,305</b>	127,594	60,459
<b>Total assets</b>	<b><u>5,802,086</u></b>	<b><u>5,010,068</u></b>	<b><u>4,665,367</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2023

	As at 31 December 2023 <i>RMB million</i>	As at 31 December 2022 <i>RMB million</i> <i>(Restated)</i>	As at 1 January 2022 <i>RMB million</i> <i>(Restated)</i>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Insurance contract liabilities	4,859,175	4,266,947	3,809,716
Reinsurance contract liabilities	188	160	154
Interest-bearing loans and other borrowings	12,857	12,774	19,222
Bonds payable	36,166	34,997	34,994
Other liabilities	126,750	117,751	113,133
Deferred tax liabilities	–	272	999
Current tax liabilities	309	238	248
Premiums received in advance	48,878	49,654	47,546
Financial assets sold under agreements to repurchase	216,851	148,958	239,446
Financial liabilities at fair value through profit or loss	<u>13,878</u>	<u>3,344</u>	<u>3,416</u>
<b>Total liabilities</b>	<u><b>5,315,052</b></u>	<u>4,635,095</u>	<u>4,268,874</u>
<b>Equity</b>			
Share capital	28,265	28,265	28,265
Reserves	145,933	99,033	156,677
Retained earnings	<u>302,895</u>	<u>238,723</u>	<u>203,478</u>
<b>Attributable to equity holders of the Company</b>	<u><b>477,093</b></u>	<u>366,021</u>	<u>388,420</u>
<b>Non-controlling interests</b>	<u><b>9,941</b></u>	<u>8,952</u>	<u>8,073</u>
<b>Total equity</b>	<u><b>487,034</b></u>	<u>374,973</u>	<u>396,493</u>
<b>Total liabilities and equity</b>	<u><b>5,802,086</b></u>	<u>5,010,068</u>	<u>4,665,367</u>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to equity holders of the Company			Non-controlling interests	Total
	Share capital <i>RMB million</i>	Reserves <i>RMB million</i>	Retained earnings <i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
<b>As at 31 December 2021</b>	28,265	249,755	201,041	8,073	487,134
Impact of initial application of IFRS 17	–	(93,078)	2,437	–	(90,641)
<b>As at 1 January 2022 (Restated)</b>	<b>28,265</b>	<b>156,677</b>	<b>203,478</b>	<b>8,073</b>	<b>396,493</b>
Net profit	–	–	66,680	1,432	68,112
Other comprehensive income	–	(69,257)	–	(84)	(69,341)
<b>Total comprehensive income</b>	<b>–</b>	<b>(69,257)</b>	<b>66,680</b>	<b>1,348</b>	<b>(1,229)</b>
<b>Transactions with shareholders</b>					
Appropriation to reserves	–	13,137	(13,137)	–	–
Dividends declared	–	–	(18,372)	–	(18,372)
Dividends to non-controlling interests	–	–	–	(469)	(469)
Reserves to retained earnings	–	(74)	74	–	–
Others	–	(1,450)	–	–	(1,450)
<b>Total transactions with shareholders</b>	<b>–</b>	<b>11,613</b>	<b>(31,435)</b>	<b>(469)</b>	<b>(20,291)</b>
<b>As at 31 December 2022 (Restated)</b>	<b>28,265</b>	<b>99,033</b>	<b>238,723</b>	<b>8,952</b>	<b>374,973</b>
Impact of initial application of IFRS 9	–	60,751	39,351	6	100,108
<b>As at 1 January 2023</b>	<b>28,265</b>	<b>159,784</b>	<b>278,074</b>	<b>8,958</b>	<b>475,081</b>
Net profit	–	–	46,181	1,366	47,547
Other comprehensive income	–	(21,741)	–	42	(21,699)
<b>Total comprehensive income</b>	<b>–</b>	<b>(21,741)</b>	<b>46,181</b>	<b>1,408</b>	<b>25,848</b>
<b>Transactions with shareholders</b>					
Appropriation to reserves	–	7,604	(7,604)	–	–
Dividends declared	–	–	(13,850)	–	(13,850)
Dividends to non-controlling interests	–	–	–	(425)	(425)
Reserves to retained earnings	–	(94)	94	–	–
Others	–	380	–	–	380
<b>Total transactions with shareholder</b>	<b>–</b>	<b>7,890</b>	<b>(21,360)</b>	<b>(425)</b>	<b>(13,895)</b>
<b>As at 31 December 2023</b>	<b>28,265</b>	<b>145,933</b>	<b>302,895</b>	<b>9,941</b>	<b>487,034</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023 <i>RMB million</i>	2022 <i>RMB million</i> <i>(Restated)</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	44,576	70,060
Adjustments for:		
Investment income	9,375	(174,809)
Interest income	(122,994)	N/A
Expected credit losses	(1,217)	N/A
Other impairment losses	–	3,150
Net realised and unrealised gains on financial assets	N/A	(551)
Insurance contracts and reinsurance contracts held	460,499	458,817
Depreciation and amortisation	5,016	5,291
Foreign exchange (gains)/losses	381	69
Investment income from associates and joint ventures	(8,079)	(3,979)
Decrease/(increase) in securities at fair value through profit or loss, net	N/A	(35,286)
Decrease/(increase) in financial assets at fair value through profit or loss	(13,777)	N/A
Increase/(decrease) in financial liabilities at fair value through profit or loss	(2,187)	3,175
Receivables and payables	5,877	12,265
Income tax paid	(1,036)	982
Interest received – securities at fair value through profit or loss	N/A	5,401
Dividends received – securities at fair value through profit or loss	N/A	699
Interest received – financial assets at fair value through profit or loss	7,317	N/A
Dividends received – financial assets at fair value through profit or loss	615	N/A
<b>Net cash inflow/(outflow) from operating activities</b>	<b>384,366</b>	<b>345,284</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)***For the year ended 31 December 2023*

	<b>2023</b> <i>RMB million</i>	2022 <i>RMB million</i> <i>(Restated)</i>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposals and maturities:		
Disposals of debt investments	<b>210,688</b>	168,656
Maturities of debt investments	<b>251,226</b>	309,801
Disposals of equity investments	<b>556,929</b>	513,350
Disposals of property, plant and equipment	<b>1,051</b>	363
Disposals of subsidiaries	–	4,395
Purchases:		
Debt investments	<b>(881,317)</b>	(519,495)
Equity investments and subsidiaries	<b>(836,048)</b>	(819,785)
Property, plant and equipment	<b>(4,171)</b>	(3,076)
Investments in associates and joint ventures	<b>(4,217)</b>	(5,436)
Decrease/(increase) in term deposits, net	<b>80,787</b>	44,273
Decrease/(increase) in financial assets purchased under agreements to resell, net	<b>21,837</b>	(27,327)
Interest received	<b>145,824</b>	141,680
Dividends received	<b>33,373</b>	34,330
Cash paid related to other financing activities	<b>(198)</b>	–
<b>Net cash inflow/(outflow) from investing activities</b>	<b><u>(424,236)</u></b>	<b><u>(158,271)</u></b>

**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)***For the year ended 31 December 2023*

	<b>2023</b> <i>RMB million</i>	2022 <i>RMB million</i> <i>(Restated)</i>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase/(decrease) in financial assets sold under agreements to repurchase, net	<b>67,129</b>	(90,711)
Cash received from borrowings	<b>43</b>	688
Interest paid	<b>(7,921)</b>	(7,545)
Repayment of borrowings	<b>(577)</b>	(8,275)
Dividends paid to equity holders of the Company	<b>(13,850)</b>	(18,372)
Dividends paid to non-controlling interests	<b>(418)</b>	(469)
Payment of lease liabilities	<b>(1,149)</b>	(1,307)
Capital injected into subsidiaries by non-controlling interests	<b>18,035</b>	5,896
Cash received related to other financing activities	<b>750</b>	–
Cash paid related to other financing activities	<b>(1,769)</b>	–
<b>Net cash inflow/(outflow) from financing activities</b>	<b>60,273</b>	(120,095)
<b>Foreign exchange gains/(losses) on cash and cash equivalents</b>	<b>64</b>	217
<b>Net increase in cash and cash equivalents</b>	<b>20,467</b>	67,135
<b>Cash and cash equivalents</b>		
<b>Beginning of the period</b>	<b>127,594</b>	60,459
<b>End of the period</b>	<b>148,061</b>	127,594
<b>Analysis of balances of cash and cash equivalents</b>		
Cash at banks and in hand	<b>147,453</b>	123,142
Short-term bank deposits	<b>608</b>	4,452

## SEGMENT INFORMATION

### 1 Operating segments

The Group operates in life insurance business segment, the health insurance business segment, the accident insurance business segment and the other business segment:

(i) *Life insurance business (Life)*

Life insurance business relates primarily to the sale of life insurance policies, including those life insurance policies without significant insurance risk transferred.

(ii) *Health insurance business (Health)*

Health insurance business relates primarily to the sale of health insurance policies, including those health insurance policies without significant insurance risk transferred.

(iii) *Accident insurance business (Accident)*

Accident insurance business relates primarily to the sale of accident insurance policies.

(iv) *Other businesses (Others)*

Other businesses relate primarily to income and cost of the agency business in respect of transactions with China Life Insurance (Group) Company, etc., as well as income and expenses of subsidiaries.

The segment information submitted by the Group to the operating decision-maker is prepared in accordance with ASBE, among which insurance contracts-related data is prepared in accordance with *ASBE No. 25 – Direct Insurance Contracts* (Caikuai [2006] No. 3), *ASBE No. 26 – Reinsurance Contracts* (Caikuai [2006] No. 3) and *Regulations regarding the Accounting Treatment of Insurance Contracts* (Caikuai [2009] No. 15), and financial instruments-related data is prepared in accordance with *ASBE No. 22 – Recognition and Measurement of Financial Instruments* (Caikuai [2006] No. 3), *ASBE No. 23 – Transfer of Financial Assets* (Caikuai [2006] No. 3), *ASBE No. 24 – Hedging* (Caikuai [2006] No. 3) and *ASBE No. 37 – Presentation of Financial Instruments* (Caikuai [2014] No. 23).

## **2 Allocation basis of income and expenses**

Investment income, fair value change gain or loss, exchange gain or loss, etc. are allocated to each segment in proportion to the average insurance contract reserve and insured deposit and investment funds of the corresponding segment at the beginning and end of the period. Business and management fees are allocated to each segment based on the unit cost of products in each corresponding operating segment.

## **3 Allocation basis of assets and liabilities**

In addition to premiums receivable, reinsurance reserves receivable, insured loans pledged, separate account assets, claims payable, insured reserves and investment funds, reserves for various insurance contracts, and separate account liabilities, which are directly recognized to each segment, other financial assets and financial liabilities shall be apportioned to each segment in proportion to the average insurance contract reserves and insured reserves and investment funds of the corresponding segments at the beginning and end of the period.

	For the year ended 31 December 2023					
	Life	Health	Accident	Others	Elimination	Total
	RMB million					
<b>I. Operating income</b>	695,053	119,459	14,424	12,655	(3,732)	837,859
Premiums earned	511,355	106,757	14,029	-	-	632,141
Premium income	512,622	114,023	14,735	-	-	641,380
Less: Premiums ceded to reinsurers	(1,267)	(6,110)	(618)	-	-	(7,995)
Change in unearned premium reserves	-	(1,156)	(88)	-	-	(1,244)
Investment income	177,373	12,287	386	581	-	190,627
Including: Investment income from associates and joint ventures	8,816	607	19	(916)	-	8,526
Other gains	87	6	-	51	-	144
Fair value gains/(losses)	3,894	268	8	(1)	-	4,169
Foreign exchange gains/(losses)	165	11	-	(557)	-	(381)
Other operating income	2,110	125	1	12,582	(3,732)	11,086
Including: Inter-segment transactions	-	-	-	3,732	(3,732)	-
Gains/(losses) on disposal of assets	69	5	-	(1)	-	73
<b>II. Operating expenses</b>	(689,444)	(117,405)	(13,625)	(8,876)	3,732	(825,618)
Surrenders	(46,383)	(2,335)	(22)	-	-	(48,740)
Claims expense	(103,907)	(63,894)	(7,018)	-	-	(174,819)
Less: Claims recoverable from reinsurers	506	6,164	339	-	-	7,009
Increase in insurance contracts reserve	(375,952)	(31,089)	(170)	-	-	(407,211)
Less: Insurance reserves recoverable from reinsurers	97	151	39	-	-	287
Policyholder dividends resulting from participation in profits	(11,614)	(81)	-	-	-	(11,695)
Tax and surcharges	(889)	(202)	(21)	(305)	-	(1,417)
Underwriting and policy acquisition costs	(47,281)	(9,833)	(4,260)	(1,718)	-	(63,092)
Administrative expenses	(24,825)	(10,592)	(2,059)	(3,600)	-	(41,076)
Less: Expenses recoverable from reinsurers	376	342	10	-	-	728
Other operating expenses	(30,238)	(2,629)	(353)	(3,103)	3,732	(32,591)
Including: Inter-segment transactions	(3,484)	(240)	(8)	-	3,732	-
Impairment losses	(49,334)	(3,407)	(110)	(150)	-	(53,001)
<b>III. Operating profit</b>	<u>5,609</u>	<u>2,054</u>	<u>799</u>	<u>3,779</u>	<u>-</u>	<u>12,241</u>
Add: Non-operating income	81	6	-	7	-	94
Less: Non-operating expenses	(425)	(29)	(1)	(2)	-	(457)
<b>IV. Net profit before income tax</b>	<u>5,265</u>	<u>2,031</u>	<u>798</u>	<u>3,784</u>	<u>-</u>	<u>11,878</u>
<b>Supplementary Information:</b>						
Depreciation and amortisation expenses	2,804	1,118	233	861	-	5,016

The reconciliation of segment information to the consolidated statement of comprehensive income is as follows:

	For the year ended 31 December 2023		
Segment information	Adjustment		Consolidated statement of comprehensive income
	IFRS 9	IFRS 17	
Operating income: 837,859	(60,745)	(432,368)	Total revenue: 344,746
Net profit before income tax: 11,878	(6,895)	39,593	Profit before income tax: 44,576

Item	As at 31 December 2023					Total
	Life	Health	Accident	Others	Elimination	
	<i>RMB million</i>					
<b>I. Assets</b>						
Cash fund	132,636	9,135	289	7,506	–	149,566
Financial assets at fair value through profit or loss	235,852	16,244	513	1,270	–	253,879
Financial assets purchased under agreements to resell	16,213	1,117	35	122	–	17,487
Interest receivables	47,248	3,254	103	274	–	50,879
Premiums receivables	8,119	12,939	463	–	–	21,521
Unearned premium reserves receivable from reinsurers	–	586	56	–	–	642
Claim reserves receivable from reinsurers	–	313	334	–	–	647
Reserves for life insurance receivables from reinsurers	700	–	–	–	–	700
Reserves for long-term health insurance receivables from reinsurers	–	4,573	–	–	–	4,573
Loans	570,812	30,172	673	1,982	–	603,639
Term deposits	371,105	25,560	808	6,658	–	404,131
Available-for-sale financial assets	2,099,921	144,633	4,569	13,924	–	2,263,047
Held-to-maturity investments	1,591,004	109,581	3,462	2,394	–	1,706,441
Long-term equity investments	215,217	14,823	468	27,098	–	257,606
Statutory deposits	5,278	364	11	680	–	6,333
Separate account assets	7	–	–	8,409	–	8,416
<b>Total distributable assets</b>	<b>5,294,112</b>	<b>373,294</b>	<b>11,784</b>	<b>70,317</b>	<b>–</b>	<b>5,749,507</b>
<b>Undistributable assets</b>						
Other assets						138,972
<b>Total</b>						<b>5,888,479</b>
<b>II. Liabilities</b>						
Financial liabilities at fair value through profit or loss	5,106	352	11	–	–	5,469
Financial assets sold under agreements to repurchase	200,368	13,800	436	2,100	–	216,704
Claims payable	60,979	5,302	311	–	–	66,592
Policyholder deposits	466,619	19,864	–	–	–	486,483
Unearned premium reserves	–	10,490	3,730	–	–	14,220
Claim reserves	–	20,608	3,853	–	–	24,461
Reserves for life insurance	3,981,728	–	1,705	–	–	3,983,433
Reserves for long-term health insurance	–	266,376	–	–	–	266,376
Long-term borrowings	–	–	–	12,719	–	12,719
Separate account liabilities	7	–	–	8,409	–	8,416
Other distributable liabilities	35,745	2,291	71	–	–	38,107
<b>Total distributable liabilities</b>	<b>4,750,552</b>	<b>339,083</b>	<b>10,117</b>	<b>23,228</b>	<b>–</b>	<b>5,122,980</b>
<b>Non-distributable liabilities</b>						
Other liabilities						295,457
<b>Total</b>						<b>5,418,437</b>

The reconciliation of segment information to the consolidated statement of financial position is as follows:

Segment information	As at 31 December 2023			Consolidated statement of financial position
	Adjustment			
	IFRS 9	IFRS 17	Impact of Deferred tax	
Assets: 5,888,479	198,743	(279,280)	(5,856)	Assets: 5,802,086
Liabilities: 5,418,437	590	(102,426)	(1,549)	Liabilities: 5,315,052



	For the year ended 31 December 2022					
	Life	Health	Accident	Others	Elimination	Total
	<i>RMB million</i>					
<b>I. Operating income</b>	681,622	122,358	15,031	10,243	(3,199)	826,055
Premiums earned	484,504	108,791	14,530	–	–	607,825
Premium income	485,642	115,329	14,219	–	–	615,190
Less: Premiums ceded to reinsurers	(1,138)	(6,695)	(437)	–	–	(8,270)
Change in unearned premium reserves	–	157	748	–	–	905
Investment income	202,599	13,949	520	707	–	217,775
Including: Investment income from associates and joint ventures	3,909	266	10	(557)	–	3,628
Other gains	104	7	–	65	–	176
Fair value gains/(losses)	(8,139)	(554)	(21)	(37)	–	(8,751)
Foreign exchange gains/(losses)	871	59	2	(1,001)	–	(69)
Other operating income	1,568	98	–	10,510	(3,199)	8,977
Including: Inter-segment transactions	–	–	–	3,199	(3,199)	–
Gains/(losses) on disposal of assets	115	8	–	(1)	–	122
<b>II. Operating expenses</b>	(669,864)	(114,912)	(13,088)	(7,007)	3,199	(801,672)
Surrenders	(35,268)	(1,835)	(19)	–	–	(37,122)
Claims expense	(77,609)	(56,803)	(6,271)	–	–	(140,683)
Less: Claims recoverable from reinsurers	406	6,013	301	–	–	6,720
Increase in insurance contracts reserve	(424,827)	(36,662)	285	–	–	(461,204)
Less: Insurance reserves recoverable from reinsurers	(33)	91	253	–	–	311
Policyholder dividends resulting from participation in profits	(20,566)	(119)	–	–	–	(20,685)
Tax and surcharges	(900)	(204)	(21)	(136)	–	(1,261)
Underwriting and policy acquisition costs	(37,731)	(11,396)	(4,165)	(1,485)	–	(54,777)
Administrative expenses	(25,505)	(10,174)	(2,751)	(3,783)	–	(42,213)
Less: Expenses recoverable from reinsurers	284	718	23	–	–	1,025
Other operating expenses	(28,159)	(3,183)	(672)	(1,572)	3,199	(30,387)
Including: Inter-segment transactions	(2,988)	(203)	(8)	–	3,199	–
Impairment losses	(19,956)	(1,358)	(51)	(31)	–	(21,396)
<b>III. Operating profit</b>	<u>11,758</u>	<u>7,446</u>	<u>1,943</u>	<u>3,236</u>	<u>–</u>	<u>24,383</u>
Add: Non-operating income	94	6	–	8	–	108
Less: Non-operating expenses	(413)	(28)	(1)	(2)	–	(444)
<b>IV. Net profit before income tax</b>	<u>11,439</u>	<u>7,424</u>	<u>1,942</u>	<u>3,242</u>	<u>–</u>	<u>24,047</u>
<b>Supplementary Information:</b>						
Depreciation and amortisation expenses	<u>3,028</u>	<u>1,126</u>	<u>327</u>	<u>810</u>	<u>–</u>	<u>5,291</u>

The reconciliation of segment information to the consolidated statement of comprehensive income is as follows:

	For the year ended 31 December 2022		
Segment information	Adjustment		Consolidated statement of comprehensive income
	IFRS 9	IFRS 17	
Operating income: 826,055	N/A	(455,194)	Total revenue: 370,861
Net profit before income tax: 24,047	N/A	46,013	Profit before income tax: 70,060

Item	As at 31 December 2022					Total
	Life	Health	Accident	Others	Elimination	
	<i>RMB million</i>					
<b>I. Assets</b>						
Cash fund	114,111	7,766	293	6,783	–	128,953
Financial assets at fair value through profit or loss	208,103	14,162	534	983	–	223,782
Financial assets purchased under agreements to resell	35,956	2,447	92	38	–	38,533
Interest receivables	48,606	3,308	125	270	–	52,309
Premiums receivables	8,268	10,966	463	–	–	19,697
Unearned premium reserves receivable from reinsurers	–	726	48	–	–	774
Claim reserves receivable from reinsurers	–	441	295	–	–	736
Reserves for life insurance receivables from reinsurers	603	–	–	–	–	603
Reserves for long-term health insurance receivables from reinsurers	–	4,294	–	–	–	4,294
Loans	563,977	29,727	815	1,971	–	596,490
Term deposits	447,250	30,438	1,147	6,732	–	485,567
Available-for-sale financial assets	1,608,279	109,451	4,126	16,252	–	1,738,108
Held-to-maturity investments	1,468,207	99,919	3,766	2,312	–	1,574,204
Long-term equity investments	218,649	14,880	561	27,089	–	261,179
Statutory deposits	5,280	359	14	680	–	6,333
Separate account assets	7	–	–	–	–	7
<b>Total distributable asset</b>	<b>4,727,296</b>	<b>328,884</b>	<b>12,279</b>	<b>63,110</b>	<b>–</b>	<b>5,131,569</b>
<b>Undistributable assets</b>						
Other assets						120,415
<b>Total</b>						<b>5,251,984</b>
<b>II. Liabilities</b>						
Financial liabilities at fair value through profit or loss	3,112	212	8	12	–	3,344
Financial assets sold under agreements to repurchase	137,761	9,375	353	1,465	–	148,954
Claims payable	57,178	3,327	314	–	–	60,819
Policyholder deposits	355,743	18,999	–	–	–	374,742
Unearned premium reserves	–	9,474	3,634	–	–	13,108
Claim reserves	–	22,232	3,921	–	–	26,153
Reserves for life insurance	3,605,769	–	1,467	–	–	3,607,236
Reserves for long-term health insurance	–	233,663	–	–	–	233,663
Long-term borrowings	–	–	–	12,774	–	12,774
Separate account liabilities	7	–	–	–	–	7
Other distributable liabilities	34,504	2,287	84	–	–	36,875
<b>Total distributable liabilities</b>	<b>4,194,074</b>	<b>299,569</b>	<b>9,781</b>	<b>14,251</b>	<b>–</b>	<b>4,517,675</b>
<b>Non-distributable liabilities</b>						
Other liabilities						289,188
<b>Total</b>						<b>4,806,863</b>

The reconciliation of segment information to the consolidated statement of financial position is as follows:

Segment information	Adjustment			Consolidated statement of financial position
	IFRS 9	IFRS 17	Impact of Deferred tax	
Assets: 5,251,984	N/A	(265,735)	23,819	Assets: 5,010,068
Liabilities: 4,806,863	N/A	(171,768)	–	Liabilities: 4,635,095

## SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

### **Basis of preparation**

The Group has prepared these consolidated financial statements in accordance with International Financial Reporting Standards (“**IFRSs**”), amendments to IFRSs and interpretations issued by the International Accounting Standards Board (“**IASB**”). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the applicable disclosure requirements of the Hong Kong Companies Ordinance. The Group has prepared the consolidated financial statements under the historical cost convention, except for financial assets and liabilities measured at fair value, insurance contracts and reinsurance contracts held for assets or liabilities, certain property, plant and equipment at deemed cost as part of the restructuring process. The preparation of financial statements in compliance with IFRSs requires the use of certain material estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

**New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2023**

<b>Standards/Amendments</b>	<b>Content</b>	<b>Effective for annual periods beginning on or after</b>
IFRS 9	<i>Financial Instruments</i>	1 January 2018 <sup>(i)</sup>
IFRS 17	<i>Insurance Contracts</i>	1 January 2023
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>	1 January 2023

Except for IFRS 9 and IFRS 17, the above amendments to the standards did not have any significant impact on the consolidated financial statements of the Group for the year ended 31 December 2023.

- (i) The final version of IFRS 9 was issued by the IASB in July 2014, which introduces new requirements for classification and measurement, impairment, and hedge accounting. The standard is effective for periods beginning on or after 1 January 2018, with early adoption permitted. The Group had adopted the temporary exemption permitted in the Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (“**IFRS 4 Amendment**”) to apply IAS 39 rather than IFRS 9, until the effective date of IFRS 17. Therefore, the Group adopted IFRS 17 and IFRS 9 for the first time on 1 January 2023.

## **IFRS 9 – Financial Instruments**

### *Classification and measurement*

IFRS 9 requires that the Group classifies debt instruments based on the combined effect of application of business models (hold to collect contractual cash flows, hold to collect contractual cash flows and sell financial assets or other business models) and contractual cash flow characteristics (solely payments of principal and interest on the principal amount outstanding or not). Debt instruments not giving rise to cash flows that are solely payments of principal and interest on the principal amount outstanding would be measured at fair value through profit or loss. Other debt instruments giving rise to cash flows that are solely payments of principal and interest on the principal amount outstanding would be measured at amortised cost, fair value through other comprehensive income (“**FVOCI**”) or fair value through profit or loss, based on their respective business models.

Equity instruments would generally be measured at fair value through profit or loss unless the Group elects to measure at FVOCI for certain equity investments not held for trading. The unrealised gains and losses of the other comprehensive income (“OCI”) on equity instruments previously classified as available-for-sale securities recognised in income. If the Group elects to measure equity investments at FVOCI, gains and losses would be recognised in retained earnings when the instruments are disposed, except for the received dividends which do not represent a recovery of part of the investment cost.

### ***Impairment***

IFRS 9 replaces the “incurred loss” model with the “expected credit loss” model which is designed to include forward-looking information. The Group expects that the provision for debt instruments of the Group under the “expected credit loss” model would be larger than that under the previous “incurred loss” model.

### ***Hedge accounting***

The Group does not apply hedge accounting currently, so the Group expects that the new hedge accounting model under IFRS 9 will have no impact on the Group’s consolidated financial statements.

The Group adopted IFRS 9 on 1 January 2023.

### **Impact of initial application of IFRS 9 – Financial Instruments**

In accordance with the transitional provisions in IFRS 9, there is no need to restate the comparative information. The impact of adoption of IFRS 9 at the initial application date are included in retained earnings and reserves at the beginning of the period upon adjustment, with a corresponding increase of RMB100,108 million in shareholders’ equity as at 1 January 2023. In alignment with the above treatment, the Group only discloses relevant information for the current period.

The following table presents the carrying amounts of financial instruments of the Group as at 1 January 2023 classified and measured under IAS 39 and IFRS 9, respectively.

<b>STATEMENT OF FINANCIAL POSITION</b>	<i>Notes</i>	<b>As at 1 January 2023</b>	As at 31 December 2022
<b>Assets</b>			
Including:			
Term deposits	<i>1</i>	<b>498,294</b>	485,567
Statutory deposits – restricted	<i>2</i>	<b>6,445</b>	6,333
Investment in debt instruments at amortised cost	<i>3</i>	<b>231,896</b>	N/A
Investment in debt instruments at fair value through other comprehensive income	<i>4</i>	<b>2,341,964</b>	N/A
Investment in equity instruments at fair value through other comprehensive income	<i>5</i>	<b>119,913</b>	N/A
Financial assets at fair value through profit or loss	<i>6</i>	<b>1,353,748</b>	N/A
Held-to-maturity securities	<i>7</i>	<b>N/A</b>	1,574,204
Loans	<i>8</i>	<b>N/A</b>	342,083
Available-for-sale securities	<i>9</i>	<b>N/A</b>	1,738,108
Securities at fair value through profit or loss	<i>10</i>	<b>N/A</b>	223,790
<b>Liabilities</b>			
Including:			
Interest-bearing loans and other borrowings	<i>11</i>	<b>12,782</b>	12,774
Bonds payable	<i>12</i>	<b>36,167</b>	34,997
Financial assets sold under agreements to repurchase	<i>13</i>	<b>149,022</b>	148,958
Financial liabilities at fair value through profit or loss		<b>3,344</b>	3,344

As at 1 January 2023, the Group adjusted the carrying amount of original financial assets to the carrying amount under IFRS 9 based on the measurement category under IFRS 9:

	<b><u>Carrying amount</u></b>
1. Term deposits	
31 December 2022	485,567
Presentation adjustments: Interest receivable	13,051
Remeasurement: ECL	<u>(324)</u>
1 January 2023	<u><u>498,294</u></u>
2. Statutory deposits – restricted	
31 December 2022	6,333
Presentation adjustments: Interest receivable	120
Remeasurement: ECL	<u>(8)</u>
1 January 2023	<u><u>6,445</u></u>
3. Investment in debt instruments at amortised cost	
31 December 2022	–
Add: Transfer from held-to-maturity securities	1,984
Add: Transfer from available-for-sale securities	7,808
Add: Transfer from loans	220,914
Remeasurement: From fair value to amortised cost	(92)
Remeasurement: ECL	(398)
Presentation adjustments: Interest receivable	<u>1,680</u>
1 January 2023	<u><u>231,896</u></u>
4. Investment in debt instruments at fair value through other comprehensive income	
31 December 2022	–
Add: Transfer from available-for-sale securities	529,652
Add: Transfer from loans	83,236
Add: Transfer from held-to-maturity securities	1,572,220
Presentation adjustments: Interest receivable	28,225
Remeasurement: From amortised cost to fair value	<u>128,631</u>
1 January 2023	<u><u>2,341,964</u></u>

**Carrying  
amount**

5.	Investment in equity instruments at fair value through other comprehensive income	
	31 December 2022	–
	Add: Transfer from available-for-sale securities (i)	<u>119,913</u>
	1 January 2023	<u><u>119,913</u></u>
<sup>(i)</sup> As at 31 December 2022, the total carrying amount of unlisted equity securities, preferred stocks and perpetual bonds measured at fair value held by the Group was RMB119,913 million.		
6.	Financial assets at fair value through profit or loss	
	31 December 2022	–
	Add: Transfer from securities at fair value through profit or loss	223,790
	Add: Transfer from available-for-sale securities	1,080,735
	Add: Transfer from loans	37,933
	Remeasurement: From amortised cost to fair value	1,535
	Remeasurement: From cost to fair value	3,632
	Presentation adjustments: Interest receivable	<u>6,123</u>
	1 January 2023	<u><u>1,353,748</u></u>
7.	Held-to-maturity securities	
	31 December 2022	1,574,204
	Less: Transfer to investment in debt instruments at amortised cost	(1,984)
	Less: Transfer to investments in debt instruments at fair value through other comprehensive income	<u>(1,572,220)</u>
	1 January 2023	<u><u>–</u></u>
8.	Loans	
	31 December 2022	342,083
	Less: Transfer to financial assets at fair value through profit or loss	(37,933)
	Less: Transfer to investment in debt instruments at amortised cost	(220,914)
	Less: Transfer to investments in debt instruments at fair value through other comprehensive income	<u>(83,236)</u>
	1 January 2023	<u><u>–</u></u>



	<u>Carrying amount</u>
9. Available-for-sale securities	
31 December 2022	1,738,108
Less: Transfer to financial assets at fair value through profit or loss	(1,080,735)
Less: Transfer to investment in debt instruments at amortised cost	(7,808)
Less: Transfer to investments in debt instruments at fair value through other comprehensive income	(529,652)
Less: Transfer to investments in equity instruments at fair value through other comprehensive income	<u>(119,913)</u>
1 January 2023	<u><u>–</u></u>
10. Securities at fair value through profit or loss	
31 December 2022	223,790
Less: Transfer to financial assets at fair value through profit or loss	<u>(223,790)</u>
1 January 2023	<u><u>–</u></u>
11. Interest-bearing loans and other borrowings	
31 December 2022	12,774
Remeasurement: Interest payable	<u>8</u>
1 January 2023	<u><u>12,782</u></u>
12. Bonds payable	
31 December 2022	34,997
Remeasurement: Interest payable	<u>1,170</u>
1 January 2023	<u><u>36,167</u></u>
13. Financial assets sold under agreements to repurchase	
31 December 2022	148,958
Remeasurement: Interest payable	<u>64</u>
1 January 2023	<u><u>149,022</u></u>

As at 1 January 2023, reconciliation of the Group from the provision for impairment under IAS 39 to impairment provision under IFRS 9 is as below:

Measurement categories	Impairment provision under IAS 39	Presentation adjustment	Remeasurement	Impairment provision under IFRS 9
Provision for impairment of term deposits	–	–	324	324
Provision for impairment of statutory deposits	–	–	8	8
Provision for impairment of investment in debt instruments at amortised cost	–	–	398	398
Provision for impairment of loans	2,343	(2,343)	–	–
Provision for impairment of other assets	639	–	21	660
<b>Sub-total</b>	<u>2,982</u>	<u>(2,343)</u>	<u>751</u>	<u>1,390</u>
Provision for impairment of fair value through other comprehensive income – debt instruments investment	–	1,739	886	2,625
Provision for impairment of available-for-sale securities	18,588	(18,588)	–	–
<b>Sub-total</b>	<u>18,588</u>	<u>(16,849)</u>	<u>886</u>	<u>2,625</u>
<b>Total</b>	<u><u>21,570</u></u>	<u><u>(19,192)</u></u>	<u><u>1,637</u></u>	<u><u>4,015</u></u>

## IFRS 17 – Insurance Contracts

In May 2017, the IASB issued *IFRS 17 Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition, measurement, presentation and disclosure, which replaces *IFRS 4 Insurance Contracts*. In June 2020, the IASB issued the amendments to IFRS 17 which include a deferral of the effective date of IFRS 17 to annual reporting periods beginning on or after 1 January 2023. Insurers qualifying for the deferral of IFRS 9 can apply both IFRS 17 and IFRS 9 for the first time to annual reporting periods beginning on or after 1 January 2023.

The Group adopted IFRS 17 for the preparation and disclosure of financial reports on 1 January 2023, and the comparative financial statements of the Group have been restated. This is mainly due to these changes in IFRS 17 compared to IFRS 4, as follows:

- It provides a comprehensive general model for insurance contracts, and the measurement is based on the building blocks of expected present value of future cash flows, a risk adjustment for non-financial risk and a contractual service margin representing the unearned profit of the insurance contracts. It also provides the variable fee approach for insurance contracts with direct participation features and the premium allocation approach mainly for short-duration;
- The fulfilment cash flows include the expected present value of future cash flows and a risk adjustment for non-financial risk, remeasured every reporting period;
- A contractual service margin represents the unearned profit of the insurance contracts and will be recognised in profit or loss over the coverage period;
- Certain changes in the fulfilment cash flows relating to future service adjust the carrying amount of the contractual service margin at the end of the reporting period, and thereby will be recognised in profit or loss over the remaining coverage period;

- The discount rate assumption is determined based on observable current market situation that reflect the characteristics of the insurance contracts. The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- The recognition of insurance revenue and insurance service expenses is made in the statement of comprehensive income based on the services provided during the period;
- Investment component is the amounts that an insurance contract requires the Group to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. Insurance revenue and insurance service expenses presented in profit or loss has excluded any investment components;
- Variable fee approach should be adopted for insurance contracts with direct participation features where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin;
- An entity may simplify the measurement of a group of insurance contracts using the premium allocation approach if and only if the entity reasonably expects that such simplification would produce a measurement of the liabilities for remaining coverage for the group that would not differ materially from the one that would be produced applying the general model or the coverage period of each contract in the group is one year or less at the inception of the group;
- Insurance revenue, insurance service expenses and insurance finance income and expenses are presented separately; and
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

For insurance contracts with accounting treatments that are inconsistent with the provisions of IFRS 17 prior to 1 January 2023, the Group adopted the retrospective approach. When full retrospective approach is impracticable, the Group adopted the modified retrospective approach or fair value approach.

The equity of the Group as at 1 January 2022 decreased by RMB90,641 million due to the initial application of IFRS 17.

**New accounting standards and amendments that are not yet effective and have not been early adopted by the Group for the financial year beginning on 1 January 2023**

<b>Standards/Amendments</b>	<b>Content</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor or its Associate or Joint Venture</i>	No mandatory effective date yet determined but available for adoption
Amendments to IAS 7, ‘Cash Flow Statement’ and IFRS 7, ‘Financial Instruments: Disclosures’	<i>Financing Arrangements of Supplier</i>	1 January 2024
Amendments to IAS 21	<i>Lack of Convertibility</i>	1 January 2025

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

## EMBEDDED VALUE

### ASSUMPTIONS

Economic assumptions: The calculations are based upon assumed corporate tax rate of 25% for all years. The investment return is assumed to be 4.5% per annum. 17% grading to 21% (remaining level thereafter) of the investment return is assumed to be exempt from income tax. The investment return and tax exempt assumptions are based on the Company's strategic asset mix and expected future returns. The risk-adjusted discount rate used is 8% per annum.

Other operating assumptions such as mortality, morbidity, lapses and expenses are based on the Company's recent operating experience and expected future outlook.

### SUMMARY OF RESULTS

The embedded value as at 31 December 2023, the value of one year's sales for the 12 months ended 31 December 2023, and the corresponding results as at 31 December 2022 are shown below:

<b>Components of Embedded Value and Value of One Year's Sales</b>		<i>RMB million</i>	
<b>ITEM</b>	<b>31 December 2023</b>	31 December 2022	
A Adjusted Net Worth	<b>675,760</b>	649,623	
B Value of In-Force Business before Cost of Required Capital	<b>648,848</b>	617,721	
C Cost of Required Capital	<b>(64,040)</b>	(73,124)	
D Value of In-Force Business after Cost of Required Capital (B + C)	<b>584,807</b>	544,596	
<b>E Embedded Value (A + D)</b>	<b><u>1,260,567</u></b>	<b><u>1,194,220</u></b>	
F Value of One Year's Sales before Cost of Required Capital	<b>45,184</b>	40,157	
G Cost of Required Capital	<b>(8,324)</b>	(7,213)	
<b>H Value of One Year's Sales after Cost of Required Capital (F + G)</b>	<b>36,860</b>	32,944	
Including: Value of One Year's Sales of Individual Agent Business Sector	<b>34,646</b>	31,385	

#### Notes:

1. The corresponding results for the year 2022 have been restated using 2023 EV economic assumptions.
2. Numbers may not be additive due to rounding.

## SUMMARY OF RESULTS (continued)

The new business margin of one year's sales of individual agent business sector for the 12 months ended 31 December 2023 is shown below:

### New Business Margin of One Year's Sales of Individual Agent Business Sector

	<b>31 December 2023</b>	31 December 2022
By First Year Premium	<b>29.9%</b>	27.4%
By Annual Premium Equivalent	<b><u>31.3%</u></b>	<u>31.0%</u>

*Notes:*

1. The corresponding results for the year 2022 have been restated using 2023 EV economic assumptions.
2. First Year Premium is the written premium used for calculation of the value of one year's sales and Annual Premium Equivalent is calculated as the sum of 100 percent of first year regular premiums and 10 percent of single premiums.

## MOVEMENT ANALYSIS

The following analysis tracks the movement of the embedded value from the start to the end of the Reporting Period:

### Analysis of Embedded Value Movement in 2023

*RMB million*

#### ITEM

A	Embedded Value at the Start of Year	1,230,519
B	Expected Return on Embedded Value	83,473
C	Value of New Business in the Period	36,860
D	Operating Experience Variance	(624)
E	Investment Experience Variance	(73,807)
F	Methodology, Model and Assumption Changes	(40,643)
G	Market Value and Other Adjustments	37,044
H	Exchange Gains or Losses	132
I	Shareholder Dividend Distribution and Capital Changes	(13,850)
J	Others	1,462
<b>K</b>	<b>Embedded Value as at 31 December 2023 (sum A through J)</b>	<b><u>1,260,567</u></b>

#### Notes:

1. Numbers may not be additive due to rounding.
2. Items B through J are explained below:
  - B Reflects expected impact of covered business, and the expected return on investments supporting the 2023 opening net worth.
  - C Value of one year's sales for the 12 months ended 31 December 2023.
  - D Reflects the difference between actual operating experience in 2023 (including mortality, morbidity, lapse, and expenses etc.) and the assumptions.
  - E Compares actual with expected investment returns during 2023.
  - F Reflects the effects of appraisal methodology and model enhancement, and assumption changes.
  - G Change in the market value adjustment from the beginning of year 2023 to 31 December 2023 and other adjustments.
  - H Reflects the gains or losses due to changes in exchange rate.
  - I Reflects dividends distributed to shareholders during 2023.
  - J Other miscellaneous items.



## SENSITIVITY RESULTS

Sensitivity tests were 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:

### Sensitivity Results

*RMB million*

	Value of In-Force Business after Cost of Required Capital	Value of One year's Sales after Cost of Required Capital
Base case scenario	584,807	36,860
1. Risk discount rate +50bps	555,649	34,647
2. Risk discount rate -50bps	616,352	39,263
3. 10% increase in investment return	713,980	47,644
4. 10% decrease in investment return	456,240	26,112
5. 10% increase in expenses	577,127	33,204
6. 10% decrease in expenses	592,487	40,516
7. 10% increase in mortality rate for non-annuity products and 10% decrease in mortality rate for annuity products	580,222	35,996
8. 10% decrease in mortality rate for non-annuity products and 10% increase in mortality rate for annuity products	589,427	37,730
9. 10% increase in lapse rates	577,213	36,081
10. 10% decrease in lapse rates	592,494	37,701
11. 10% increase in morbidity rates	574,794	35,094
12. 10% decrease in morbidity rates	595,090	38,628
13. Allowing for diversification in calculation of VIF	<u>629,037</u>	<u>—</u>

### Using 2022 Economic Assumptions

*RMB million*

	31 December 2023	31 December 2022	Change
Embedded Value	1,293,269	1,230,519	5.1%
Value of One year's Sales after Cost of Required Capital	<u>41,035</u>	<u>36,004</u>	<u>14.0%</u>

## **CORPORATE GOVERNANCE**

The Company has applied the principles of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Save for code provision F.2.2 of Part 2 of the CG Code, the Company has complied with all code provisions of the CG Code during the Reporting Period. Mr. Bai Tao, the Chairman of the Board of Directors of the Company, was unable to attend the 2022 Annual General Meeting of the Company as required by code provision F.2.2 due to other business arrangements. Mr. Zhao Peng, the then Executive Director of the Company, was elected by the Board to preside over the meeting, and communicated with shareholders in an effective manner.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES**

During the Reporting Period, the Company and its subsidiaries did not purchase, sell or redeem any of the Company’s listed securities.

## **ELIGIBILITY FOR ATTENDING THE ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS FOR H SHARES**

The H Share register of members of the Company will be closed for the purpose of determining H Share shareholders’ entitlement to attend the Annual General Meeting, from Friday, 7 June 2024 to Thursday, 27 June 2024 (both days inclusive), during which period no transfer of H Shares will be registered. In order to attend the Annual General Meeting, H Share shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company’s H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 6 June 2024.

## **RECOMMENDATION OF FINAL DIVIDEND, WITHHOLDING AND PAYMENT OF INCOME TAX, AND CLOSURE OF REGISTER OF MEMBERS FOR H SHARES**

The Board of Directors has recommended a final dividend of RMB0.43 per share (inclusive of tax), amounting to a total of approximately RMB12,154 million, subject to the approval of shareholders at the forthcoming Annual General Meeting scheduled on Thursday, 27 June 2024. If approved, the final dividend is expected to be paid on Thursday, 22 August 2024 to the H Share shareholders whose names appear on the H Share register of members of the Company on Wednesday, 10 July 2024.

The H Share register of members of the Company will be closed from Friday, 5 July 2024 to Wednesday, 10 July 2024 (both days inclusive), during which period no transfer of H Shares will be registered. In order to be entitled to the dividend, H Share shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company’s H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 4 July 2024.

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementation regulations and other relevant rules and regulations, the Company is required to withhold and pay enterprise income tax at the rate of 10% before distributing the 2023 final dividend to non-resident enterprise shareholders as appearing on the H Share register of members of the Company. Any shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organisations, will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the enterprise income tax.

Pursuant to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation regulations and other relevant rules and regulations, the Company is required to withhold and pay individual income tax before distributing the 2023 final dividend to individual shareholders as appearing on the H Share register of members of the Company (the "Individual H Shareholders"). However, the Individual H Shareholders may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the Individual H Shareholders are domiciled and the tax arrangements between Mainland China and Hong Kong (Macau). In this regard, the Company will implement the following arrangements in relation to the withholding and payment of individual income tax for the Individual H Shareholders:

- For Individual H Shareholders who are Hong Kong or Macau residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the Mainland China stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders in the distribution of final dividend;
- For Individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the Mainland China stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders in the distribution of final dividend;
- For Individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty in the distribution of final dividend;
- For Individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the Individual H Shareholders in the distribution of final dividend.

If Individual H Shareholders consider that the tax rate adopted by the Company for the withholding and payment of individual income tax on their behalf is not the same as the tax rate stipulated in any tax treaties between the PRC and the countries (regions) in which they are domiciled, please submit promptly to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, a letter of entrustment and all application materials showing that they are residents of a country (region) which has entered into a tax treaty with the PRC. The Company will then submit the above documents to competent tax authorities who will proceed with the subsequent tax related arrangements.

As to the A Share shareholders, it is expected that the Company will complete the distribution of the 2023 final dividend by Thursday, 11 July 2024. The Company will announce separately on the Shanghai Stock Exchange details of the arrangement regarding the distribution of the 2023 final dividend to its A Share shareholders.

For Hong Kong investors (including enterprises and individuals) investing in the Company's A Shares via the Shanghai Stock Connect Program, their dividends will be distributed in RMB by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to the account of the nominee holding such A Shares. The Company will withhold and pay income tax at the rate of 10% on behalf of those investors. For investors via the Shanghai Stock Connect Program who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, those enterprises or individuals may, or may entrust a withholding agent to, apply to the competent tax authorities for the entitlement of the rate under such tax treaty. Upon approval by the competent tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded. The record date, the dividend distribution date and other arrangements for investors via the Shanghai Stock Connect Program will be the same as those for the Company's A Share shareholders.

For Shanghai and Shenzhen investors (including enterprises and individuals) investing in the Company's H Shares via the Hong Kong Stock Connect Program, the Shanghai Branch and the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, as the nominees of the holders of H Shares for investors via the Hong Kong Stock Connect Program, will receive the dividends distributed by the Company and distribute such dividends to the relevant investors through its depository and clearing system. The final dividend to be distributed to the investors of H Shares via the Hong Kong Stock Connect Program will be paid in RMB. The record date for investors of H Shares via the Hong Kong Stock Connect Program will be the same as that for the H Share shareholders of the Company. If approved at the Annual General Meeting, the final dividend is expected to be paid on Tuesday, 27 August 2024 to the investors of H Shares via the Hong Kong Stock Connect Program. Pursuant to the Notice on Relevant Taxation Policies Concerning the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), the Notice on Relevant Taxation Policies Concerning the Pilot Inter-connected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)) and other relevant rules and regulations:

- For Mainland individual investors who invest in the H Shares of the Company via the Hong Kong Stock Connect Program, the Company will withhold individual income tax at the rate of 20% in the distribution of the final dividend. Individual investors may, by producing valid tax payment proofs, apply to the competent tax authority of China Securities Depository and Clearing Corporation Limited for tax refund relating to the withholding tax already paid abroad. For Mainland securities investment funds that invest in the H Shares of the Company via the Hong Kong Stock Connect Program, the Company will withhold individual income tax in the distribution of the final dividend pursuant to the foregoing provisions;
- For Mainland enterprise investors that invest in the H Shares of the Company via the Hong Kong Stock Connect Program, the Company will not withhold the income tax in the distribution of the final dividend and the Mainland enterprise investors shall file the tax returns on their own.

## **INFORMATION ON DELISTING AND DEREGISTRATION OF AMERICAN DEPOSITARY SHARES**

On 22 August 2022, the Company filed a Form 25 with the United States Securities and Exchange Commission (the “SEC”) to voluntarily delist its American depositary shares (“ADSs”) from the New York Stock Exchange. The delisting became effective on 2 September 2022 (Eastern Time in the U.S.). On 13 November 2023, the Company filed a Form 15F with the SEC to deregister the ADSs and the underlying H Shares and terminate its reporting obligations under the U.S. Securities Exchange Act of 1934, as amended. The deregistration and termination of reporting obligations became effective on 12 February 2024 (Eastern Time in the U.S.).

## **REVIEW OF ANNUAL RESULTS**

The Audit Committee of the Board of the Company has reviewed the annual results of the Company for the year ended 31 December 2023. The 2023 consolidated financial statements of the Company prepared in accordance with the International Financial Reporting Standards have been audited by PricewaterhouseCoopers based on the International Standards on Auditing and PricewaterhouseCoopers has issued standard unqualified opinions on the 2023 consolidated financial statements.

## **PUBLICATION OF ANNUAL REPORT**

The Company’s annual report will be published on the Company’s website (<http://www.e-chinalife.com>) and the HKExnews website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) in due course.

*This announcement is published in both English and Chinese. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.*

As at the date of this announcement, the Board of Directors of the Company comprises:

*Executive Directors:*

Bai Tao, Li Mingguang

*Non-executive Directors:*

Wang Junhui, Zhuo Meijuan

*Independent Non-executive Directors:*

Lam Chi Kuen, Zhai Haitao, Huang Yiping, Chen Jie

By Order of the Board

**CHINA LIFE INSURANCE COMPANY LIMITED**

**Heng Victor Ja Wei**

*Company Secretary*

Beijing, China

27 March 2024